



Federal Ministry  
for Economic Affairs  
and Climate Action

# Export Credit Guarantees Interim Report 2022



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# The first half of the year at a glance

The Russian war of aggression against Ukraine and its political and economic fallout are leaving clear traces on German foreign trade. The sharp rise in energy prices, high inflation rates, disrupted supply chains as well as raw material and material bottlenecks are causing problems for the German export industry. German exporters have increasingly been making use of the Federal Government's export credit guarantees to shield themselves from economically and politically induced payment defaults.

## End of the temporary EU exemption for marketable risks

The EU exception for cover for marketable risks expired on 31 March 2022. Under this exception, it was possible to use export credit guarantees to cover transactions on short payment terms involving deliveries and services within the EU and to selected OECD countries. The aim was to address the limited availability of cover in the private insurance segment during the crisis.

Numerous exporters made use of this exception. On balance, the measure made a decisive contribution to enabling exporters to continue their business during the coronavirus pandemic.

  
**8.0 billion euros**

In the first six months of the current year, the Federal Government issued export credit guarantees (ECG) for deliveries and services worth 8 billion euros, equivalent to an increase of 10.5% over the same period in the previous year.

## Suspension of cover for Russia and Belarus

Upon the commencement of the war in Ukraine on 24 February 2022, the Federal Government suspended export credit guarantees for Russia and Belarus. This applies to both single transaction policies and Wholturnover Policies.

Existing cover is not affected by the suspension of cover. In this case, exporters and export-financing banks continue to be covered against politically or economically induced payment defaults.

## Expiry of the Federal Government's coronavirus package

As planned, the Federal Government's 5-point package of measures to address the coronavirus pandemic expired on 30 June 2022. The support programme for strengthening the German export sector has made a significant contribution to improving the liquidity situation of exporters and importers, to facilitating the availability of finance for their business and to broadening the scope that banks have for funding loans for financing export business during the pandemic. Exporters particularly made use of the concessions granted with respect to the payment of premiums.

In addition to the temporary measures, the support programme also included from the outset a number of forms of assistance for which no expiry date has been set, meaning that they will remain available even after the expiry of the 5-point package of measures. This concerns, for example, shopping line cover, the Securitisation Guarantee for “Pfandbriefbank” funding and the one-off indemnification option for non-performing loans.



*“In these unusual times, I’m looking forward to advising German exporters and banks on all the options they have in their customer discussions in Istanbul for covering international business.”*

Berkay Esinbay  
Senior Underwriter at Euler Hermes AG



Born in Hamburg with a Turkish background, he can look back on many years of experience with single transaction cover.

## German ECA desk in Istanbul opened

Since May 2022, Istanbul has been Berkay Esinbay’s new professional home. An expert in export credit guarantees at Euler Hermes Aktiengesellschaft, he advises German exporters and their foreign subsidiaries as well as the banks that finance their projects on all questions relating to export finance and guarantees locally.

With the installation of the German ECA desk in Istanbul, the Federal Government is once again highlighting the importance that it attaches to a local presence in order to provide customers with adequate advice. In addition to Istanbul, there are other advisory centres in Dubai and Singapore.

Traditionally, numerous transactions with Turkish buyers are backed by export credit guarantees. This applies to Wholturnover Policies for covering short-term trade receivables as well as to single transaction policies, e.g. for covering and financing deliveries of machinery and equipment in the energy and transport sector or in the textile and timber industry. Turkey regularly ranks high in terms of volume of new cover provided.

Despite the difficult economic situation and weak national currency, demand for export credit guarantees is expected to remain strong. For instance, Turkey is benefiting from the current “near-sourcing” trend in European countries, i.e. obtaining deliveries from countries close to the EU. Added to this is the growing importance of ECG-covered buyer credits for Turkish importers due to the limited availability of local financing.



### OECD country risk categories

	new	prev.
Azerbaijan	4	5
Belarus	7	6
Kenya	7	6
Oman	5	6
Tunisia	7	6
Russia	7	4

### OECD country risk classifications

In January, March and June 2022, the OECD experts revised the ratings of various countries. Two countries were upgraded and four downgraded as a result.

Information on the OECD rating system and a list of the current country ratings can be found here:



[agaportal.de/en  
Country Classification List Ex-  
port Credit Guarantees](https://agaportal.de/en/Country-Classification-List-Export-Credit-Guarantees)

### Climate package for the foreign trade sector

The Federal Government is committed to achieving the goal agreed in Paris of capping the rise in temperatures at 1.5 degrees Celsius.

Foreign trade and the instruments used to promote and fund it have an important role to play in achieving the 1.5-degree target. The Federal Government is supporting German foreign trade on its pathway towards transforming into a carbon-neutral economy.



## Climate strategy

### Climate strategy for export credit guarantees

Preferential conditions for cover for climate-friendly business transactions are already available today. At the same time, the Federal Government is no longer providing cover for projects that are particularly harmful to the climate. This concerns direct deliveries and services for the construction of new coal-fired power plants or for the expansion of existing ones as well as transactions involving routine venting and flaring of associated gas in oil production.

## Sector guidelines ensuring planning certainty

The Federal Government is currently working on a climate package for export credit guarantees aimed at systematically aligning them to a 1.5-degree pathway.

Based on a combination of incentives and exclusions, binding and transparent sector guidelines setting out corresponding transformation paths are to be adopted for the energy and transport sectors as well as heavy industry in the light of acknowledged climate scenarios. The guidelines are to form the basis for deciding whether a transaction will be covered and, if so, under what conditions.

The climate strategy for export credit guarantees plays a crucial role in the implementation of the COP26 statement on international public support for the clean energy transition. At the same time, it is an important contribution towards achieving the Paris climate target and advancing the climate-friendly transformation in other countries. In addition, it provides exporters with a solid basis for planning and enhances their innovativeness.

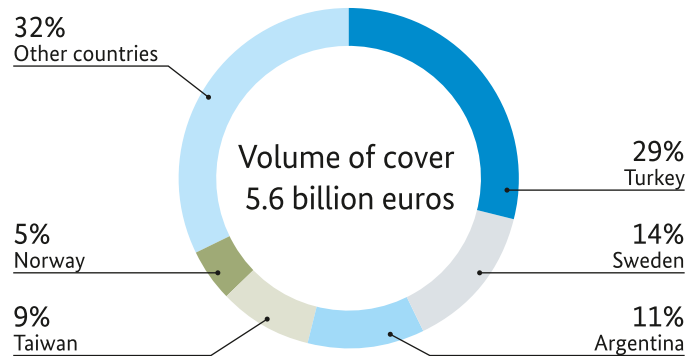


[ukcop26.org](https://ukcop26.org)  
COP26 statement

## Share of single transaction cover for renewable energies by countries

in %

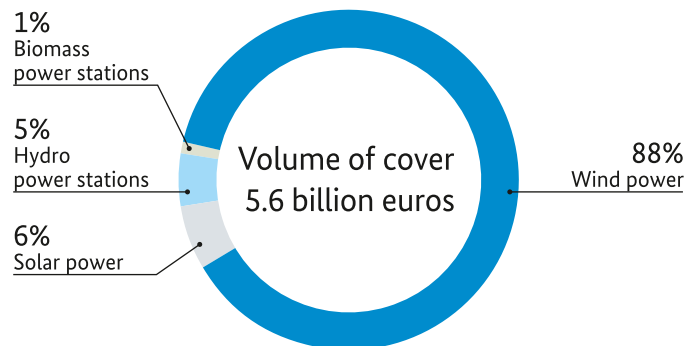
2016 - 2021



## Share of single transaction cover for renewable energies by types of goods

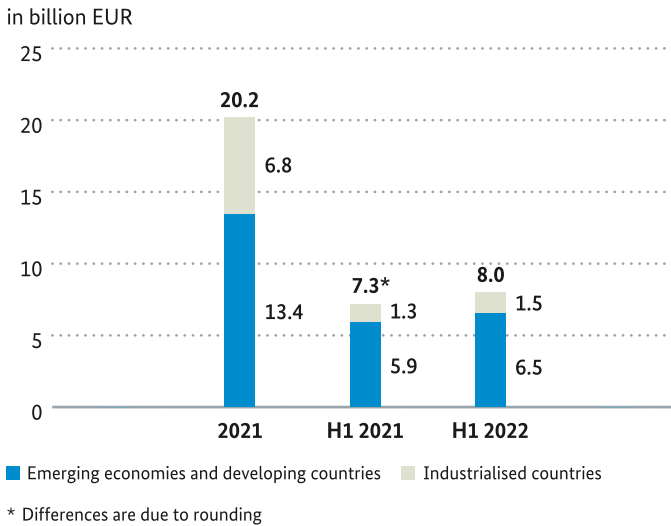
in %

2016 - 2021

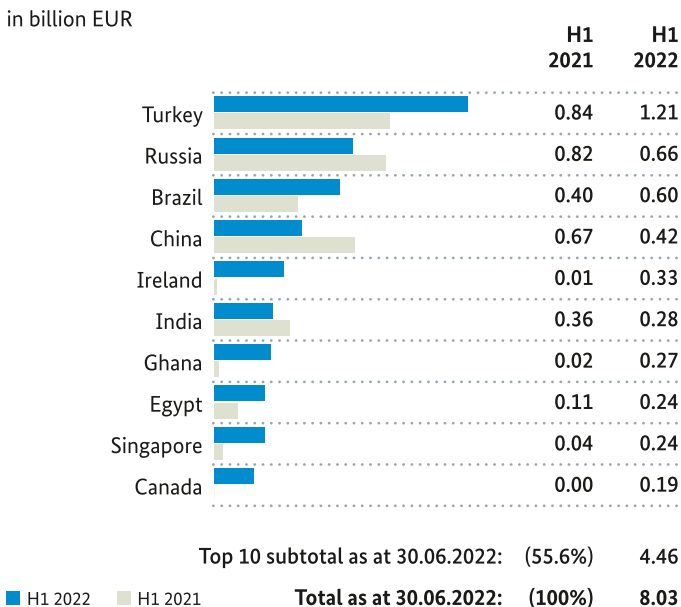


# Business performance

## Volume of new cover by country groups



## Top 10 countries Highest volume of new guarantees



## Volume of cover

In the first half of 2022, the Federal Government issued export credit guarantees worth 8.0 billion euros (first half of 2021: 7.3 billion euros), equivalent to an increase of 10.5% over the same period in the previous year. The increase is all the more remarkable given that the Federal Government has not provided any export credit guarantees for goods and services to Belarus and Russia – two traditionally strong ECG markets – since Russia's attack on Ukraine.

Most of the deliveries and services covered were destined for the emerging economies and developing countries. These countries accounted for 80.9% of new cover (first half of 2021: 81.4%)

In addition to numerous small-ticket transactions, the Federal Government also provided cover for a number of big-ticket transactions in the triple-digit millions, including wind turbines for Turkey, a road construction project in Ghana, a factory for veterinary vaccines in Angola and equipment for a sugar refinery in Egypt, in the first half 2022.

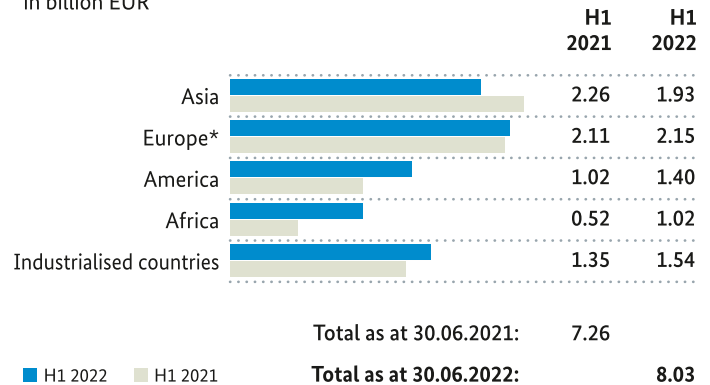
Broken down by individual countries, Turkey, Russia and Brazil were the three most important markets for exports newly covered by the Federal Government. The high volume of cover for deliveries and services to Russia is due to the transactions covered before the attack on Ukraine. Upon the commencement of the war on 24 February 2022, the Federal Government suspended export credit guarantees for Russia and Belarus.



As of 30 June 2022, indemnification payments fell to 125.1 million euros and were 24.3% lower than in the same period of the previous year (first half of 2021: 165.2 million euros). They are expected to rise in the further course of the year in view of the geopolitical situation.

### Regional distribution of newly granted cover

in billion EUR



\* European countries (excluding industrialised countries): Albania, Belarus, Bosnia and Herzegovina, Bulgaria, Croatia, Kosovo, Republic of Moldova, Montenegro, North Macedonia, Romania, Russia, Serbia, Turkey and Ukraine

### Single transaction and Wholeturnover Policies

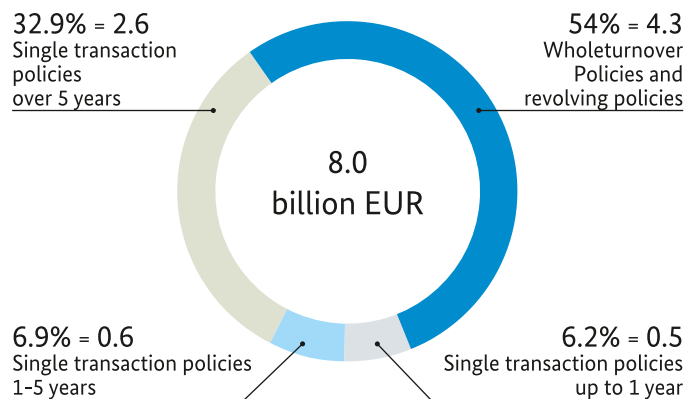
46% of the cover provided was for single-transaction policies (first half of 2021: 42.7%). There was particular demand for cover for transactions with credit periods of over 5 years. At 2.6 billion euros, they constituted around two thirds of the total single transaction policies of 3.7 billion euros. There was a sharp decline in short-term single transaction policies (credit period of up to one year). Compared to the same period in the previous year, cover in this segment fell by 30% to 496 million euros.

Wholeturnover Policies accounted for 54% of the new cover provided in the first half of 2022. At 4.3 billion euros, the turnover covered was up on the previous year (first half of 2021: 4.2 billion euros).

### New guarantees by horizon of risk

in % and billion EUR

H1 2022



## Export Credit guarantees for military goods

in billion EUR

	H1 2022	Type of goods
Singapore	0.20	Modification of submarines
<b>Total as at 30.06.2022</b>	<b>0.20</b>	

Total as at 30.06.2021: 0 billion euros

## Military goods

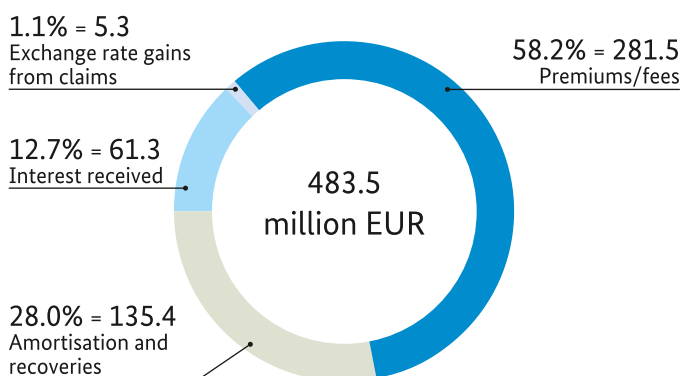
In the first half of 2022, the Federal Government provided export credit guarantees for military goods amounting to 0.20 billion euros (first half of 2021: 0.0 billion euros).

## Results Revenues

### Revenues for the federal budget

in % and million EUR

as at 30.06.2022



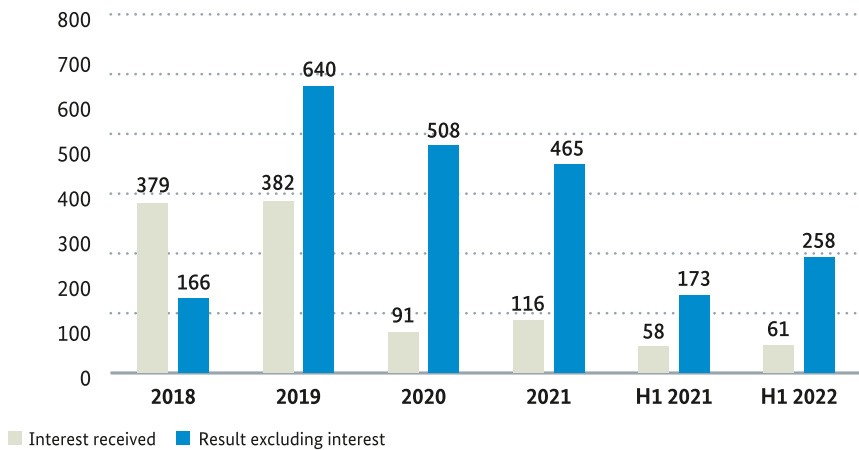
Total revenues for the federal budget from export credit guarantees rose by 11.6% to 483.5 million euros in the first half of the year (first half of 2021: 433.2 million euros). Revenues from premiums and fees amounted to a total of 281.5 million euros (first half of 2021: 290.6 million euros). Recoveries of indemnification paid in the past and debt repayment under rescheduling agreements climbed by 60% to 135.4 million euros (first half of 2021: 84.9 million euros).

## Expenses

In the first six months of the year, the Federal Government paid indemnification of 125.1 million euros (first half of 2021: 165.2 million euros). These payments were almost solely for commercial events of loss (122.4 million euros). At 40.2 million euros, the delivery of goods to and the provision of services for the Bahamas accounted for the highest indemnification payments, followed by Bermuda (17.8 million euros) and Mexico (13.3 million euros).

## Financial result

in million EUR



257.9  million euros

### Financial result for the half-year

At 257.9 million euros, the result for the Federal Government was again positive and 49% higher than in the same period of the previous year (first half of 2021: 173 million euros). The Federal Government's interest income is not included in the calculation of the annual result. The significant increase compared to the same period of the previous year is attributable in particular to the higher recoveries of indemnification paid in the past. These rose to 135.4 million euros in the first half of 2022 (first half of 2021: 84.9 million euros).

### Outstanding risk

The outstanding risk from current guarantees issued by the Federal Government stood at 86.6 billion euros as of 30 June 2022 and was thus on a par with the year-ago figure (first half of 2021: 85.5 billion euros). The United States (11.7 billion euros), Russia (10.2 billion euros) and Turkey (8.5 billion euros) account for the highest outstanding risk.

# Annex

## Cover from the Federal Republic of Germany for foreign business

Export Credit Guarantees and Untied Loan Guarantees have been established and effective foreign trade promotion instruments of the Federal Government for decades. Export Credit Guarantees (so-called Hermes Cover) protect German exporters and banks financing exports against political and commercial risks. Untied Loan Guarantees are to support raw material projects abroad regarded as eligible for promotion by the Federal Government. Both promotion instruments play an important role in fostering economic growth as well as in protecting and creating jobs. The Federal Government commissioned Euler Hermes Aktiengesellschaft to manage the federal funding instruments Export Credit Guarantees and Untied Loan Guarantees.

Information on other foreign trade promotion instruments of the Federal Government can be found at [www.bmwk.de/en](http://www.bmwk.de/en) under the heading Promotion of Foreign Trade and Investment.

## Service

Further details, information, documents and advice on the opportunities offered by export credit guarantees and the applicable procedures can be obtained by contacting the Head Office of Euler Hermes Aktiengesellschaft or one of its branch offices. Extensive information material on the official export guarantee scheme, e.g. current editions of the AGA Report, the General Terms and Conditions, application forms and information leaflets as well as the Annual Reports can also be accessed via the Internet. The series “Hermes Cover Special” addresses key aspects of export credit guarantees in detail. Further brochures are also available on the Internet.

## Our products and explanations can be found on the Internet



[agaportal.de/en](http://agaportal.de/en)  
Products  
[Export Credit Guarantees](#)

[agaportal.de](http://agaportal.de)  
[FAQ \(in German\)](#)



2021: [Calculation of premiums](#)

2021: [Inclusion of foreign content in Hermes Cover](#)

2020: [Untied Loan Guarantees granted by the Federal Government for corporate finance](#)

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