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for Economic Affairs
and Climate Action

Export Credit Guarantees Annual Report 2021

including Untied Loan Guarantees



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Foreword



The past year was once again marked by the effects of the Covid-19 pandemic. Although German exports increased again, supply chain bottlenecks, higher freight rates and rising commodity prices placed a damper on the expected upswing.

With its export credit guarantees, the Federal Government supports companies and export-financing banks particularly in difficult times, enabling them to protect their transactions against credit risks. Goods and services worth 20.2 billion euros were backed by export credit guarantees in 2021, around 21 percent more than in the previous year.

This year has unfortunately seen the terrible attack by Russia on Ukraine, which will also lead to changes in our bilateral economic relations, including a reorientation towards other partner countries. The foreign trade promotion instruments can make an important contribution to helping German exporters negotiate these changes.

At the same time, we need to advance the world-wide transformation towards climate neutrality. To this end, we will be developing the export credit guarantees, turning them into a climate-neutral instrument in close cooperation with the export industry and our international partners. This will be underpinned by a comprehensive net-zero strategy with sectoral decarbonisation paths and additional incentives, with which we aim to

support climate-friendly projects and facilitate companies' transformation process. Accordingly, we will be continuing to pursue our ambitious joint activities in the leading international alliance "Export Finance for Future" (E3F) in 2022 under German presidency.

A competitive export industry that makes a significant contribution to the creation of value and prosperity in our country remains the cornerstone, however. Only in this way will the transformation be successful. At the same time, the Federal Government's export credit guarantees will continue to offer the reliability for which they have become known by exporters and foreign customers on the world markets – especially in times of crisis.

A handwritten signature in blue ink, reading "Robert Habeck". The signature is fluid and stylized, with the first name "Robert" and last name "Habeck" clearly distinguishable.

Dr. Robert Habeck
Federal Minister for Economic Affairs
and Climate Action

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The tasks of the Interministerial Committee

The Interministerial Committee for Export Credit Guarantees is the central decision-making body for the provision of Export Credit Guarantees of the Federal Republic of Germany. It also decides on cover policy for the individual countries. In the second year of the pandemic, there were again no general limitations on cover, and a substantial volume of goods and services as well as export finance continued to be covered with export credit guarantees where this was acceptable as for risk exposure. In 2021, the Committee considered 190 transactions in twelve meetings. In addition, the Small Interministerial Committee made decisions to issue cover for 203 transactions.



20.2 billion euros

Goods and services worth 20.2 billion euros supported with export credit guarantees.

Page 8



SMEs

79.2% of all applications were submitted by small and medium-sized companies.

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Coronavirus pandemic

5-point package of measures extended by the Federal Government.

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Business overview – 2021 at a glance

In 2021, the second year of the pandemic, the Federal Government's export credit guarantees again proved to be a central tool for promoting German foreign trade. In a challenging environment for German exporters, the Federal Government provided export credit guarantees for exports worth 20.2 billion euros. The amount of cover reflects the interest in this promotion instrument, testifying to the Federal Government's willingness to support companies and banks in their foreign business even in difficult times.

!
 20.2 billion euros

Demand for the Federal Government's export credit guarantees normalised again, returning to its pre-crisis level: After dropping to 16.7 billion euros in 2020 as a result of the absence of big-ticket projects, the volume of cover rose by 20.6%, thus returning to a normal level in 2021. Cover was now sought for transactions that had been put on hold during the peak phase of the coronavirus crisis.

Over the past ten years, Côte d'Ivoire has been one of the world's fastest growing economies. It belongs to the twelve African countries of the G20 initiative "Compact with Africa". In spring 2021, MAN Truck & Bus SE delivered 22 road tractors to the West African country. The Ivorian trading company Société Beldal expanded its transport fleet with the new trucks. The company is mainly transporting construction material and can only meet the high demand on the local market by expanding its transport fleet. The Federal Government provided supplier credit cover for this transaction.



Export credit guarantees of the Federal Republic of Germany at a glance

in million EUR

	2020	2021
Statutory cover limit	160,000	155,000
Cover applications (volume)*	23,433	40,327
Small and medium-sized enterprises** (share of exporters supported with guarantees in %)	78.6	79.2
New business		
Covered export volume	16,714.7	20,150.4
of which for emerging economies and developing countries***	13,439.6	13,372.7
industrialised countries***	3,275.1	6,777.7
Covered exports for EU countries	1,257.2	1,426.3
Results		
Revenues from		
Premiums and fees	653.1	614.1
Recoveries	230.9	229.5
from political claims	47.5	58.6
from commercial claims	183.4	170.9
Other income (exchange rate losses/gains)	-0.1	2.1
Expenses for		
Claims paid	286.1	288.9
for political claims	15.0	9.0
for commercial claims	271.1	279.8
Management fee	90.0	92.2
Annual result	507.8	464.6
Accrued result (since 1951)	6,857.9	7,322.5
Accounts subrogated to the Federal Government	3,435.8	3,414.3

* Including buyer credits

** Firms with up to 500 employees

*** Classification of countries see page 82 et seq.

Differences in the sums are due to rounding.



The number of applications had risen sharply immediately after the addition of **marketable risks** to the cover options in March 2020, dropping by a good 32% last year, and thus returning to pre-pandemic levels. Reasons for the decline

The Saudi Arabian Rest Water Company received the “Superior Taste Award” for its water from the International Taste Institute in Brussels from 2015 to 2021. The company, based in Wadi Al Dawasir, produces and bottles mineral water.

It has now become the market leader for the sale of mineral water in the south of Saudi Arabia and has expanded its production capacity due to high demand. In 2020, KRONES AG delivered a bottling line for still water to the Rest Water Company. The system ensures that 81,000 PET bottles are filled with still water every hour. In the year under review, the company from the Bavarian town of Neutraubling delivered another system with the same production capacity to Saudi Arabia. The Federal Government provided supplier credit cover for both transactions.



included the growing normalisation of market activity and, along with this, the use of options for obtaining cover in the private credit insurance market, reflecting the effect of the principle of subsidiarity: the Federal Government supports German exports via state export credit insurance only where the private credit insurance market does not offer sufficient cover facilities.

The growing normalisation of market activity is also reflected in demand for spread policies, which fell by 34.6% in 2021, while the number of applications for single transaction policies remained virtually unchanged.

A large part of the deliveries and services covered were destined for the **emerging economies and developing countries**, which accounted for 66.4% of new cover. Broken down by individual countries, Turkey, Russia and China were the three most important markets for exports covered by the Federal Government. Norway was the highest-ranking country due to a big-ticket project.

57.1% of the cover provided was for single transaction policies (2020: 53.6%). There was demand both for cover for transactions with credit periods of between one and five years and for long-dated cover. Although the proportion of spread policies in total cover declined to 42.9% in the year under review (2020: 46.4%), at 8.7 billion euros, the turnover covered was up on the previous year (2020: 7.8 billion euros).

The second year of the crisis again did not see any significant increase in indemnification payments, which again fell short of the average for the last few years. In 2021, the Federal Government paid **indemnification** of 288.9 million euros (2020: 286.1 million euros). However, a more pronounced increase in payments is likely in 2022 and 2023 due to the expected normalisation of insolvency rates in the target countries for export credit guarantees.

Income from premiums and fees dropped to 614.1 million euros (2020: 653.1 million euros). At 229.5 million euros, recoveries of indemnification paid in the past were virtually unchanged (2020: 230.9 million euros). Interest income reached 115.8 million euros (2020: 91.4 million euros).

The outstanding risk from current guarantees issued by the Federal Government stood at 89.8 billion euros as of 31 December 2021 and was thus slightly higher than the previous year's figure (2020: 85.0 billion euros). As of the reporting date, the highest outstanding risk related to exports to the United States (13.2 billion euros), Russia (11.0 billion euros) and Turkey (8.3 billion euros).

At 464.6 million euros, the Federal Government's export credit guarantees made a **positive contribution to the federal budget** for the 23rd consecutive year (2020: 507.8 million euros). This calculation does not include interest income. The annual result is transferred in full to the federal budget. Since being launched in 1949, the Federal Government's export credit guarantee scheme has thus achieved a cumulative positive result of 7.3 billion euros (net of interest).

The decision-making bodies

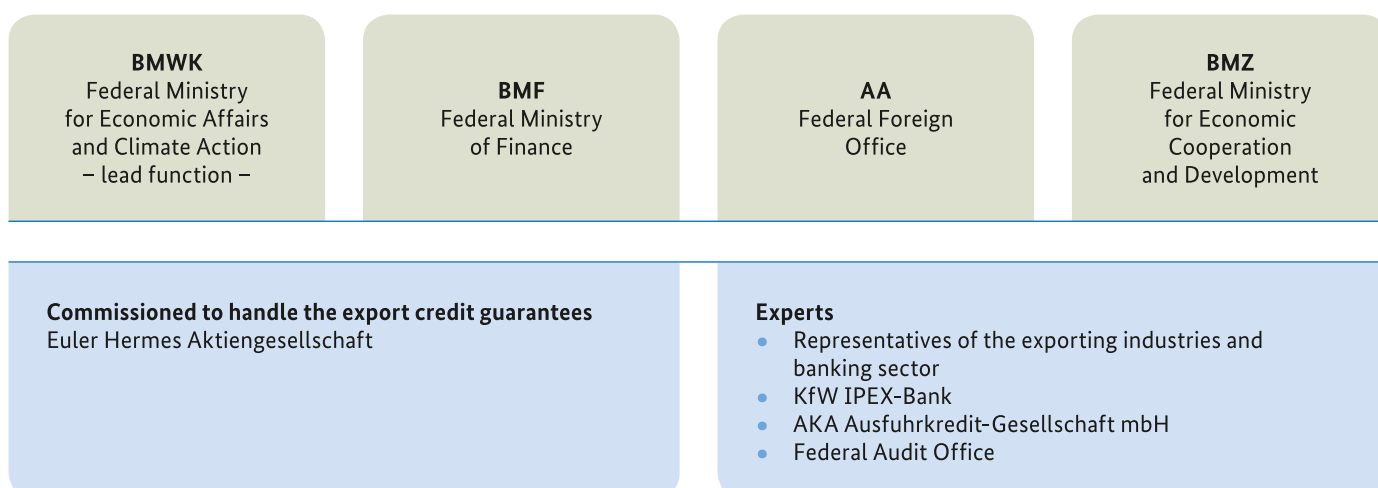
The **Interministerial Committee (IMC)** decides on cover for transactions worth more than ten million euros. The Small Interministerial Committee (SIMC) is responsible for decisions on transactions valued at between five and ten million euros. Euler Hermes Aktiengesellschaft makes decisions on applications for cover of up to five million euros in accordance with the instructions issued by the Federal Government and subject to its control.

Composition and tasks of the Interministerial Committee

The IMC is composed of representatives of the Federal Ministry for Economic Affairs and Climate Action, the Federal Ministry of Finance, the Federal Foreign Office and the Federal Ministry for Economic Cooperation and Development. The Federal Ministry for Economic Affairs and Climate Action has the lead role.

Decisions on whether to provide cover for a transaction are made on a consensual basis by the four IMC ministries in the interests of ensuring consistency in economic, fiscal, climate and foreign policy as well as international development activities. 14 experts from the export and financial sector advise the IMC.

Interministerial Committee – IMC





The representatives of the Interministerial Committee, who were personally present at the meeting on 19 August, in front of the Federal Ministry for Economic Affairs and Climate Action in Berlin.



On 19 August and 16 September, the Interministerial Committee met at the Federal Ministry for Economic Affairs and Climate Action in Berlin. Some participants took part online in both meetings.

What are export credit guarantees?

State export credit guarantees (so-called Hermes Cover) have been protecting exporters and banks from the risk of commercial and political payment defaults since 1949 as an instrument for promoting foreign trade. The range of products available addresses the entire export value chain from production and delivery to payment of the final instalment.

Export credit guarantees transfer a large part of the risk of a payment default to the Federal Republic of Germany. In return for this, the policyholder pays a premium calculated on the basis of the risk involved. In the event of a loss, the Federal Government indemnifies the policyholder for the amount of the receivable covered (less uninsured percentage).

Export credit guarantees play a key role in risk management and sales finance. In many cases, they are a prerequisite for bank finance as the Federal Government with its investment-grade rating lowers the credit risk, which has a positive effect on financing terms.

As a basic rule, all German export companies and export financing banks domiciled in Germany are able to apply for the Federal Government's export credit guarantees regardless of their size or the value of the order. The key criteria for the provision of cover include eligibility for trade promotion and the prospect of loss-free execution of the transaction (justifiability of the risk).

Country cover policy and risk management

The Interministerial Committee defines an appropriate cover policy for each country in the light of its specific risk as the basis for granting export credit guarantees. One key parameter in this connection is the **OECD country risk ratings**. These country ratings are binding on all export credit agencies in OECD member countries and form the basis for the minimum premium payable by the policyholder.

In 2021, the OECD experts revised the ratings of ten countries. Three countries were upgraded and seven 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-Export-Credit-Guarantees

OECD country risk categories

	new	previously
Aruba	6	5
Bahrain	6	5
Bolivia	6	5
Côte d'Ivoire	5	6
Ecuador	6	7
El Salvador	6	5
Hong Kong	2	3
Myanmar	7	6
Oman	6	5
Sri Lanka	7	6

A further instrument for managing risk if no open cover policy is justifiable for the country is a **country ceiling**, in which the IMC sets a maximum credit limit available for a given country. As of 31 December 2021, ceilings had been defined for four countries.

Country ceilings

in million EUR

	2021
Dominican Republic	200
(medium and long-term*) Cuba	50
(short-term**) Cuba	25
Serbia	200
Ukraine	250

* Medium and long payment terms

** Short payment terms



The company Laboratorios de Aplicaciones Medicas S.A. is an important manufacturer of pharmaceuticals in the Dominican Republic. In order to be able to meet the rising demand, the company based in the capital Santo Domingo wants to increase its production capacity. For this purpose, Hamburg-based Jebsen & Jessen – general exporter for several suppliers, among them Syntegon from Germany – delivered filling and packaging machines for the production of pills to the Caribbean state. One half of the machinery is replacing obsolete equipment and the other half is helping to expand the capacity. The pharmaceuticals are primarily exported to Central American states to ensure their supply. The Federal Government is providing combined supplier and buyer credit cover for the project.



Export credit guarantees in times of the coronavirus pandemic

In the second year of the pandemic, general conditions remained challenging for the German export industry in view of protracted supply chain constraints, rising freight rates and health policy restrictions. Although German foreign trade grew sharply and fell only slightly short of the pre-crisis figure recorded in 2019, supply chain bottlenecks and material shortages placed a damper on the recovery, especially at the end of the year due to the emergence of a fourth wave of coronavirus infections and the resulting restrictions.

The measures taken by the German Federal Government immediately after the outbreak of the pandemic continued to make a decisive contribution to supporting the German export industry and its employees in 2021. In this way, companies and export-financing banks were also able to shield their transactions against the risk of bad debts and offer finance covered by the Federal Government in the second year of the crisis **without blanket cover restrictions**.

Coronavirus pandemic



Oerlikon Textile GmbH & Co. KG from Remscheid delivered various spinning machines and winders for polyester yarns to two textile mills in India. With this investment, one of the leading Indian manufacturers of synthetic yarns expanded its factories. The high-speed machines delivered make a significant contribution to the buyer's annual output of altogether 942,000 tons of yarn. The yarns produced are the basic material for a wide variety of fashion, sports, functional and home textiles. The Federal Government provided supplier and buyer credit cover for this transaction.

Furthermore, the Interministerial Committee's decision to evaluate buyers' creditworthiness in specific cases on the basis of their business model and pre-crisis economic position, among other things, continued to have a stabilising effect. Consequently, this ensured the continued availability of cover for goods and services as well as export finance in 2021 to an extent acceptable in the light of the prevailing risks.

In addition, the application fee for digital cover for small-ticket export transactions ("Hermes Cover click&cover EXPORT") has been waived until mid-2022, something which is benefiting small and medium-sized companies in particular.

Once again, the export credit guarantees are thus proving to be a reliable and resilient instrument for promoting and securing German foreign trade policy.

Extension of the 5-point package of measures

The **5-point package of measures** for strengthening the German export industry during the COVID-19 pandemic met with great interest and – with the exception of one measure – was extended until 30 June 2022. Some of the measures that had been adopted in 2020 were originally due to expire at the end of 2021.

The pandemic support programme aims to improve exporters' and importers' liquidity, facilitate **foreign trade finance** and broaden the scope that banks have for refinancing loans in connection with export business.

Among other things, the extended package of measures provides a 720-day buyer credit on special terms and offers concessions with regard to the calculation and payment of premiums. These concessions apply to prolongations and the calculation of penalties under Wholturnover Policies.

Shopping line cover

The **shopping line cover** created in connection with the 5-point package of measures is a special form of buyer credit cover that is primarily aimed at creditworthy foreign buyers. They can apply for a Hermes-covered credit line and make use of simplified processing. This gives them an additional incentive to order in Germany and improves the chances of German exporters being included in the procurement programmes of major foreign buyers. Small and medium-sized enterprises in particular benefit from this, as they are paid immediately after acceptance of their deliveries but can simultaneously offer their customers finance based on the favourable conditions available in connection with government-supported cover.



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Priority Theme
Coronavirus

Export-financing banks, in turn, have an advantage in that the documentation requirements are considerably simplified. Bundling individual transactions makes it more attractive for them to finance German exporters' small-ticket transactions.

Maritime sector: deferral agreements extended

In 2020, the German Federal Government together with France, Italy, Finland and Norway suspended debt servicing for twelve months for cruise ships financed by means of state export credit guarantees. This agreement has been extended by a further year until 31 March 2022.

In the wake of the coronavirus crisis, numerous shipping companies' economic situation and liquidity resources remain precarious. The deferral agreements reduce the risk of default, thus ensuring the continued viability of the German maritime industry and protecting thousands of jobs in the European shipping building industry as well as at numerous component suppliers. Simultaneously,

the repayment holiday agreement reduces the Federal Government's exposure to the risk of any defaults on government-backed ship finance.

Marketable risks: EU derogation extended

It was still possible to cover the delivery of goods and services on short payment terms within the EU and to certain OECD countries under the Federal Government's export credit guarantees in 2021. Normally, export transactions on short payment terms (up to 24 months) within the EU and to certain OECD countries are considered to be marketable, meaning that state export credit guarantees are not available (principle of subsidiarity). At the end of March 2020, however, the European Commission decided in view of the coronavirus pandemic to temporarily classify such transactions as non-marketable, thus suspending this rule. This derogation has been extended until 31 March 2022.

This means that it is possible until the end of the first quarter of 2022 to apply for export credit guarantees for export transactions on short payment terms for the delivery of goods and services to all EU nations plus Australia, Canada, Iceland, Japan, New Zealand, Norway, Switzerland, the United Kingdom and the United States. This is important for the German export industry so that it can continue to generate business and maintain supply chains despite the crisis.



The new distribution centre, which is being built near Warsaw, will measure approximately 60,000 sqm. From there, the Polish wholesale and retail company Zabka Polska Sp.z.o.o. will supply its grocery and convenience stores in future. The main supplier of the fully automated logistic equipment and the IT systems is Dematic GmbH. Domiciled in Heusenstamm in southern Hesse, the company is also responsible for the installation and the establishment of the logistics infrastructure. The deliveries include an automatic high-bay pallets storage warehouse, waste conveyors, case and pallet handling conveyor systems and an automatic case storage warehouse based on a shuttle system with Goods to Man picking stations. The complete automation of the logistics centre aims at optimising costs and reducing through times so that more shops of the growing chain can be supplied with goods in good time. The transaction is financed by Banco Santander S.A., Madrid. The Federal Government supports the project with isolated buyer credit cover.

Dialogue on export credit guarantees

Intensive discussion with the business sector is particularly important in times of crisis. Accordingly, numerous talks were held last year with exporters, banks and industry associations on the future of export promotion. One highlight was the virtual Foreign Trade Days initiated by the German Federal Ministry for Economic Affairs and Climate Action in April 2021, at which representatives of exporters, financial institutions, associations and other stakeholders discussed current foreign trade issues with each other and with the Ministry in more than 70 practice-oriented country- and subject-specific forums. In addition to the effects of the pandemic, the transformation to a climate-neutral economy featured prominently on the agenda. Many export companies and banks want to make their own contribution to addressing this global challenge. Likewise, the Federal Government wishes to provide support with a climate strategy for the export credit guarantees and assume its role as a transformation partner for the business sector.



Germany Works

More than 700 experts participated online in the Financing Forum.

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COP26

The Federal Government signed a declaration to strengthen the energy transformation and to end state support for the use of fossil fuels.

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E3F

The international commitment to the 1.5-degree target was reinforced with the establishment of the Export Finance for Future (E3F) coalition.

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Sharing information with the German export industry

Exports of services: focus on export cover for service providers

Exports of services are increasingly growing in importance but also resulting in new challenges. Over the past 15 years, German exports of services have more than doubled, coming to a total of around 305 billion euros. This growth has been particularly underpinned by consulting, logistics and IT services as well as research and development. Germany accounted for roughly 6% of global service exports. This puts it in third place behind the United States of America (14.3%) and the United Kingdom (6.8%)¹.

To date, the emerging economies and developing countries, as typical destinations for the Federal Government's export credit guarantees, have played only a subordinate role in the export of services. However, these regions are experiencing a shift due to high growth rates. Although about half of German companies' exports of services currently go to other European countries, they are registering high growth rates in Asian and African markets.

As the **digital transformation progresses**, the trend towards more exports of services will intensify. In addition to product-related services, downstream services, i.e. those that are incidental to the delivery of goods, are already playing an increasingly important role. Yet, regardless of whether goods or services are provided, there is in either case a risk of default, which can quickly jeopardise the continued viability of small and medium-sized companies in particular.

As is the case with the delivery of goods, the Federal Government's export credit guarantees can also be used to cover services against political or commercial risks, e.g. by means of supplier credit cover, constructional works cover or supplier credit cover for service providers. The latter is particularly suitable in the case of stand-alone service transactions, such as project management, training, IT or consulting services. ILF Business Consult is a good example of this. In 2021, the engineering and consulting company applied for export credit guarantees from the Federal Government to cover consulting services for a Ghanaian bank.

In an interview with Euler Hermes, Dr. Wolfram Schäfer, Director of Consulting at ILF Business Consult and an expert in service exports, highlights the advantages of the **Federal Government's export credit cover for service providers** as a basis for successful business in high-risk markets. *"ILF is often active in high-risk regions,"* says Dr. Schäfer. *"Business practices in these markets differ from those typically found in Western Europe or the United States. Payment defaults are the main risk of particular relevance at the moment."*

He goes on to say that exports of services are characterised by a high degree of individualisation and therefore require a certain degree of flexibility in terms of cover. The structure of the contract between the exporter and the importer is also of crucial importance to ensure what value proposition is being given. *"A payment default can arise for many different reasons,"* explains Dr. Schäfer. *"It does not necessarily mean that the customer has simply become insolvent and is therefore unable to pay. The divide between what the customer expects and what the contractor can or has promised to do*

(1) source: Statistics | UNCTAD

is likely to widen more in certain parts of the world than in others, with the result that disputes may arise, possibly culminating in the importer's refusal to pay."

As the Federal Government seeks to take account of exporters' frequently individual needs, a decision was made in 2021 to focus its advisory activities on export credit cover for service providers to make this instrument better known. In addition, developments in the service sector were analysed with regard to exports and current market requirements for possible cover.

In ILF Business Consult's case, its bank suggested that it should apply with the Federal Government for cover for a transaction in Ghana. As Dr. Schäfer reports: *"We contacted Euler Hermes and were told that it is quite possible to obtain cover for consulting business, planning transactions and the provision of services"*.

After the meeting, ILF Business Consult decided to go ahead with the project as a pilot for cover. Dr. Schäfer's experience with the instrument was very favourable: *"It was a lot of fun. Shortly after we had submitted our first inquiry informally via e-mail, a preliminary check was carried out and we were then given a preliminary indication of the scope for cover. It was all very swift and unbureaucratic. After that we received the application documents. Filling them out did not entail any major effort."*



agaportal.de/en
[Exports of services](#)

"I was pleasantly surprised at how easy it was to apply for export credit cover for service providers: it didn't entail much effort and our application was processed swiftly. The low costs are a further advantage."

Dr. Wolfram Schäfer, Director
of Consulting at ILF Business Consult



ILF Business Consult is part of the ILF Group, an internationally active engineering and consulting company specialising in industrial and infrastructure projects in the business areas energy & climate protection, water & environment and transportation & urban spaces as well as oil, gas & industrial. The ILF Group companies employ around 2,500 people on five continents.

Training with prospects – rehabilitation of roads in Côte d’Ivoire

The road network in Côte d’Ivoire is in a dire state: of a total of 82,000 km 15,000 km are impassable and 20,000 km are difficult to drive on. This hampers the country’s economic development – in particular in the rural regions of the north. In order to repair the roads and to keep them in good order, GAUFF Engineering is training pioneers of the Ivorian army in road construction and maintenance. Due to a significant reduction of the troop number, many of them would otherwise have been without any paid employment.

The pioneers will now be given a new socially important task: Under the guidance of the experts from GAUFF Engineering, about 200 of them are learning how to repair a damaged road professionally and to operate and maintain the necessary equipment. Hands-on training is provided on

the construction equipment to be supplied by GAUFF and later on road sections of a total length of around 100 km, which will be determined on the basis of the results of a viability study. However, training also covers topics such as protection against AIDS, gender-based violence as well as environmental protection.

The new tasks will offer the pioneers favourable prospects for

their own future. Whether in road construction, as construction foreman or construction equipment operator – the pioneers are to act as multipliers eventually overseeing construction work themselves and, in turn, conducting training measures themselves at training centres in future. To implement this project, GAUFF Engineering is building training centres at existing barracks in four different regions of the country.



The emerging country will not only benefit from the employment effects for the pioneers but also from the rehabilitation of its road network. The improved transportation routes as a result of the project will be of vital importance for more than half of the population, helping them to secure their livelihoods. Besides, exports can continue to grow due to the improved flows of goods. Côte d'Ivoire is already the world's

largest cocoa producer and exporter. Thus, the measures benefit both the local and the national economy.

KfW-IPEX Bank, Frankfurt, is funding the transaction under a buyer credit. The Federal Government is providing supplier and buyer credit cover for the project. Under the G20 initiative "Compact with Africa", the Federal Government is supporting Côte

d'Ivoire in its reform efforts. This G20 initiative is particularly focusing on infrastructure projects and projects that combat unemployment on the African continent. The training and road repair project in Côte d'Ivoire thus fulfils both objectives.



Virtual Foreign Trade Days of the German Federal Ministry for Economic Affairs and Climate Action

Organised by the German Federal Ministry for Economic Affairs and Climate Action, the virtual Foreign Trade Days were held from 19 to 23 April 2021 under the motto “Germany works – act globally, think ahead”. In more than 70 hands-on forums devoted to specific countries and subjects, representatives from export companies, banks and associations discussed current foreign trade issues with the German Federal Ministry for Economic Affairs and Climate Action. Peter Altmaier, Federal Minister for Economic

Germany Works



Affairs at the time, opened the Foreign Trade Days, saying: “The coronavirus crisis has shown the importance of stable international supply chains and forward planning visibility for companies and for our economy in Germany and Europe. In order to ensure the future viability and competitiveness of the German economy, it is now up to us to lay the foundations for open markets and a rules-based trade policy.”

Bundesministerium für Wirtschaft und Energie

Mit dem Bund Krisen meistern – sicher auf Auslandsmärkten aktiv

Fachforum Finanzierung

GERMANY WORKS

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Speakers at the Expert Forum on Financing from left: Dr.-Ing. Christian Bruch, Andrea Raffaseder, Jeannette Vogelreiter, Prof. Dr. Andreas Klasen, Michael Huber-Saffer (presenter), Edna Schöne (presenter)

The Expert Forum on Financing focused on the Federal Government's export credit and investment guarantees. More than 700 participants attended the forum, discussing the future development of foreign trade promotion instruments. Dr. Ulrich Nußbaum, State Secretary at the Ministry for Economic Affairs at the time, emphasised that the Covid-19 pandemic was a crucial but by no means the only challenge facing international trade and cross-border investments. He said that the digital transformation and particularly also the decarbonisation of the economy were fundamentally changing the way companies produced and traded with each other. The Federal Government had therefore set itself the goal of supporting exporters and investors in the necessary transformation.

Gerlind Heckmann, sub-department head at the German Federal Ministry for Economic Affairs and Climate Action responsible for foreign trade finance and foreign trade promotion, stressed the need to continue adapting foreign trade finance in the light of changing underlying conditions. *"The world is not waiting for Germany [...]. There are other, self-confident players everywhere. In order to survive in such an environment, Germany must offer bespoke products, services and finance – preferably from a single source – and be even more active locally. We need to enhance the successful foreign trade finance of recent years and decades, for example, by changing our perspective and focusing more on importers and local foreign banks,"* Heckmann said.

Further information can be found in the press release issued by the BMWK (in German).



By far the most competent advice

Close dialogue with German exporters is standard practice for the **advisory service** for the Federal Government's export credit guarantees. The business consultants maintain regular contact with exporters and banks, even though this was for the most part only possible over the telephone or online in 2021. The global challenges posed by the pandemic have heightened the need for advice on all aspects of the instrument as well as general risk and export finance matters. Consequently, the business consultants met with more than 2,700 customers, predominantly exporters and banks, in 2021.

The range of consulting services encompassed the entire lifecycle of an export credit guarantee, such as the pre-contractual phase, the submission of an application for cover, the issue of the export credit guarantee and the release from liability or claim. Small and medium-sized companies particularly made use of these services. However, large companies, banks, industry associations and chambers of commerce and industry in Germany and abroad also maintained regular contact with the business consultants.

Thanks to the close collaboration with financing experts at chambers of commerce abroad, it was possible to support a number of exporters and importers with their projects.

The business consultants participated in more than 120 mostly online conferences, consultancy days, expert discussions and information events. This was supplemented with their own online events on individual countries and regions. In addition, around 500 interested parties participated in the digital “Hermes Cover click&coffee” series of events organised in conjunction with financing experts at the bilateral chambers of industry and commerce in Dubai, Singapore and Nairobi.

In the 2021 **customer survey**, exporters and banks provided very favourable feedback on the German Federal Ministry for Economic Affairs and Climate Action, Euler Hermes and, in particular, the business consultants. Overall satisfaction with the Federal Government’s export credit guarantees was an excellent 97% – despite the coronavirus crisis with all its numerous challenges and particular burdens. Export credit guarantees were viewed as being reliable, binding and trustworthy. The respondents indicated that the range of products met their needs. By international standards, the support instrument has a high reputation, according to the results of the customer survey. 97% of respondents stated that they would continue to use export credit guarantees in the future. The recommendation rate was a very good 94%.

Despite all the positive feedback, however, there were also some points that were assessed critically by the policyholders. This included, for example, the ability to understand the reasoning behind decisions. In spite of the progress made, processing times were considered to be too long in some cases. Speeding up the process and improving customer communications: these are two priorities to which the German Federal Ministry for Economic Affairs and Climate Action and Euler Hermes will be giving particular attention in the future.

Digital services

The introduction of the **myAGA customer portal** in 2017 marked a major step forward in the digitalisation of the export credit guarantee scheme. Since then, more than 700 registered companies have submitted over 1,300 applications for cover online. Thus, in 2021, more than half of all applications were submitted electronically by exporters (around 400 in total). Banks are also increasingly submitting their applications via myAGA as complex transactions can be structured more clearly via the online portal. Not least of all, myAGA facilitates access to export assistance for small and medium-sized companies, particularly in the case of the **Hermes Cover click&cover** products, which can only be applied for online. With this product line, banks and exporters receive an indication of the project’s eligibility for cover and the premium payable after answering only five questions. Many other functions, such as a digital dual-check examination process for applicants and an integrated plausibility and omission check, facilitate the application-submission process via myAGA. In addition, there is an option of releasing

the exporter's project-related application data to financing banks if the bank applies for buyer credit cover. An interface also connects the system with other partners: two financing platforms, AKA-Bank and financial services provider TraFinScout, have so far met the requirements for integration of the interface for supporting the exchange of data via myAGA.

Looking forward, further developments and improvements are planned in order to additionally facilitate access to export credit guarantees. There is a regular exchange with the policyholders for this purpose. In this way, myAGA is gradually evolving into a central point of contact for exporters and banks in modern, agile implementation cycles in accordance with customer requirements.



The Brazilian company Berneck S. A. Painéis e Serrados is one of the largest manufacturers of wood-based materials for the South American market. In order to meet the rising demand, the family-run business ordered the 5th plant for the production of medium-density fibreboard from Siempelkamp Maschinen- und Anlagenbau GmbH. At a new site near the town of Lages in the south of Brazil, 1,665 sqm of medium-density fibreboard will be produced per day. Main customer for the medium-density fibreboard is the Brazilian furniture industry. The timber is sourced by Berneck partly from its own, sustainably managed plantations but it is also bought from local suppliers. The Federal Government is supporting the transaction with manufacturing risk, supplier credit and buyer credit cover.



Glass bottles are becoming increasingly popular. In view of the rising demand, Ammat Glass Industries domiciled in Dubai wants to increase the production capacity for glass bottles by about 30% to 450 tons per day. Besides, the existing plant is to be replaced because its operating life has come to an end. For this project, Heye International GmbH is delivering three machines for the production of hollow glassware to Dubai. Nikolaus Sorg GmbH & Co. KG is supplying a glass melting tank for the production of container glass as well as refractory material, a batch house and a cullet recycling plant. The Bavarian company is also modernising the batch plant. The Federal Government is supporting both transactions with supplier and buyer credit cover. The pictures show similar plants.

International collaboration

The Federal Government's export credit guarantees are embedded in an international set of rules. The **OECD Consensus** is binding for officially supported export credits with terms of two years or more. Among other things, it defines minimum standards for terms of finance to prevent a downward competition spiral at the expense of national budgets and to ensure a level playing field.

However, changing market conditions are increasingly posing challenges for the Consensus participants. A significant part of global state export promotion does not comply with the Consensus requirements. On the one hand, this is due to countries that do not follow the Consensus rules. On the other hand, however, Consensus participants are increasingly using promotion instruments that are outside the scope of the Consensus rules. As well as this, changing product portfolios and increasingly global supply chains are necessitating adjustments to financing conditions.

Further development of the OECD Consensus

In April 2021, an amendment to one key point of the Consensus rules was initiated by the German government: the eligible local costs were increased from a uniform 30% of the value of the export order to 40% in the case of buyers from OECD high-income countries and 50% for all others.

Local costs include supplies and services provided in the buyer's country for which cover is available. With these new rules, the OECD is responding to the sharp increase in the proportion of local costs in export transactions in recent years due, among other things, to local content requirements imposed by individual foreign governments.

In addition, the Federal Government is committed to a comprehensive **modernisation of the Consensus** to take account of the changing underlying conditions for global trade. The aim is to give exporters significantly greater flexibility in financing their business. At the same time, the importance of a shared set of rules is to be strengthened, while a level playing field will continue to be ensured.

Greater flexibility in other financing conditions, such as credit periods, as well as the implementation of **incentives for climate-friendly projects** are central concerns. Following the adoption of a common framework and work programme at the OECD level in 2020 to modernise the Consensus, task forces started work last year on a comprehensive reform of the financing terms.

White Paper on public export finance in the EU

Under the motto “take action or fall behind”, a group of experts from the EU member states, including Germany, and from the European Commission has published a White Paper calling for a consistent and common strategic orientation on the part of the member states and the EU for export finance in order to meet the key challenges of safeguarding European exporters’ competitiveness and mobilising investment capital to achieve the global climate goals. The aim is to ensure a level playing field and compliance with common standards as set out in the OECD Consensus.

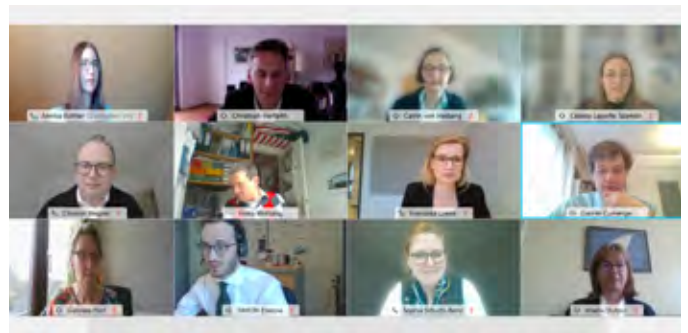
The arguments set out in the White Paper have been integrated in the EU’s trade strategy as part of the trade policy review. In the meantime, the European Commission has also commissioned a feasibility study to develop and implement suitable measures.



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White Paper

Consultations

Despite the severe restrictions as a result of the Covid-19 pandemic, a number of **bilateral and trilateral meetings** were held with other government agencies and public-sector export credit insurance and export finance institutions in 2021. The purpose of the consultations is to deepen cooperation between individual countries and to encourage a mutual understanding of the different credit guarantee systems.



On 23 and 24 March, the French export credit insurer Bpifrance and the French Ministère de l’Economie, des Finances et de la Relance held a bilateral on-line workshop with the Federal Ministry for Economic Affairs and Climate Action and Euler Hermes. The meeting aimed at intensifying the cooperation even further, coordinating their positions and discussing strategies.

In addition, these discussions are being used to exchange views on overarching issues, such as finance for climate-friendly technologies. Specifically, consultations were held with France, the United Kingdom, Switzerland and Austria.



Whether climate policy, international, country-specific or current issues relating to the pandemic – on 7 and 8 October representatives of Switzerland, Austria and Germany met at Bayreuth to exchange experiences relating to export credit insurance and to coordinate positions.

Front row from left: Rainer Dreio, OeKB, Dr. Christoph Herfarth, BMWK, Franziska Löke, Dr. Ingo Junker, Euler Hermes, Karin Roitner, Markus Hoskovec, OeKB, Barbara Hayoz, SERV, Dr. Eric Jakob, SECO

Back row from left: Lara Twellmann, Euler Hermes, Robert Suter, SERV, Gerhard Kinzelberger, OeKB, Johann Kinast, Austrian BMF, Edna Schöne, Euler Hermes, Christoph Kreutler, Austrian BMF, Peter Gisler, SERV, Christof Wegner, BMWK, Martin Gisiger, SECO

Sustainable transformation

The Federal Government supports the internationally agreed **goal** of capping at 1.5 degrees Celsius the global anthropogenic rise in temperatures caused by the greenhouse effect. This calls for the extensive **decarbonisation of the global economy** by the middle of this century. The expansion of



Nordex SE supplied 27 wind turbines for the 120 MW wind farm Evrencik in Turkey. The turbines supplied have a particularly high output and are currently among the biggest onshore wind turbines. The operation of the wind farm helps to reduce CO₂ emissions by about 261,500 tons per year. The order also includes a maintenance contract with a term of 15 years. The company from Hamburg began to install the first turbines in the northwest of Turkey already in October 2020. In October 2021 the wind farm was commissioned. The Federal Government granted supplier and buyer credit cover for the project.

renewable energies and other climate-friendly technologies must be stepped up in tandem with a reduction in the use of fossil fuels. The German export industry must also cope with this transformation and has already taken preliminary steps in this direction. Exporters are adopting climate-neutral production activities. Technology in the field of renewable energies, such as wind turbines, is

already generating climate-friendly export hits for the German economy. Some suppliers are also world market leaders in terms of the energy efficiency of their machinery and systems.

The **transformation of the economy** is posing major challenges. It requires significant investments and, thus, an efficient capital market capable of providing the necessary finance. In addition, some of the solutions needed for decarbonisation are not yet ready for the market. The transformation requires technological innovations, new business models and a regulatory framework. At the same time, a balanced compromise must be found between climate protection, economic growth and the other objectives of sustainable development.

Export credit guarantees are playing the **role of a transformation partner** in decarbonisation. The Federal Government is backing this function by adopting a comprehensive climate strategy for export credit guarantees, which is currently being developed. Under the Special Renewable Energies Initiative, it eased the conditions for cover for renewable energy projects in 2020 (see [page 38](#)). At the same time, a decision was made to exclude certain coal and crude oil projects.





COP 26



E3F

Export Finance for Future (E3F)

Together with Belgium, Denmark, Finland, France, Italy, the United Kingdom, the Netherlands, Sweden and Spain, the Federal Government as a member of the E3F coalition has agreed on a number of principles for the sustainable and climate-friendly structuring of export finance. The E3F coalition wants to step up efforts to specifically support exports of particularly sustainable technologies and to promote their worldwide use. Government support for coal-related exports is to be phased out, the promotion of exports involving other fossil fuels reviewed and greater transparency achieved with respect to sustainability and climate protection. Germany, which is presiding over the E3F coalition, will continue to push ahead with these ambitious effort in 2022.

These national efforts were embedded in international commitments in April 2021 with the establishment of the **Export Finance for Future (E3F) Coalition**. In addition, an agreement was reached in October 2021 at the OECD level to largely exclude the provision of cover for coal-fired power plants. At the **COP26 international Climate Change Conference**, the Federal Government also signed a declaration to strengthen state support for the energy transformation and to end it for the use of fossil fuels that are not consistent with the 1.5-degree target.

In 2022, the **Federal Government's climate strategy** for export credit guarantees will be enhanced under these political declarations. The guiding principle is **reliability during the transition**. To this end, transparent and binding guidelines will be developed to support climate-friendly technologies and to move away from high-emission sources of energy. So-called climate scenarios form a suitable foundation in this connection as they are based on science. They prescribe development pathways that show how the international climate goals can be achieved. The scenarios factor in the constraints of technical and economic feasibility, the different starting points of industrialised countries compared to developing countries and emerging economies and the different potential for transformation exhibited by individual sectors. This will allow developing countries and emerging economies to catch up enormously when it comes to expanding their industry and infrastructure. In addition, the export credit guarantees mobilise private capital for investments in climate-friendly technologies in foreign markets.

The evolution of the climate strategy for export credit guarantees along such transformation paths forms the Federal Government's strategic focus for 2022. The aim is to provide the German export industry with forward planning visibility for its own transformation plans and to support it in selling new climate-friendly technologies. This will strengthen German companies' **international competitiveness**, secure jobs in future-oriented industries and reflects the purpose of export credit guarantees as an instrument for promoting foreign trade.



For 35 years, the hydroelectric power station Nangbeto has been supplying the West African countries of Togo and Benin with electricity. As a source of renewable energy, it helps to save more than 51,493 tons of CO₂ each year. The plant is supplying private households, companies and public institutions with electricity. In order to guarantee the smooth operation for the next 30 years, the technology group Voith was awarded the contract for the modernisation of the hydroelectric power station. The company domiciled in Heidenheim is not only overhauling the generators and replacing the turbine blades but is also modernising the automation and communication infrastructure as well as the cooling system. Besides, it will install a water treatment plant. The Federal Government is supporting the project with manufacturing risk cover. The project is largely financed by KfW Entwicklungsbank.

Special Renewable Energies Initiative strengthening German companies' position in international competition

The Federal Government is committed to driving forward the expansion of renewable energies internationally. German companies hold key technologies and expertise which will be instrumental in shaping the global energy transformation. Great growth opportunities beckon these companies in foreign markets. Competition in these markets is also increasingly being decided by the availability of finance. This is where the Special Renewable Energies Initiative steps in with respect to the Federal Government's export credit guarantees. Since 2020, cover has been available under the Federal Government's export credit insurance scheme for transactions for renewable energies that include up to 70% foreign-sourced goods or services. Normally, the share of foreign-sourced goods and services is capped at 49% in the absence of any further justification.

In addition, the initiative permits greater flexibility in financing local costs. As the advance payment requirement was abolished in 2020, local costs can now be fully included in the finance for which cover is provided. Since the introduction of the initiative, 66 applications for cover for transactions have been submitted.



More electrical power from wind energy – 50 megawatt wind farm for Vietnam

Currently, Vietnam generates most of its electrical energy by burning coal. The Vietnamese government wants to change this and is supporting the promotion of renewable energies by means of fiscal and financial incentives. In future, wind energy is to make an important contribution to the country's electricity supply: by 2030, wind turbines are expected to generate about 16,000 megawatts of electricity. As Vietnam does not yet have the technology and expertise required for the construction of wind turbines, it is dependent on deliveries from abroad.

As one of the leading industrial nations, Germany takes its special

responsibility for global climate action seriously and supports other countries in their national energy transition. One measure for promoting decarbonisation is the provision of cover for climate-friendly projects under the Special Renewable Energies Initiative.

The finance for the 50 megawatt wind farm in Vietnam was also provided under the Special Renewable Energies Initiative, with the Federal Government granting isolated buyer credit cover for this purpose. Landesbank Baden-Württemberg offered a loan of around 35 million euros, thus ensuring the realisation of the project.

As part of the project, Enercon GmbH domiciled in Aurich, East Frisia, supplied Vietnam with 12 wind turbines. The wind farm in the coastal region of Ninh Thuận in the southeast of the country went into operation in late summer of 2021 and is reducing carbon emissions by around 164,260 tons per year. The wind farm's operator, the Vietnamese company Ha Do Thuan Nam Wind Energy One Member Co., is planning to add a further five turbines to the wind farm and to implement additional projects in 2022 and 2023. Over the next few years, Enercon and Landesbank Baden-Württemberg will also be installing wind farms for other operators in Vietnam.



Export credit guarantees and responsibility

Environmental, social and human rights assessment of projects

The plant delivered by Brückner Maschinenbau GmbH & Co. KG to Nigeria can produce 460 m of five-layer specialty film per minute. With it, the Nigerian company Tempo Paper Pulp & Packaging Ltd. wants to meet the increasing demand for food wrap films. The films are intended both for the local market and export. The supplied plant for the production of biaxial oriented polypropylene (BOPP) films immediately feeds the marginal strips that are generated in the course of the production back into the production process. This helps to achieve a high raw material efficiency. The project is financed, among others, by Afreximbank and supported by the Federal Government with a supplier and a buyer credit guarantee.

The Federal Government attaches particular importance to the observance of environmental and social standards as well as human rights when granting export credit guarantees. As a fundamental rule, it does not provide cover for any export transactions that violate internationally acknowledged **environmental, social and human rights standards**.

Depending on the scale and the term of the finance provided for the transaction in question, the review of environmental, social and human rights aspects is an integral part of the examination procedure in the case of projects and transactions coming within the scope of the OECD Common Approaches (Recommendation of the Council on Common Approaches for Officially Supported Export Credits and Environmental and Social Due Diligence). If there is any evidence that a project may have a significant adverse environmental or social impact or breach human rights, the transaction must undergo an environmental, social and



human rights impact assessment irrespective of the underlying term of the loan and the value of the contract.

Under the OECD rules, the reference standards for this ESHR assessment are the World Bank Environmental and Social Standards, the Performance Standards of the International Finance Corporation (IFC) and the World Bank Group's Environmental, Health and Safety Guidelines.

In 2021, 68 ESHR assessments were carried out in accordance with the OECD rules in connection with applications for export credit guarantees (2020: 72).

The OECD Common Approaches

Adopted in 2004, the Common Approaches (Recommendation of the Council on Common Approaches for Officially Supported Export Credits and Environmental and Social Due Diligence) determine the procedure and principles for assessing environmental and social aspects as well as safeguarding the observance of human rights. They are regularly updated.

Antibribery measures

The OECD's "Recommendation on Bribery and Officially Supported Export Credits" defines the framework for preventing and combating corruption in government export promotion. On this basis, the Federal Government has developed a **two-stage procedure** to ensure that only transactions executed without any corruption are covered. The avoidance of any form of bribery in the execution and preparation of business trans-

actions forms a key prerequisite for eligibility for cover. If corruption is subsequently found to be involved, the Federal Government is absolved of any obligation to provide indemnification and is able to recover any compensation that has already been provided.

Stage 1

In **Stage 1** of the anti-corruption review, exporters and banks must sign a declaration as part of an application for cover confirming that the transaction has arisen without any form of bribery and make further disclosures, the plausibility of which is checked when the request for cover is processed.

Stage 2

If there is any evidence of corruption, **Stage 2** involves an **in-depth investigation** of the matter. This review analyses internal measures, processes and structures for preventing and combating corruption, among other things, and also examines the background to the transaction for which cover is being sought. The procedure for the enhanced due diligence is undergoing constant development to factor in past experience and new developments.

In the year under review, there were 1,137 active policyholders (2020: 1,139). 21 companies underwent an in-depth anti-corruption due diligence (2020: 22).

Further information on anti-corruption measures for exporters and banks can be found here:



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Prevention of Bribery

A short digression: Investment Guarantees – an important element of risk management for foreign projects

First introduced in 1959, investment guarantees are a key instrument for promoting German foreign trade. They help German companies to protect their direct investments effectively against political risks in the occasionally difficult environment that they encounter in developing countries and emerging economies.

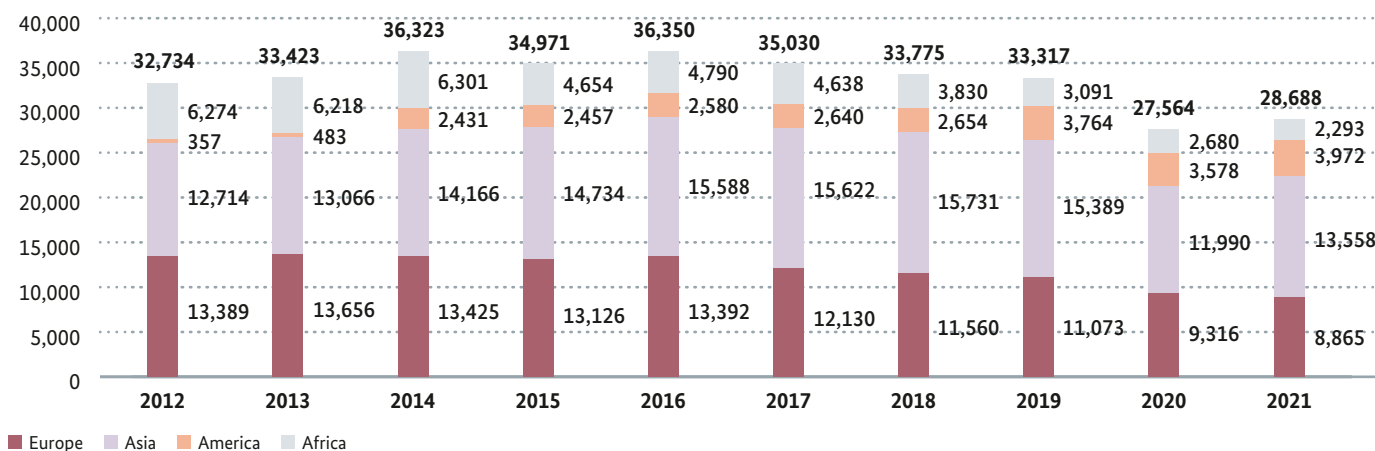
In 2021, the Federal Government granted 30 investment guarantees worth 2.6 billion euros for projects in eleven countries. Of these, 50% of the approved applications were for projects in Asia (China, Malaysia and India) and 37% for projects in Africa (Egypt, Kenya, Nigeria, South Africa and Tunisia). This was followed by South and Central America (Argentina and Mexico) with 10% and (Eastern) Europe (Russia) with 3%. For the first time in many years, the Federal Government again provided cover for investments

in South Africa and Argentina. The main focus was on projects in the chemical and pharmaceutical industries, followed by construction and corporate financial services. 40% of the beneficiaries received an investment guarantee for the first time in 2021. This demonstrates the continuing strong interest of German companies in effective cover for their foreign investments.

In 2021, the Federal Government again provided diplomatic cover for several guaranteed investments to prevent the projects from failing and thus to avoid losses. In 2021, crisis management focused on covered projects in Algeria, Argentina, Ethiopia, China, Croatia, Libya, Montenegro, Uzbekistan and Iran. The Federal Government's maximum liability under outstanding investment guarantees was valued at 28.7 billion euros at the end of the year.

Commitment (exposure) 10-year overview by regions

in million EUR

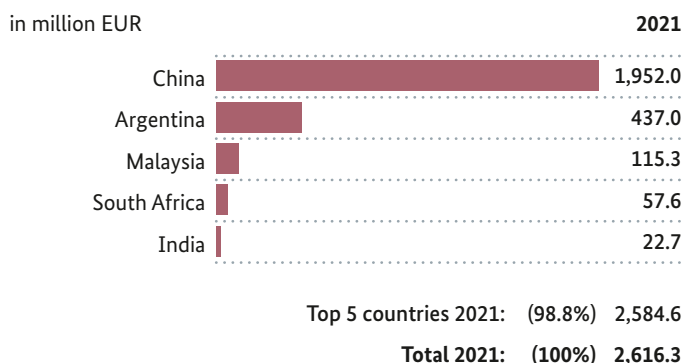


The prerequisite for the grant of a guarantee is sufficient legal protection for the investment in the host country. This is fundamentally assumed to be the case if an investment promotion and protection treaty has been signed between the Federal Republic of Germany and the host country or there is an investment protection agreement in force between the EU and its members states, on the one hand, and the third country in question, on the other. In exceptional cases, adequate legal protection may also be afforded by the host country's national legal system provided that it ensures sufficient protection for German investments. In addition, the project must have positive effects both for the host country and for Germany and must generally be considered to be eligible for cover. The main factors here are the environmental, social and human rights risks of the project, the impact on employment in the host

country and the contribution that the project makes to securing employment in Germany. There are no upper or lower limits in the value of investments eligible for cover.

Applications for investment guarantees are approved by the Federal Ministry for Economic Affairs and Climate Action with the consent of the Federal Ministry of Finance and in agreement with the Federal Foreign Office and the Federal Ministry of Economic Cooperation and Development in an Interministerial Committee for Investment Guarantees. Experts from German companies and banks as well as from business associations take part in the Committee meetings in an advisory capacity. The Federal Government has mandated PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft with the management of the investment guarantees.

Top 5 countries Volume of approved applications



INFO

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Business performance

The Federal Government's export credit guarantees proved to be a robust and reliable instrument for promoting foreign trade in the face of the Covid-19 pandemic. In 2021, export credit guarantees worth 20.2 billion euros were issued. Developing countries and emerging economies accounted for a good 66% of the new cover provided. At 464.6 million euros, the Federal Government's export credit guarantees made another positive contribution to the federal budget.





175 countries

The Federal Government issued export credit guarantees for exports to 175 countries.

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464.6 million euros

For the 23rd consecutive time, the export credit guarantees made a positive contribution to the federal budget.

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New business

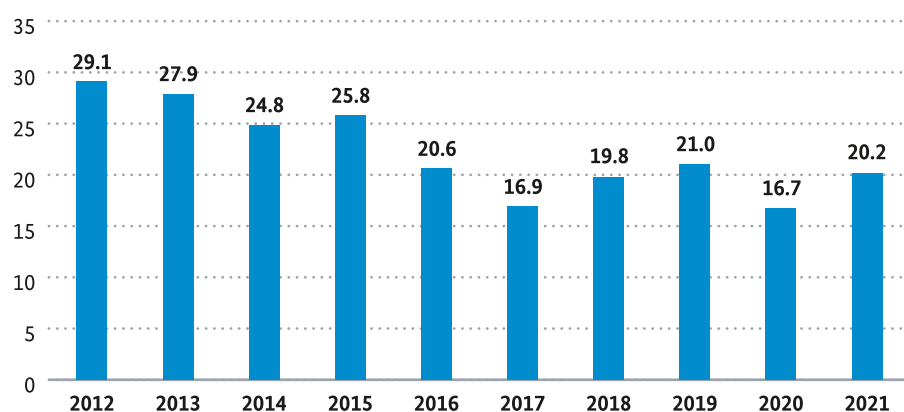
175
countries



New cover provided climbed by 20.6% over the previous year to 20.2 billion euros (2020: 16.7 billion euros), thus returning to the pre-pandemic level recorded in 2019. This increase was mainly underpinned by cover provided for a number of big-ticket projects. The Federal Government provided cover for exports to 175 countries in 2021 (2020: 168). Emerging economies and developing countries accounted for a good 66% of new cover provided.

Development of new guarantees

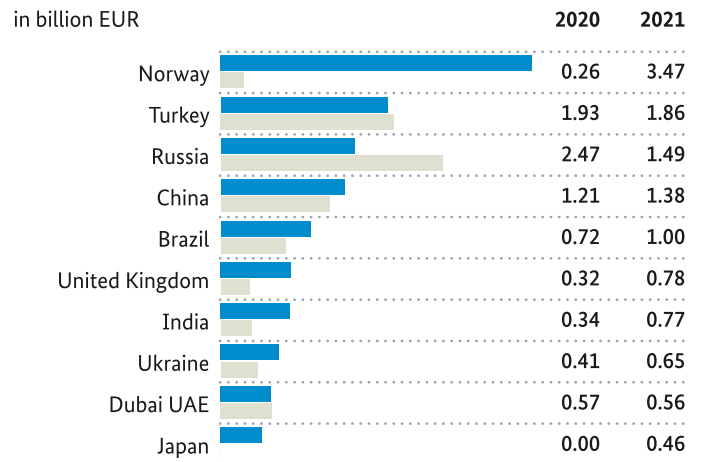
in billion EUR



The number of **new single transaction policies** granted in 2021 fell by 9.2%. However, the total value of the cover provided in this form increased by 28.3% over the previous year due to the inclusion of a number of big-ticket transactions. The number of **big-ticket transactions** with an order value of over 50 million euros rose from 34 to 41, accounting for 70.7% of the value of the single transaction policies provided (2020: 57.1%).

66% of the cover provided under single transaction policies was for private and 34% for public buyers (2020: 92% private buyers and 8% public buyers).

Top 10 countries relating to newly registered cover



■ 2021 ■ 2020

Top 10 countries 2021: (61.6%) 12.40

Total 2021: (100%) 20.15

New Guarantees

	2020	2021	Share in %	Change in %
Number of single transaction policies	555	504	100	-9.2
of which for private buyers	545	497	99	-8.8
for public buyers/guarantors	10	7	1	-30.0
Total volume of cover in million EUR	16,715	20,150		20.6
of which single transactions volume in million EUR	8,963	11,500	100	28.3
of which for private buyers	8,219	7,603	66	-7.5
for public buyers/guarantors	744	3,897	34	423.8

Applications

	2020	2021	Share in %	Change in %
Number of new applications	12,084	8,211	100	-32.1
of which single transaction policies	1,163	1,069	13	-8.1
Wholturnover and revolving policies	10,921	7,142	87	-34.6
New applications in million EUR	23,433	40,327		72.1

Funds earmarked for export credit guarantees

Countries	2020 million EUR	Share in %	2021 million EUR	Share in %
Emerging economies and developing countries	16,688.3	93.4	15,488.4	94.7
Industrialised countries	1,179.6	6.6	863.4	5.3
Total	17,867.9	100.0	16,351.8	100.0

Number and value of applications

The number of **new applications** dropped by 32.1% in the year under review, thus returning to its pre-crisis level. While it remained almost unchanged in the case of single transaction policies, the number of applications for wholturnover and revolving policies fell by 34.6%. The reasons for this decline included the growing normalisation of market activity and, along with this, the use of possibilities for obtaining cover in the private credit insurance market.

The value of the applications submitted rose by 72.1% to 40.3 billion euros (2020: 23.4 million euros) due to a number of big-ticket transactions. The sharp increase is attributable to catch-up effects, among other things. For example, large-scale investments had been postponed due to the pandemic and were now being resumed.

Offers of cover

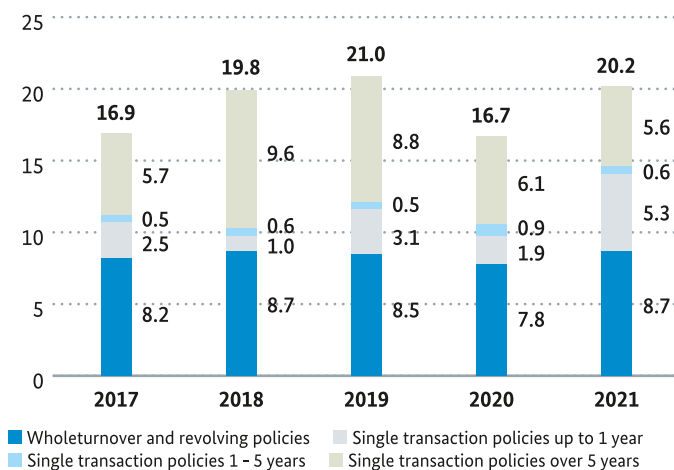
Offers of cover for contracts still under negotiation had a total value of 16.4 billion euros as of 31 December 2021, representing a decline of 8% over the previous year. Experience shows that not all of the transactions earmarked for cover are in fact realised as it is still uncertain on the date on which these offers of cover are issued whether the contracts concerned will ultimately be awarded to the exporter.

Cover by horizon of risk and type of cover

Export credit guarantees in **short-term business** (credit periods of up to one year) rose to 14 billion euros, up 44% on the previous year (9.7 billion euros). The proportion in total new cover of short-term business under single-transaction and spread policies thus widened to 69.3% (2020: 57.8%).

Development of newly covered exports by horizon of risk

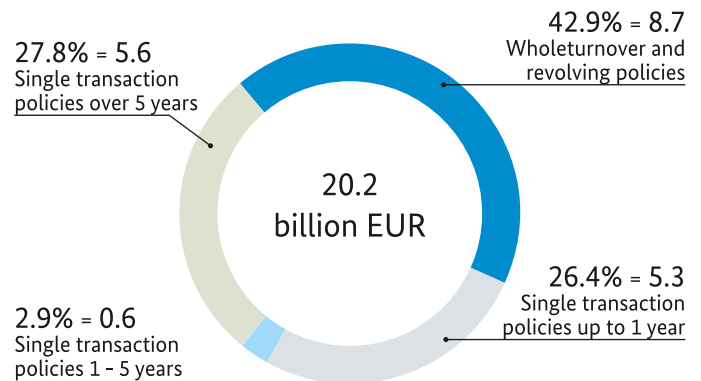
in billion EUR



Newly covered exports by horizon of risk

in % and billion EUR

2021

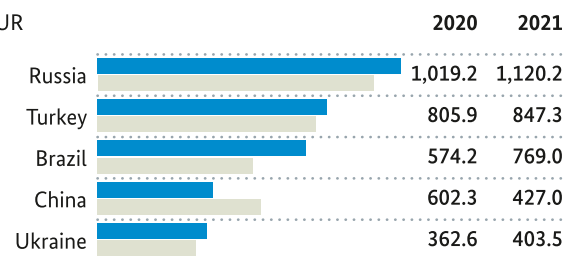


Wholeturnover Policies (APG and APG-light), under which exporters are able to obtain cover for short-term credits in transactions with numerous buyers in different countries, accounted for 8.6 billion euros and were thus 11.3% up on the previous year (2020: 7.7 billion euros). Russia, Turkey and Brazil were the most sought-after markets, contributing almost one third of the APG turnover covered (32%).

Top 5 countries

Turnover under Wholeturnover policies

in million EUR



■ 2021 ■ 2020

Top 5 countries 2021: (41.7%) 3,567.0

Total 2021: (100%) 8,563.0

In addition to Wholeturnover Policies, which represent a large proportion of the short-term cover provided, the Federal Government also offered revolving single transaction policies of 87.0 million euros (2020: 61.0 million euros) for regularly recurring business with a single buyer and cover for individual projects with credit periods of up to one year.

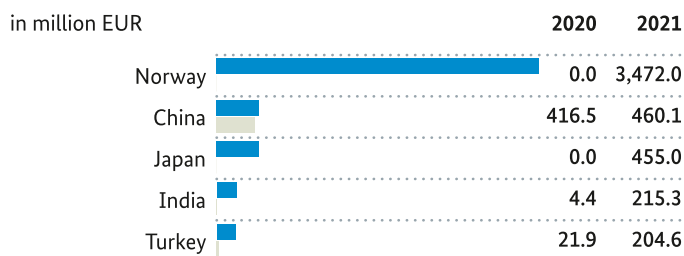
In the year under review, the Federal Government provided export credit guarantees for these **short-term individual transactions** amounting to 5.3 billion euros, equivalent to an increase of 178.6% over the previous year (2020: 1.9 billion euros). This increase is attributable to a single big-ticket project worth 3.5 billion euros, which was covered on short payment terms.

The volume of **medium and long-term single transaction cover** dropped by 12.3% to 6.2 billion euros (2020: 7.1 billion euros). Cover for transactions with long payment terms of more than five years fell by 8.5% over the previous year, dropping from 6.1 billion euros to 5.6 billion euros. The average value of big-ticket transactions over 50 million euros for which cover was provided increased from 150 million euros in the previous year to 198 million euros.

A total of 94.1% (2020: 92.4%) of the medium and long-term cover provided was executed with buyer credits (49% of the transactions, 2020: 56.2%).

Top 5 countries

Short-term single transaction policies



Top 5 countries 2021: (90.5%) 4,807.1

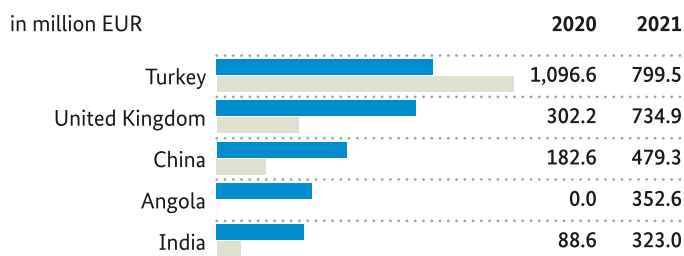
■ 2021 ■ 2020

Total 2021: (100%) 5,312.7

Differences in the sums are due to rounding

Top 5 countries

Medium and long-term policies



Top 5 countries 2021: (43.5%) 2,689.3

■ 2021 ■ 2020

Total 2021: (100%) 6,187.4

Cover by country group

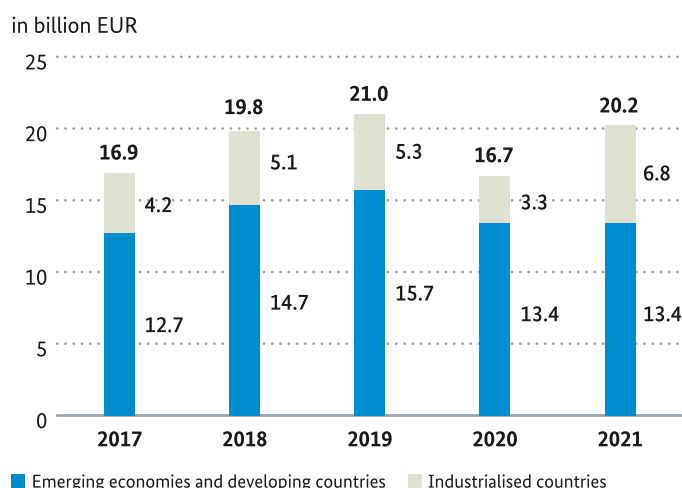
Traditionally, export credit guarantees are provided for **emerging economies and developing countries**¹. The volume of cover granted for these countries remained on previous year's level with 13.4 billion euros (2020: 13.4 billion euros). The decline of the share in the total volume of cover to 66.4% (2020: 80.4%) is due to cover for a single big-ticket project in Norway.

Given the lower political risks and the availability of private export credit insurance, the proportion of state export credit guarantees for **industrialised countries** is mostly relatively small.

In 2021, the Federal Government provided cover worth 6.8 billion euros (2020: 3.3 billion euros) for supplies and services destined for industrialised countries.

(1) See classification of countries on [page 82 et seq.](#)

Development of the volume of cover by country groups

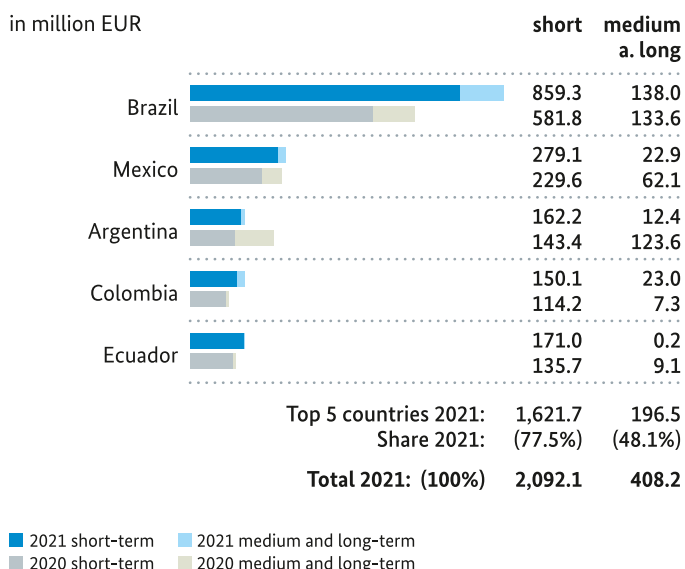


Volume of cover by country groups

Countries*	2020 million EUR	Share in %	2021 million EUR	Share in %	Change in %
Emerging economies and developing countries	13,439.6	80.4	13,372.7	66.4	-0.5
Latin America	2,000.9	12.0	2,500.4	12.4	25.0
Africa	1,232.2	7.4	1,576.2	7.8	27.9
Asia	5,023.0	30.1	4,935.9	24.5	-1.7
Middle East	1,933.4	11.6	1,086.5	5.4	-43.8
South/Central Asia	993.0	5.9	1,334.1	6.6	34.4
East Asia	2,096.5	12.5	2,515.3	12.5	20.0
Oceania	1.6	0.0	1.6	0.0	2.2
Europe	5,181.9	31.0	4,358.6	21.6	-15.9
Industrialised countries	3,275.1	19.6	6,777.7	33.6	106.9
Total	16,714.7	100.0	20,150.4	100.0	20.6
thereof EU countries	1,257.2	7.5	1,426.3	7.1	13.5

* See country list [page 82 et seq.](#)

Top 5 countries Guarantees for Latin American emerging economies and developing countries



Emerging economies and developing countries Latin America and the Caribbean

At 2.5 billion euros, cover for **Latin America and the Caribbean** rose by one quarter over the previous year (2020: 2.0 billion euros). The share of 12.4% in total cover (2020: 12%) remained at the previous year's level.

77% of the cover for **Brazil** took the form of Wholeturnover Policies. The largest single transaction was for the delivery, assembly and commissioning of an electroplating plant. Further cover was provided for a machine for the production of spunbonded nonwovens and an MDF board system (MDF: medium-density fibre). Among other things, cover was provided for packaging, printing and textile machinery for companies domiciled in **Mexico**. Export credit guarantees for **Argentina** related to the supply of machinery for the packaging and plastics industry. Cover was provided for the delivery, assembly and commissioning of a plastic production plant, road construction machinery and textile machines in **Colombia**. Except for one transaction, only cover under Wholeturnover Policies was granted for **Ecuador**.



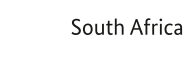

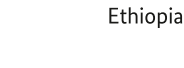
Africa

In 2021, the Federal Government provided export credit guarantees worth 1.6 billion euros (2020: 1.2 billion euros) for the delivery of goods and services to **Africa**. This marked an increase of 27.9% in cover. At 7.8%, the share in total cover remained steady (2020: 7.4%).

Export credit guarantees for **Angola** were issued for the turnkey construction of two hospitals. In the case of **Egypt**, cover was provided for special vehicles for mobile clinics, the delivery of a factory for ice cream production and textile and printing machinery. Export credit guarantees for **South Africa** were issued almost solely under Wholeturn-over Policies. Cover for **Kenya** included the delivery of 100 trucks as well as packaging machinery. Export credit guarantees for aircraft were issued for **Ethiopia**. In the case of **Ghana**, cover was provided for ambulances and the expansion of a mechanical-biological waste treatment plant. A plant for the production of polypropylene films in **Nigeria** was covered.

Top 5 countries

Guarantees for African emerging economies and developing countries

in million EUR		short	medium a. long
Angola		2.8	352.6
Egypt		209.7	30.4
South Africa		211.2	3.3
Kenya		125.4	20.6
Ethiopia		1.9	89.7
Top 5 countries 2021:		551.0	496.6
Share 2021:		(57.9%)	(79.5%)
Total 2021: (100%)		951.5	624.7

■ 2021 short-term ■ 2021 medium and long-term
■ 2020 short-term ■ 2020 medium and long-term

Asia

Cover for Asian countries¹ declined by 1.7% to 4.9 billion euros in 2021 (2020: 5.0 billion euros). Consequently, this region's share in total new cover shrank to 24.5% (2020: 30.0%).

Cover provided for **East Asia** increased by 20.0% to 2.5 billion euros. Among other things, cover was provided for gas and steam turbines, supplies and services for the construction of a copper wire production line as well as paper and textile machinery in **China**. For **Hong Kong**, export credit guarantees were issued for the construction of a combined-cycle power station for example. Export credit guarantees for **Vietnam** entailed the delivery of wind power systems. Cover for **Indonesia** largely comprised deliveries under Wholeturnover Policies. For **Malaysia**, components for satellites and for a launch vehicle were covered.

Export credit guarantees for **South and Central Asia** climbed by 34.4% to 1.3 billion euros (2020: 1 billion euros). This is equivalent to 6.6% of total cover (2020: 5.9%). Export credit guarantees for **India** included the delivery of sterile medication filling machinery and an aluminium rolling mill among other things. For **Uzbekistan**, deliveries of equipment for the production of seeds, textile

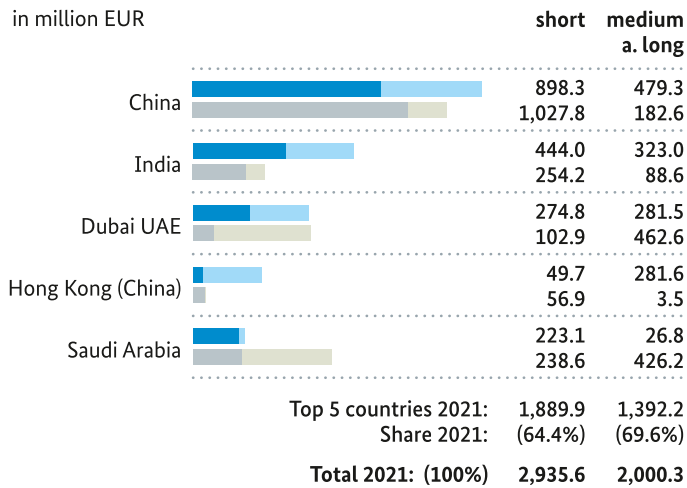
machinery and hospital fittings, for example, were covered, while guarantees were issued for the delivery and assembly of a textile plant, among other things, for **Bangladesh**. Export credit guarantees for **Kazakhstan** and **Pakistan** were largely granted on short payment terms.

The total value of cover provided for the entire **Middle East** declined in the year under review by 43.8% to 1.1 billion euros (2020: 1.9 billion euros). This is equivalent to 5.4% of total cover (2020: 11.6%). For **Dubai**, cover was provided for the delivery of three aircraft. In addition, export credit guarantees were issued for the delivery of cranes, textile machinery and equipment for a glass bottle production line. For **Saudi Arabia**, the Federal Government provided cover for a cold rolling mill. In addition, the delivery of a water treatment plant and of several plants for filling water in PET bottles was covered. Cover for **Oman**, **Sharjah** and **Jordan** was largely for deliveries under Wholeturnover Policies.

(1) See classification of countries on [page 82 et seq.](#)

Top 5 countries Guarantees for Asian emerging economies and developing countries

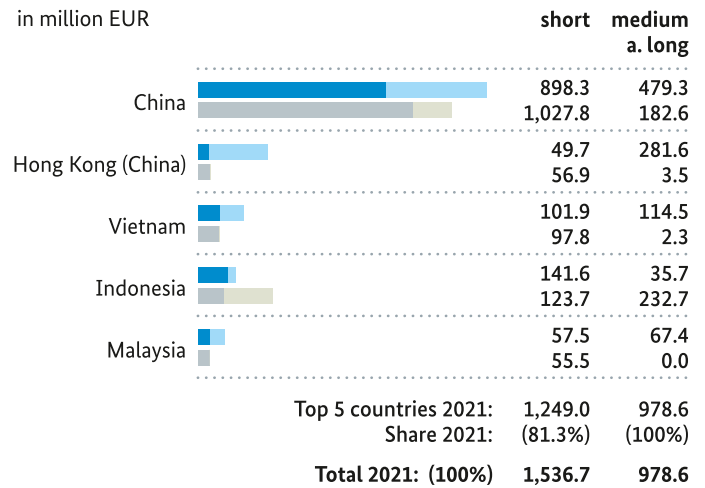
in million EUR



■ 2021 short-term ■ 2021 medium and long-term
■ 2020 short-term ■ 2020 medium and long-term

Top 5 countries Guarantees for East Asian emerging economies and developing countries

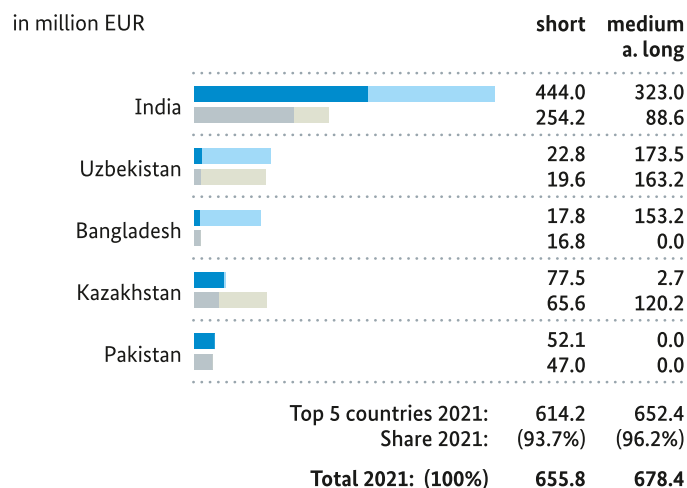
in million EUR



■ 2021 short-term ■ 2021 medium and long-term
■ 2020 short-term ■ 2020 medium and long-term

Top 5 countries Guarantees for South and Central Asian emerging economies and developing countries

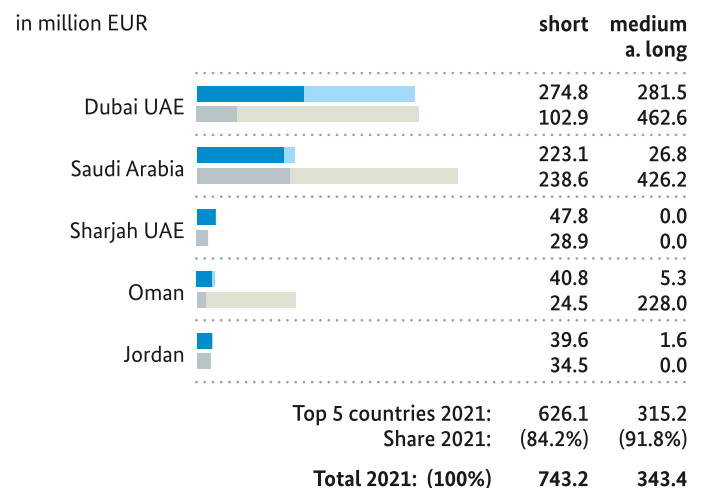
in million EUR



■ 2021 short-term ■ 2021 medium and long-term
■ 2020 short-term ■ 2020 medium and long-term

Top 5 countries Guarantees for Middle Eastern countries

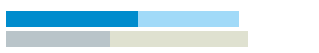
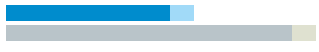



in million EUR



■ 2021 short-term ■ 2021 medium and long-term
■ 2020 short-term ■ 2020 medium and long-term

Top 5 countries Guarantees for European countries (without industrialised countries)

in million EUR

		short	medium a. long
Turkey		1,055.7 831.6	799.5 1,096.6
Russia		1,303.8 2,278.1	188.0 187.1
Ukraine		412.1 371.5	239.2 37.9
Belarus		133.1 127.5	31.6 19.5
Serbia		98.5 92.6	1.2 0.0
Top 5 countries 2021:		3,003.2	1,259.5
Share 2021:		(96.9%)	(99.9%)
Total 2021: (100%)		3,098.3	1,260.3

■ 2021 short-term ■ 2021 medium and long-term
■ 2020 short-term ■ 2020 medium and long-term

Europe (excluding industrialised countries)

Export credit guarantees for the delivery of goods and services to **Europe** (excluding industrialised countries) fell by 15.9% to 4.4 billion euros (2020: 5.2 billion euros). Consequently, this region's share in total new cover shrank to 21.6% (2020: 31.0%). At a combined total of 3.3 billion euros, Russia and Turkey accounted for roughly 77% of the export credit guarantees in this region.

Export credit guarantees for **Turkey** mainly concerned the delivery of nacelles, turbines, towers and rotor blade sets for wind turbines, biomass power plants as well as machinery for the printing industry and for textile and wood processing. For **Russia**, cover was provided for the delivery of gas and steam turbines for a gas power plant, a production line for wire articles and machinery for mining, among other things. Deliveries under Wholeturnover Policies accounted for 75% of the cover provided for these two countries. For **Ukraine**, the Federal Government provided cover for deliveries of machinery and equipment for the wood and food industry, among other things. Cover for **Belarus** and **Serbia** was largely for deliveries under Wholeturnover Policies.

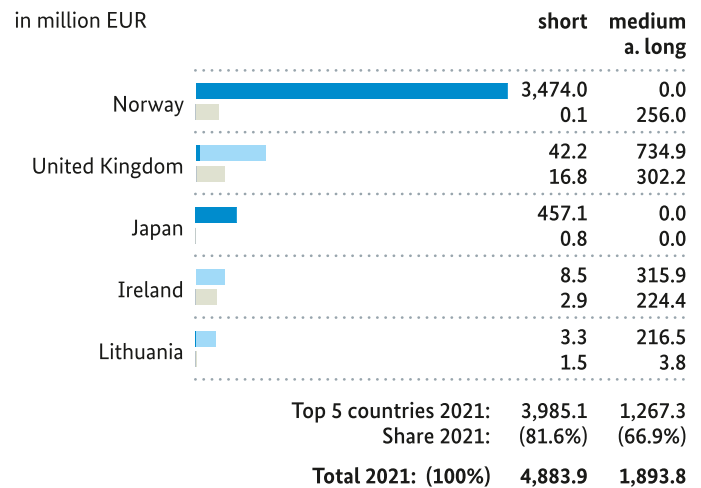
Industrialised countries

Cover for **industrialised countries** increased by 107% in 2021. The Federal Government issued export credit guarantees worth 6.8 billion euros (2020: 3.3 billion euros), equivalent to 33.6% of total cover (2020: 19.6%).

The sharp increase was due to a single large transaction in Norway, for which the Federal Government provided cover for the delivery of submarines on short payment terms. In the case of the United Kingdom and Japan, export credit guarantees were primarily issued for cruise ships. For Ireland, wind turbines and aircraft were covered. Export credit guarantees for Lithuania were granted for deliveries of wind turbines, trucks and two furniture plants among other things.

Top 5 countries

Guarantees for industrialised countries



■ 2021 short-term ■ 2021 medium and long-term
 ■ 2020 short-term ■ 2020 medium and long-term

Renewable energies

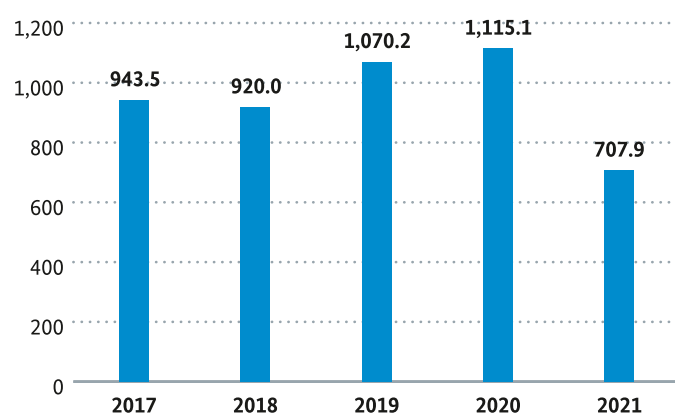
Sustainability plays a crucial role in the promotion of Germany's foreign trade and is duly reflected in the country's cover policy. For example, **renewable energy** and climate protection projects are particularly being promoted through long credit periods of up to 18 years, among other things.

In 2021, cover for renewable energies fell to 708 million euros (2020: 1.1 billion euros). The large number of new requests for cover in 2022 reflects a temporary decline caused by the pandemic.

In most cases, cover was provided for **wind power** projects (664 million euros), with export credit guarantees issued for the delivery of wind farms to Finland, Ireland, Turkey, Vietnam and Lithuania.

Export credit guarantees for renewables

in million EUR



Cover by industrial sectors

The **transport and infrastructure** sector is traditionally characterised by big-ticket transactions. At 6.5 billion euros in 2021 (2020: 3.8 billion euros), it accounted for 56.3% of single transaction policies and 32.1% of total export credit guarantees. At 4.9 billion euros, cover in this sector was mainly provided for ship transactions in 2021 (2020: 0.3 billion euros). Airbus guarantees and cover for other aircraft accounted for 0.8 billion euros (2020: 2.2 billion euros). Cover for infrastructure projects, including the construction of hospitals, was valued at 0.8 billion euros (2020: 1.3 billion euros).

At 1.9 billion euros, cover in the **manufacturing industry** more than doubled over the previous year (2020: 832 million euros). Accordingly, this sector accounted for 16.1% of total single transaction policies.

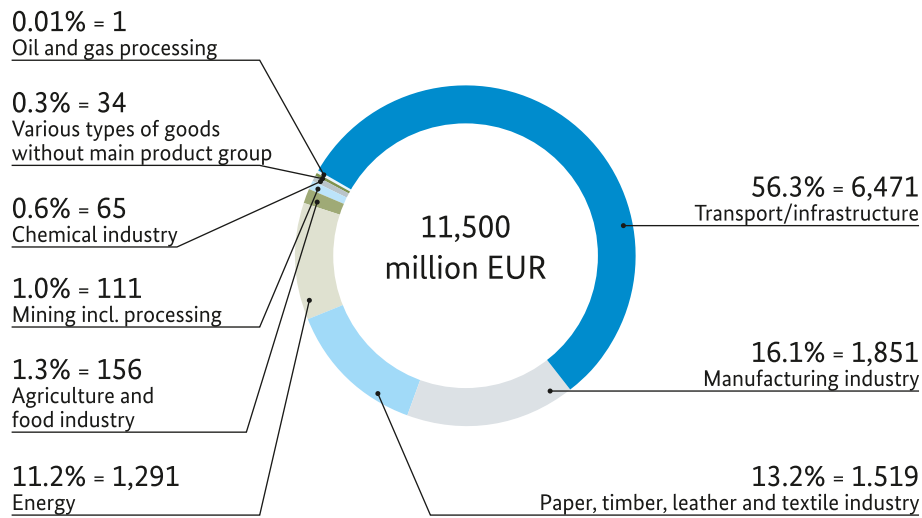
Export credit guarantees in the **paper, timber, leather and textile industries** were valued at 1.5 billion euros, around 180% higher than in the previous year (2020: 843 million euros) and accounting for 13.2% of total single transaction policies. Among other things, cover was provided for deliveries of paper and timber production equipment.

Export credit guarantees in the **energy sector** climbed by 12.5% to 1.3 billion euros (2020: 1.1 billion euros). Accordingly, this sector accounted for 11.2% of total single transaction policies. At 708 million euros, more than half of the projects covered were for renewable energy. The largest single project entailed the installation of a wind farm in Finland (144 million euros).

Share of single transaction policies by industrial sectors

in % and million EUR

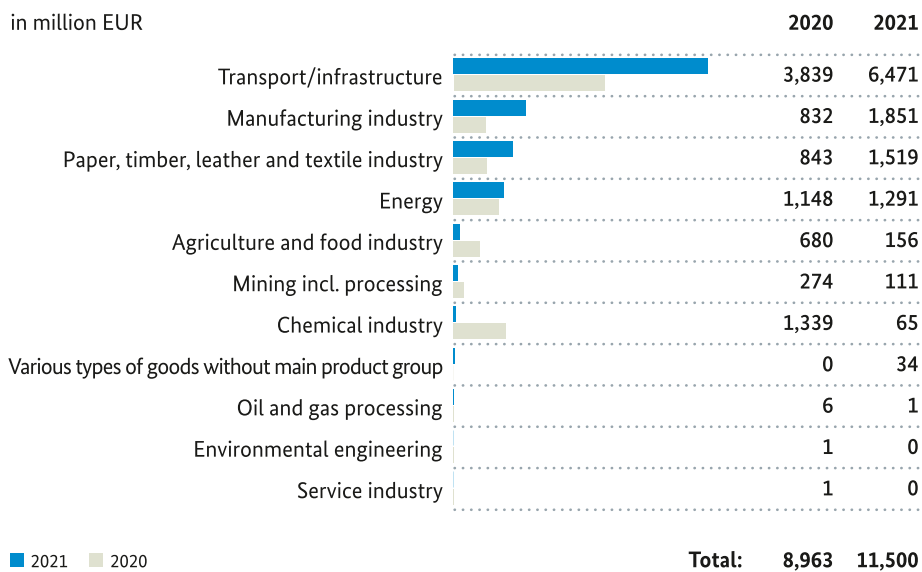
2021



Differences in the sums are due to rounding.

Development of Single transaction policies by industrial sectors

in million EUR



■ 2021 ■ 2020

Differences in the sums are due to rounding.

Project finance

In addition to conventional cover for export finance, the Federal Government also offers export credit guarantees for **project finance**. This is generally selected for big-ticket projects that are kept off the balance sheets of the companies involved. Instead, a legally and economically autonomous project entity is established which is responsible for generating the cash flows needed to cover the operating costs and debt servicing for the project.

In contrast to conventional export finance, country risks are largely mitigated by the project and collateralisation structures implemented. This means that project finance is frequently also possible in countries for which restrictions on cover are in place, such as ceilings or limits on the size of individual transactions.

In 2021, the Federal Government provided cover of 369 million euros for five project finance transactions (2020: 487 million euros, four projects). Once again, most of these involved projects for renewable energies. In this regard, the Federal Government provided cover for two offshore wind farms in Finland as well as wind farms in Ireland

and Lithuania. As part of efforts to modernise the Malaysian communication infrastructure, the Federal Government issued cover for the delivery of components in connection with the construction and launch of a telecommunications satellite.

This once again showed that project finance backed by the Federal Government can also be provided for sector-specific structures, thus supporting German exports in different market environments with attractive financing.

In the second year of the coronavirus crisis, it was still not possible for some projects to be implemented due to the pandemic, while others were delayed. In other cases, structuring discussions were resumed in anticipation of a post-pandemic recovery of the global economy. Looking forward, high demand for project finance backed by the Federal Government similar in scale to pre-crisis levels can be expected. This is also reflected in the receipt of new applications worth 9.5 billion euros, which include not only smaller projects but also big-ticket ones. Projects in the renewable energy sector continue to play a major role in this regard. At the same time, a trend towards more “green” projects is evident in other sectors as well.

Transport and infrastructure

Ship business

In 2021, the Federal Government provided cover for **civilian shipbuilding** worth 1.4 billion euros (2020: 0.1 billion euros). This was joined by cover for **military shipbuilding** amounting to 3.5 billion euros (2020: 0.2 billion euros), resulting in total cover of 4.9 billion euros (2020: 0.3 billion euros).

Two years after the outbreak of the Covid-19 pandemic, the cruise industry – including German shipbuilding in this segment – is facing a particularly **difficult market environment**. The market recovery remains dependent on the course of the pandemic.

In response to the crisis afflicting the cruise sector, the Federal Government adopted deferral agreements for ship finance in 2020. These were subsequently extended in 2021 until 31 March 2022, meaning that it was again possible to defer debt repayments for cruise ships financed through government export credit guarantees in 2021. The purpose of the measure is to safeguard cruise lines' liquidity and thus to contribute to the stabilisation of German shipyards' order books. This eased the pressure on the sector and the related maritime industry in Germany during the crisis. At the same time, it reduced the Federal Government's exposure to the risk of default on government-backed ship finance.

Airbus cover

In 2021, the Federal Government in cooperation with the governments of the other two main Airbus producer countries – France and the United Kingdom – provided cover for aircraft transactions worth 0.8 billion euros (2020: 2.2 billion euros).

The heavy pressure on the economic situation of airlines worldwide as a result of the Covid-19 pandemic improved in 2021 compared with the previous year. In the year under review, greater use was consequently made again of the commercial opportunities for finance that had increasingly been utilised in the years before the Covid-19 pandemic to purchase new aircraft, causing demand for Airbus Cover to decline over 2020.

The positive trend in the industry was also evident during the reporting period in the case of some airlines that had particularly been impacted economically by the Covid-19 pandemic, some of which had been placed under bankruptcy protection in 2020. In 2021, this resulted in substantial recoveries of indemnification that had been paid to banks under Airbus Cover.

Military goods

In the year under review, the Federal Government provided export credit guarantees for **military goods** amounting to 3.6 billion euros (2020: 0.2 billion euros), equivalent to 18% of total export credit guarantees (2020: 1.1%). This increase is due to a big-ticket transaction in Norway, under which the Federal Government provided cover for the delivery of submarines on short payment terms. The long-term average (calculated since 1997) stands at 4.3%.

Export credit guarantees for military goods

in billion EUR

	2021	Type of goods
Norway	3.47	Submarines
Bangladesh	0.17	Training aircraft for pilot training
Total 2021	3.64	

Environmental, social and human rights assessment of projects

Projects coming within the scope of the OECD's Common Approaches ("Recommendation of the Council on Common Approaches for Officially Supported Export Credits and Environmental and Social Due Diligence") must undergo environmental, social and human rights (ESHR) due diligence. This particularly includes all transactions with a credit period of more than two years. The transactions are assigned to categories A, B and C depending on their potential environmental, social and human rights impact (see box). In 2021, the Federal Government processed and provided cover for two export transactions in connection with environmental category A projects worth around 0.2 billion euros. In environmental category B, the cover for the 29 export transactions in question was valued at around 1.8 billion euros.

Under the Common Approaches, deliveries for existing plants which do not result in any material change of function or capacity only need to undergo a risk assessment. The cover provided for these transactions was valued at 0.4 billion euros.

Officially supported, environmentally relevant projects by categories and sectors

	2021 number	Volumen million EUR
Category A		
Energy industry	2	198.5
Total Category A	2	198.5
Category B		
Energy industry	15	888.8
Paper, timber, leather and textile industry	11	528.0
Transport/infrastructure	3	403.4
Total Category B	29	1,820.2
Total 2021	31	2,018.7

Categorisation of ESHR impact

As the OECD Common Approaches take a risk-based perspective, the scope of the ESHR due diligence depends on the potential ESHR impacts associated with the project. Depending on the extent of potential negative impacts, they are assigned to one of three environmental categories: A, B and C. Category A and B projects are subject to an in-depth ESHR review, while category C projects do not require any further review, unless other risk-exacerbating factors play a role. Category A projects potentially have significant adverse ESHR impacts which are diverse, irreversible and/or exceptional. Accordingly, they also place higher demands on the review of the ESHR impact. These include, for example, projects located in or near a sensitive area such as a national park. The potential impact on ESHR aspects of Category B projects is less than that of A projects. The impacts are locally limited or more easily reversible or have a smaller impact beyond the project site. Typical B projects are wind turbines or plants for the production of MDF panels. Nevertheless, a full check against the applicable reference standards is performed in the light of the risk situation. Category C projects exhibit only minimal to no adverse ESHR impacts.

Claims, recoveries and rescheduling Claims

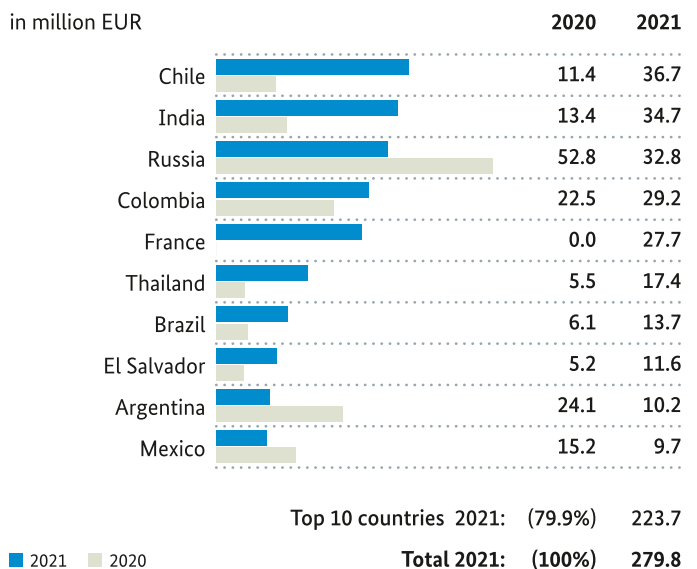
At 288.9 million euros in 2021, payments made for claims were more or less unchanged over the previous year (2020: 286.1 million euros).

Outgoing payments for **commercial claims** increased by 3.2% compared with the previous year, coming to 279.8 million euros (2020: 271.1 million euros). In the case of Chile, the increase over the previous year was chiefly due to indemnification paid under Airbus guarantees. Indemnification paid for India mainly related to the delivery of plants for steel production, while indemnification payments for Russia resulted from cover for the delivery and assembly of components for a power plant.

At 9.0 million euros, payments for **political claims** were comparatively low (15.0 million euros in 2020).

Top 10 countries

Claims payments under commercial risk cover



Claims payments

in million EUR

	2017	2018	2019	2020	2021
Political risk claims	30.9	318.1	5.9	15.0	9.0
Commercial risk claims	398.4	409.9	377.3	271.1	279.8
Total	429.3	728.0	383.2	286.1	288.9

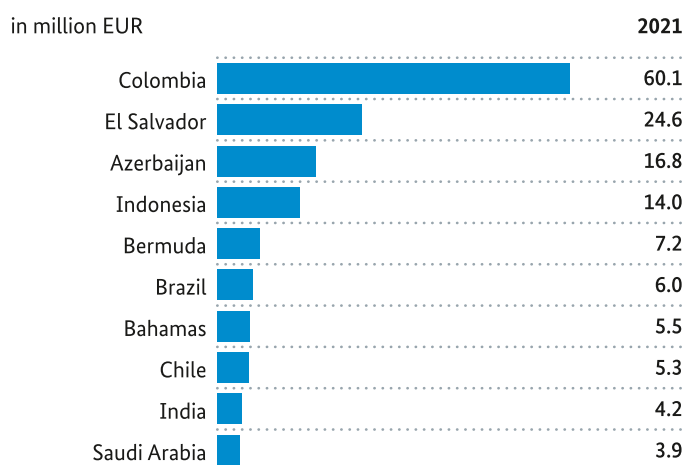
Differences in the sums are due to rounding.

Recoveries

At 229.5 million euros (2020: 230.9 million euros), **recoveries** of indemnification paid (excluding interest) remained at the previous year's level. Agreed repayment plans for major claims, the recovery of receivables from foreign debtors and foreseeable payments under debt rescheduling agreements point to significant recoveries in the future.

Top 10 countries

Recoveries in respect of commercial claims



Top 10 countries 2021: (86.9%) 147.6

Total 2021: (100%) 169.8

Recoveries for claims paid (excl. interest)

in million EUR

	2017	2018	2019	2020	2021
under political risk cover	203.2	267.2	271.8	47.5	58.6
thereof rescheduled amount	178.8	264.8	271.8	47.2	56.9
under commercial risk cover	105.6	130.2	278.4	183.4	170.9
Total	308.8	397.4	550.3	230.9	229.5

Differences in the sums are due to rounding.

Rescheduling

The Paris Club was also affected by the Covid-19 pandemic in 2021. Almost all meetings were held online again.

Adopted in 2020 together with the G20 countries in response to the coronavirus crisis, the **Debt Service Suspension Initiative** (DSSI) for heavily indebted countries was extended but expired once and for all at the end of 2021.

A total of 42 debtor nations have been granted payment deferments by the Paris Club under the DSSI debt moratorium. In 2021, Chad, Ethiopia and Zambia made use of the common framework agreed between the Paris Club and the G20 countries for future debt restructuring and submitted corresponding applications. For the first time,

creditor nations such as China, Saudi Arabia and the United Arab Emirates also took part in the debt rescheduling negotiations. As a creditor nation, Germany is not exposed to any of these three countries.

Under the HIPC (heavily indebted poor countries) initiative, Sudan was the second last country to reach the decision point, after which it is possible to implement the initiative (debt restructuring or cancellation), at the end of June 2021. On 15 July 2021, debt rescheduling negotiations were held in Paris with the Sudanese delegation, culminating in a multilateral agreement with the creditor nations of the Paris Club, including Germany. Implementation of the agreement is pending due to recent political developments in Sudan.

The Paris Club is an international body for the rescheduling of debt owed by debtor nations to public creditors. Virtually only public-sector loans and development aid loans, particularly those guaranteed by the governments of the creditor nations, can be rescheduled. The Paris Club meets at the request of a debtor nation under the chairmanship of France. Industrialised countries, development banks, the International Monetary Fund, the World Bank and the respective debtor nations take part in the negotiations. The aim is to enter into a multilateral rescheduling agreement with the debtor nation, taking into account its economic and financial circumstances.

Results

Revenues

In the year under review, total revenues for the federal budget from export credit guarantees fell slightly by 1.4% to 961.5 million euros (2020: 975.3 million euros).

Income from **premiums and fees** dropped by a total of 6% to 614.1 million euros (2020: 653.1 million euros).

Income from **recoveries** under previously indemnified claims and **debt repayment under rescheduling agreements** came to 229.5 million euros. The largest recoveries were received from Colombia (60.1 million euros), El Salvador (24.6 million euros), Myanmar (18.2 million euros), Iraq (17.4 million euros), Azerbaijan (16.8 million euros) and Serbia (11.0 million euros).

The **interest income** of 115.8 million euros (2020: 91.4 million euros) arising predominantly from rescheduling agreements was transferred to the federal budget. Like the interest expense incurred by the Federal Government on indemnification payments, this interest income is not included in the calculation of the annual result.

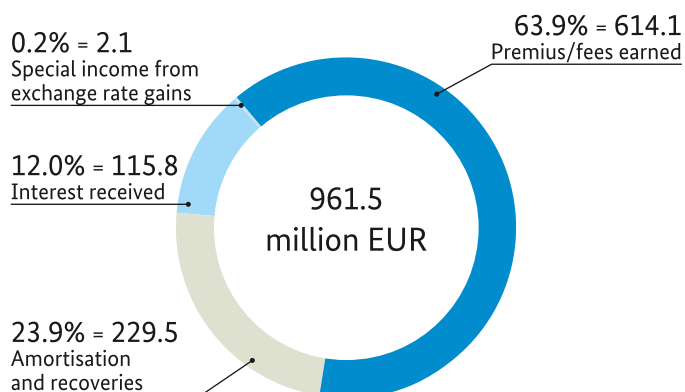
Expenses

In the year under review, expenses climbed by 1.3% to 381.1 million euros (2020: 376.1 million euros). They comprise **claims payments** (288.9 million euros) and the **costs** for the administration of export credit guarantees (92.2 million euros).

Revenues for the federal budget

in % and million EUR

2021

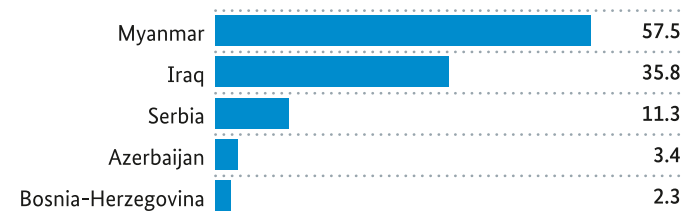


Top 5 countries

Highest interest payments

in million EUR

2021



Top 5 countries 2021: (93.6%) 110.3

Total 2021: (100%) 117.9

Annual result

With a cash surplus of 464.6 million euros (2020: 507.8 million euros), the Federal Republic of Germany's export credit guarantee scheme achieved a positive result for the Federal budget accounts for the 23rd year running.

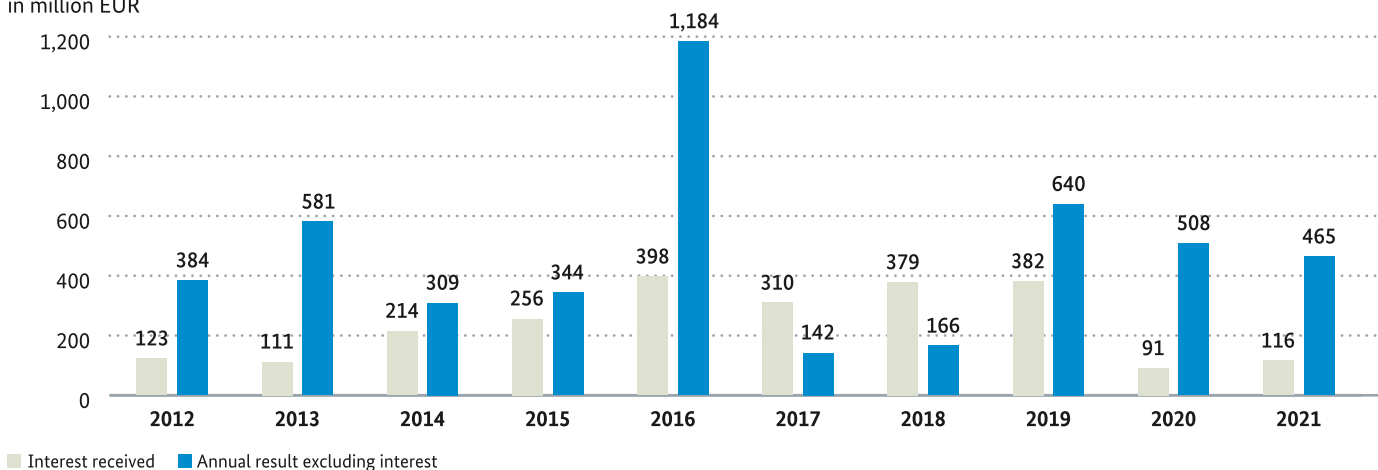
464.6 million euros

Accordingly, the accrued total balance of export credit guarantees rose to just under 7.3 billion euros¹ (net of interest) as of the end of 2021.

(1) Not adjusted for inflation

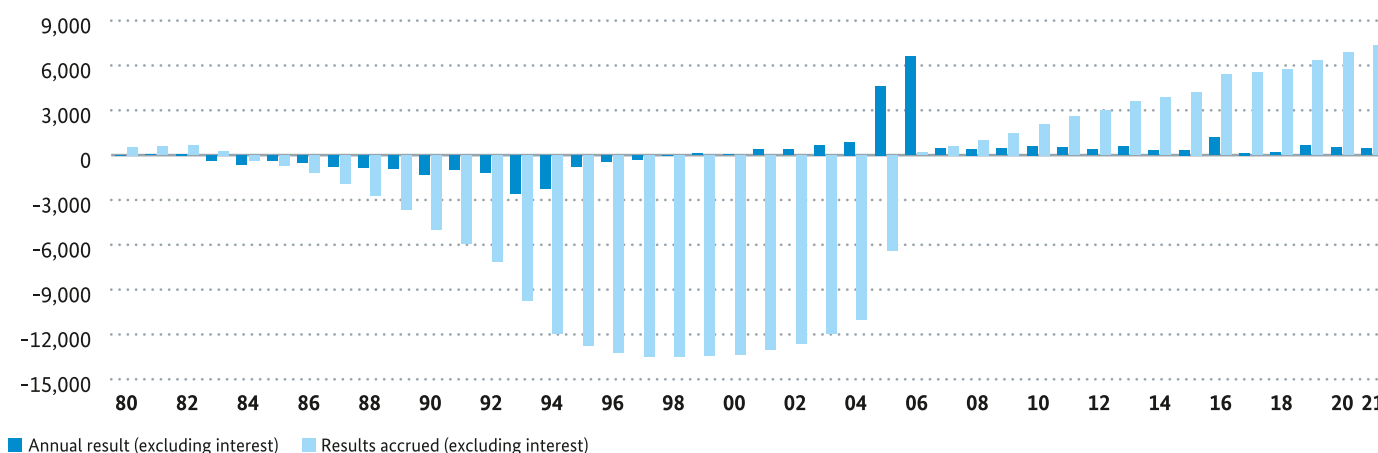
Financial result over the past ten years

in million EUR



Annual result and results accrued of the Federal export credit guarantees 1980-2021

in million EUR



Statutory cover limit and total commitment level

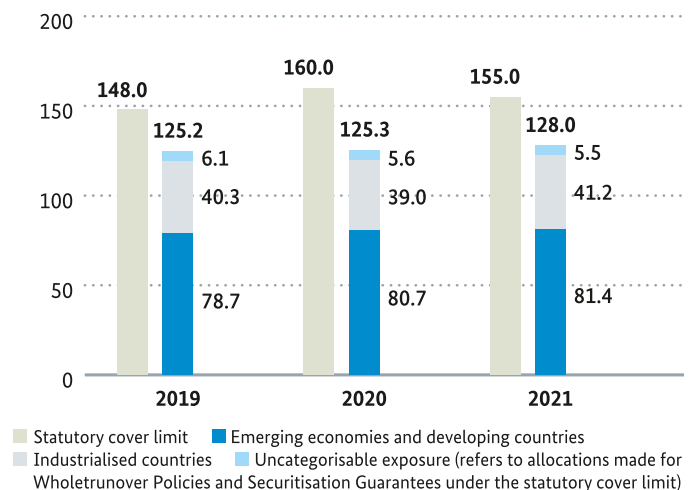
Export credit guarantees are granted on the basis of amounts **authorised by the budget**. The statutory cover limit, which had previously been increased as a precautionary measure in response to the crisis, was reduced from 160 billion euros to 155 billion euros in 2021, utilisation of which stood at 83% at the end of the year. Interest covered does not count towards the statutory cover limit.

The **Federal Government's total commitment level (exposure)** stood at 128.0 billion euros as of 31 December 2021, thus exceeding the previous year (2020: 125.3 billion euros). This figure equals the total volume of export credit guarantees issued (net of interest) which are still exposed to risks. Exposure is defined as the actual portfolio registered by the Federal Office for Central Services and Unresolved Property Issues. However, it does not provide any indication of the real outstanding risk as the export credit guarantees count towards the statutory cover limit on the basis of their full amount until liability has been fully discharged regardless of their execution status. In the year under review, there were additions of 12.7 billion euros (2020: 6.9 billion euros) for documented new cover but discharges of 10.0 billion euros (2020: 6.2 billion euros).

In addition, cover for interest came to 50.1 billion euros at the end of the year (2020: 51.0 billion euros). The Federal Government's total commitment level including interest thus stood at 178.1 billion euros.

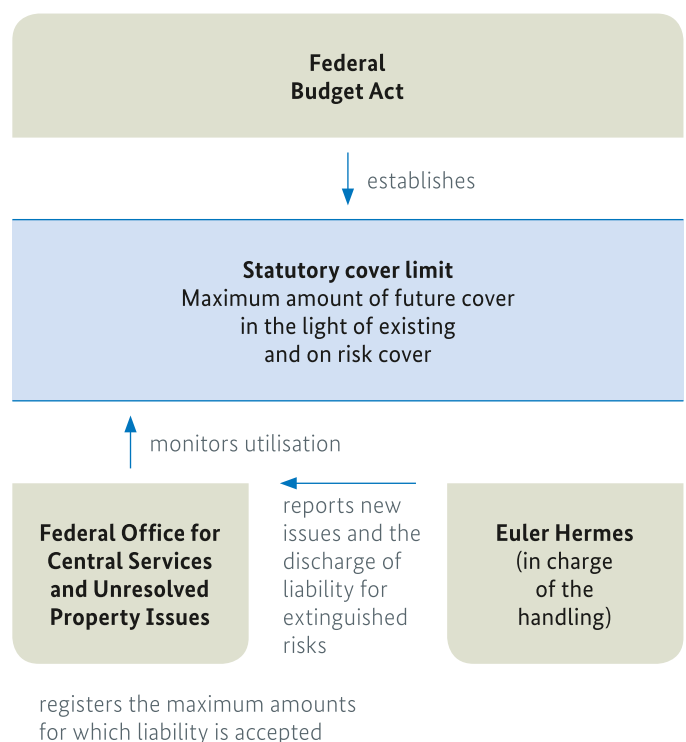
Total commitments of the federal government (exposure) breakdown by country groups and statutory cover limit

in billion EUR



Differences in the sums are due to rounding.

The Federal Government's statutory cover limit



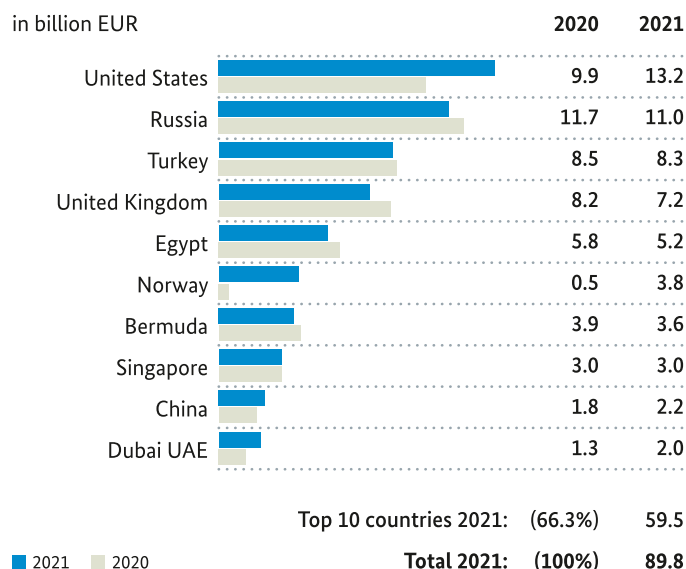
Outstanding risk

The **Federal Government's outstanding risk** is derived from the future maturities of commitments under cover granted plus interest, less the percentage to be retained by the exporters and banks for their own account. This amount constitutes the theoretical maximum outstanding risk under current Federal Government guarantees at any given time if the entire risk occurs in full. However, it does not provide any indication of the real likelihood of the risk turning into a claim and thus the Federal Government's liability to indemnify it.

In 2021, the indemnification risk rose by 5.6% to 89.8 billion euros (2020: 85.0 billion euros).

Top 10 countries

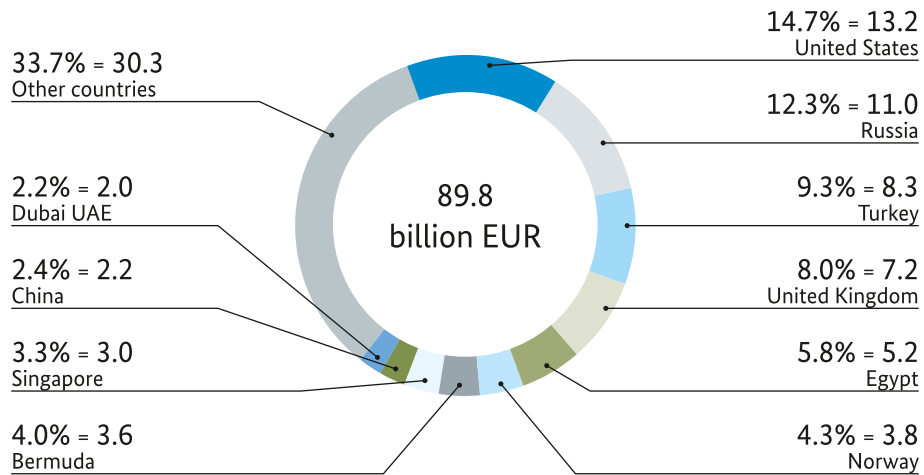
Development of outstanding risk



Share of total outstanding risk by countries

in % and billion EUR

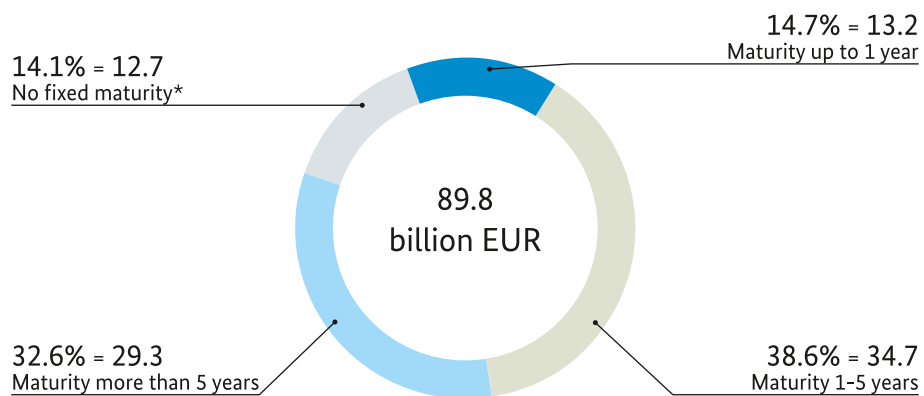
2021



Share of total outstanding risk by maturities

in % and billion EUR

2021



* isolated manufacturing risk cover, contract bond cover

Total outstanding risk by country groups

Countries*	2020 million EUR	Share in %	2021 million EUR	Share in %
Emerging economies and developing countries	54,906.0	64.6	53,550.8	59.6
Latin America	9,151.0	10.8	7,819.5	8.7
Africa	8,839.3	10.4	8,847.7	9.9
Asia**	15,248.3	17.9	15,963.2	17.8
Europe	21,667.4	25.5	20,920.4	23.3
Industrialised countries	30,115.8	35.4	36,269.2	40.4
Total	85,021.8	100.0	89,820.0	100.0

* see classification of countries in the annex p. 82 et seq.

** including Oceania

Differences in the sums are due to rounding.

Total outstanding risk by industry sectors

Sector	2021 billion EUR	Share in %
Transport/infrastructure	44.3	49.4
Energy industry	16.4	18.2
Oil and gas processing	9.2	10.2
Manufacturing industry	6.1	6.8
Paper, timber, leather and textile industry	5.4	6.0
No recording of industry*	3.3	3.7
Chemical industry	2.8	3.2
Agriculture and food industry	1.3	1.5
Mining incl. processing	0.7	0.8
Service industry	0.2	0.2
Total 2021	89.8	100.0

* Wholeturnover Policies, reschedulings

Differences in the sums are due to rounding.

Unrecovered amounts under claims paid

At the end of the year, **unrecovered amounts** under claims paid for commercial and political loss – including rescheduled trade and loan receivables – were unchanged at 3.4 billion euros (2020: 3.4 billion euros). Unrecovered amounts are indemnification payments made which it may be possible to recover. The corresponding claims are in favour of the Federal Government.

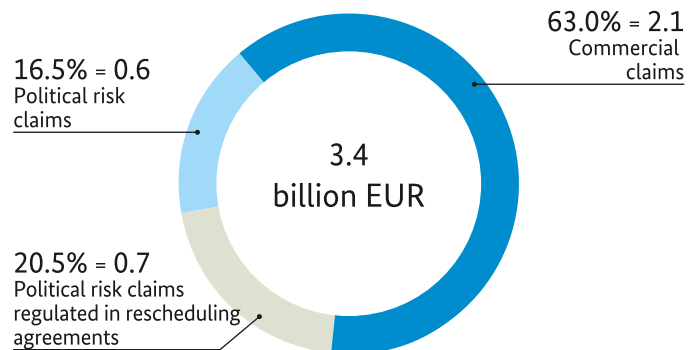
Significant recoveries can be expected from outstanding **commercial claims** totalling 2.1 billion euros due to restructuring agreements already entered into in respect of major claims as well as claims being pursued against foreign debtors.

Unrecovered amounts from debtor countries have been restructured over the last few years by the Paris Club on the basis of their respective ability to meet their payment obligations and are the subject of **bilateral rescheduling treaties**. As of 31 December 2021, the agreed but still outstanding repayments to be made to the Federal Republic of Germany amounted to around 700.8 million euros. There is no complete certainty that these repayments will be made on schedule.

As in the previous year, no outstanding amounts due to the Federal Government were **cancelled** under debt rescheduling arrangements in 2021. Since the establishment of export credit guarantees, the Federal Republic of Germany has waived a total of just under 4.4 billion euros owed by the most heavily indebted countries under previous debt-rescheduling agreements.

Amounts outstanding

in % and billion EUR

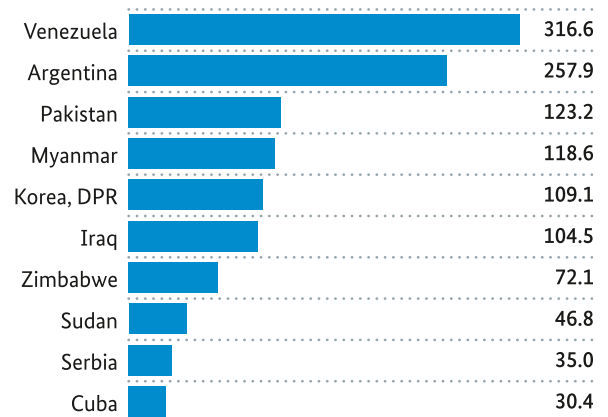


Top 10 countries

Debt owed to the Federal Government out of rescheduling agreements and political risk claims

in million EUR

2021



Top 10 countries 2021: (96.0%) 1,214.2

Total 2021: (100%) 1,264.4

Utilisation of the statutory cover limit 1950 - 2021

in billion EUR

<u>Year</u>	Statutory cover limit	Allocated amounts of statutory cover limit*	Total outstanding risk*
1950	0.3	0.3	
1955	3.8	2.5	
1960	6.1	5.2	
1965	8.7	8.1	
1970	13.8	12.9	
1975	30.7	25.0	
1980	76.7	59.6	
1985	99.7	80.9	
1990	81.8	68.3	
1995	99.7	91.9	
2000	112.5	106.1	56.5
2005	117.0	104.9	56.7
2010	120.0	107.5	76.4
2011	135.0	116.6	82.3
2012	135.0	124.9	85.2
2013	145.0	129.1	87.7
2014	165.0	134.1	88.5
2015	160.0	132.8	92.4
2016	160.0	128.6	89.8
2017	160.0	121.0	85.8
2018	153.0	120.7	86.5
2019	148.0	125.2	87.9
2020	160.0	125.3	85.0
2021	155.0	128.0	89.8

* The column „Allocated amounts of statutory cover limit“ reflects the overall level of exposure under the statutory cover limit for the respective year. However, conclusions on the amounts actually at risk cannot be drawn on the basis of these figures because they also include indemnification and other payments made in respect of reschedulings for which recoveries are still expected. For this reason, the Federal Government's total outstanding risk has been recorded separately since the end of 1997.

Result 1950 - 2021

in million EUR

Year(s)	Premiums/ fees earned	Recoveries for claims and reschedulings*	Disbursements for claims and reschedulings	Expenses for the handling of the export credit guarantees	Annual result excluding interest	Interest**
1950-1954	27.6	16.8	25.6	5.3	13.5	
1955-1959	85.6	83.2	168.0	10.8	-10.0	
1960-1964	141.3	144.7	370.1	14.4	-98.5	
1965-1969	247.0	381.4	587.7	22.8	18.0	
1970-1974	346.1	421.9	808.1	37.9	-77.9	
1975-1979	897.5	468.5	580.6	82.6	702.8	
Subtotal	1,745.1	1,516.5	2,540.1	173.7	547.9	482.1
1980-1984	1,437.3	860.9	3,034.5	149.9	-886.1	238.2
1985-1989	1,343.3	1,034.6	5,512.6	183.9	-3,318.5	760.1
1990-1994	2,022.9	2,028.3	12,121.9	244.3	-8,315.0	1,725.6
1995-1999	2,727.3	2,722.2	6,614.4	270.6	-1,435.5	4,143.6
2000-2004	2,399.3	3,905.1	3,615.1	317.6	2,371.6	5,278.6
2005-2009	2,442.1	12,014.1	1,608.9	336.1	12,511.2	4,746.7
2010-2014	3,353.8	1,163.5	1,709.7	408.9	2,398.6	657.2
2015	541.8	286.5	395.1	89.6	343.7	256.4
2016	845.4	977.6	551.8	87.4	1,183.9	397.5
2017	346.9	309.1	429.3	85.1	141.5	309.9
2018	586.1	396.9	728.0	88.7	166.4	378.6
2019	563.0	550.6	383.2	90.0	640.4	381.6
2020	653.1	230.8	286.1	90.0	507.8	91.4
2021	614.1	231.6	288.9	92.2	464.6	115.8
Total amount	21,621.6	28,228.4	39,819.5	2,708.0	7,322.5	19,963.4
	Total income 49,850.0		Total expenses 42,527.5			
	Result accrued excluding interest				7,322.5	
	Debt owed to the Federal Government				3,414.3	
	of which regulated under rescheduling agreements				700.8	

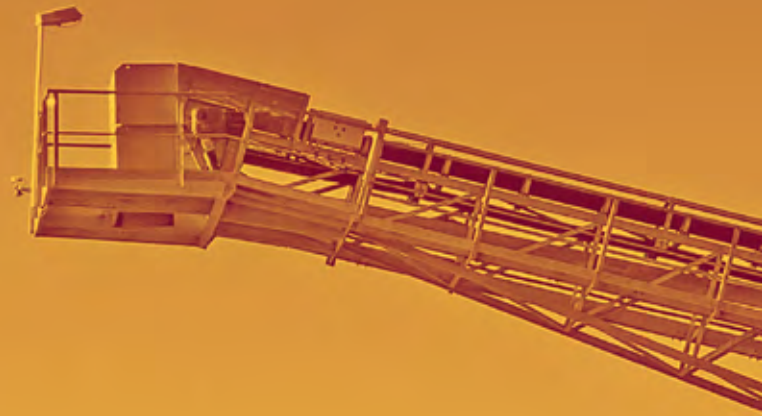
* Recoveries for claims paid and rescheduled amounts include special revenues and exchange rate gains.

** For methodical reasons, interest received by the federal budget is excluded when calculating the financial result since the refinancing costs incurred by the Federal Government in respect of claims paid are also not included.

Differences in the sums are due to rounding.

Untied Loan Guarantees

Interest in Untied Loan Guarantees to cover supplies of raw materials to German industry remained strong in 2021. There was particularly pronounced demand for raw materials for key and future technologies. Due to the pandemic, however, many projects were initially postponed at an early planning stage. In the case of five projects, eligibility for cover in the light of raw material policy considerations was confirmed.





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Over the last five years, the Federal Government has confirmed the eligibility of raw materials projects in 13 countries for eleven different raw materials in the light of policy considerations.

Page 80



4.7 billion euros

The Federal Government's exposure under aggregate outstanding guarantees came to 4.7 billion euros as of the end of 2021.

Page 80

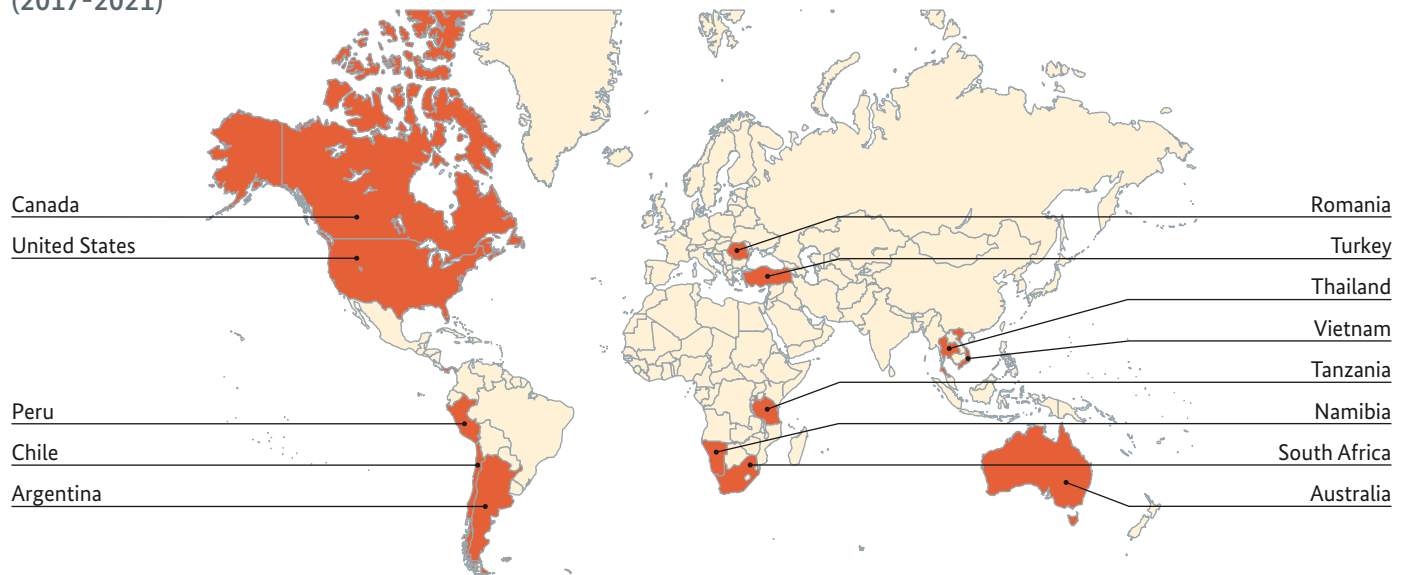
**UFK enquiries – distribution
among the types of raw materials
in 2021**

Raw materials	Number
Minerals	20
Lithium	5
Copper	5
Nickel	2
Tungsten	2
Platinum group metals (PGM)	1
Ferrochromium	1
Iron ore	1
Zinc	1
Vanadium	1
Rare earths	1
Other raw materials	15
Total 2021	35

The year at a glance

The commodity markets were characterised by rising prices and supply chain constraints in 2021. The global economy is currently in a phase of recovery with correspondingly high demand for raw materials, which is being faced with supply chains that continue to be hampered by the pandemic. The combination of these effects is causing prices to rise. National COVID-19 measures triggered severe shortages of supplies in the markets for industrial raw materials in particular, as, for example, mines were temporarily closed and supply chains disrupted. In addition, the digital and green transformation of the economy is ushering in a structural increase in demand for raw materials for future and key technologies such as electromobility, semiconductors and renewable energies. However, due to the long-term investment cycles in the commodities industries, the rising prices have so far not produced any notable increase in capital spending in this sector. Still, the pandemic highlighted the supply chain risks resulting from the strong regional concentration of sources of raw materials and the dominance, in particular, of

UFG underwriting practice – countries where raw material projects were regarded as eligible for support (2017-2021)



Asian market participants. Securing quantities of raw materials under long-term purchase contracts has therefore additionally grown in importance for companies.

No new Untied Loan Guarantees were issued in 2021 (2020: one). At 35 (2020: 35), the number of **inquiries** remained high and primarily concerned mineral raw materials for key technologies (mostly copper and lithium). In addition, there was a greater number of inquiries in connection with imports of green hydrogen or green ammonia. This raises the question for the Federal Government as

to the suitability of Untied Loan Guarantees for such transformation projects. Furthermore, the possibility of using the Untied Loan Guarantee for corporate finance that is not based on the economic viability of a specific investment project but on the creditworthiness of a (raw materials) company attracted a great deal of interest in the market and was the subject of numerous inquiries. Plans for a total of five projects had already progressed far enough for the Federal Government to confirm their eligibility for **cover in the light of raw material policy considerations** in 2021 (three copper, one nickel sulphate and one lithium project).



13/11

All in all, the Federal Government has confirmed the eligibility of 23 projects in 13 countries around the world in the light of raw material policy considerations over the last five years. These projects entailed eleven different raw materials, thus underscoring the range of raw materials and projects for which Untied Loan Guarantees are available.

The Federal Government's maximum liability (exposure) under the guarantees issued and still on risk – including cover for interest – stood at 4.7 billion euros at the end of 2021, spread over 12 guarantees. Of these, commodity projects accounted for 4.0 billion euros (nine guarantees), development-bank projects for 0.2 billion euros (two guarantees) and a battery cell project for 0.5 billion euros (one guarantee). As the two development bank projects were fully discharged as planned at the

end of 2021, liability (exposure) will be duly reduced after the completion of the liability release process. In addition, as indemnification of 26.4 million euros was paid for the Hemerdon tungsten project in the United Kingdom, this project will also be removed from the guarantee portfolio once the indemnification process has been completed.

The 2021 Budget Act provided for a joint statutory cover limit of 75 billion euros for the issue of Untied Loan Guarantees, investment guarantees and European Investment Bank loans. The UFK guarantees are self-financing in the long term on the basis of the fees and premiums.



4.7 billion euros

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www.agaportal.de/en



Development on the commodity markets

Mineral raw materials are indispensable for industrial production and technological progress and thus for the preservation, expansion and further development of economic, ecological and sociocultural prosperity. In particular, decarbonisation and the planned carbon neutrality will generate strong demand for raw materials. According to the International Energy Agency (IEA), many countries around the world jointly accounting for around 70% of current emissions, have expressed their commitment to climate neutrality by 2050.

Transformation technologies, i.e. electromobility and renewable energies, will spur demand for raw materials such as lithium, rare earths, cobalt, nickel and copper substantially. Light and heavy rare earths are used to produce high-performance permanent magnets, which are found in electric motors, electric vehicles and wind turbine generators for example. Lithium is required for powerful batteries in electric vehicles. Another factor in the decarbonisation of the economy is the use and carbon-free production of hydrogen. In particular, demand for iridium and scandium for electrolysis technologies is expected to rise.

These developments are also borne out by the Federal Government's own experience. In 2021, numerous inquiries were received for the use of Untied Loan Guarantees for projects entailing commodities for these new technologies. In addition, there were also a number of inquiries for green hydrogen and ammonia as well as battery cell projects.

Annex

Classification of countries

Classification of countries into industrialised countries and emerging economies and developing countries

Industrialised countries:

The group of industrialised countries comprises all countries with OECD country classification 0; these include OECD high-income countries (according to the World Bank definition: countries with a GNI per capita above 12,536 US dollars in 2020), member states of the European Monetary Union including their affiliated territories, as well as Singapore.

Andorra, Australia, Austria, Belgium, Canada, Chile, Czech Republic, Cyprus, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Israel, Italy, Japan, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Monaco, Netherlands, New Zealand, Norway, Poland, Portugal, San Marino, Singapore, Slovak Republic, Slovenia, Spain, South Korea, Sweden, Switzerland, United Kingdom, United States, Vatican City

and their dependent territories:

BES Islands, Ceuta and Melilla, Gibraltar, Greenland, Guadeloupe, French Guiana, Martinique, Mayotte, Réunion, St. Pierre and Miquelon.

American emerging economies and developing countries:

American Virgin Islands, Anguilla, Antigua and Barbuda, Argentina, Aruba, Bahamas, Barbados, Belize, Bermuda, Bolivia, Brazil, British Virgin Islands, Cayman Islands, Colombia, Costa Rica, Cuba, Dominica, Dominican Republic, Ecuador, El Salvador, Falkland Islands, Grenada, Guatemala, Guyana, Haiti, Honduras, Jamaica, Mexico, Montserrat, Nicaragua, Panama, Paraguay, Peru, Puerto Rico, Sint Maarten, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, Suriname, Trinidad and Tobago, Turks and Caicos Islands, Uruguay, Venezuela.

African emerging economies and developing countries:

Algeria, Angola, Benin, Botswana, Burkina Faso, Burundi, Cameroon, Cabo Verde, Central African Republic, Chad, Comoros, Congo, Congo (Democratic Republic), Côte d'Ivoire, Djibouti, Egypt, Equatorial Guinea, Eritrea, Eswatini (until 2018 Swaziland), Ethiopia, Gabon, Gambia, Ghana, Guinea, Guinea-Bissau, Kenya, Lesotho, Liberia, Libya, Madagascar, Malawi, Mali, Mauritania, Mauritius, Morocco, Mozambique, Namibia, Niger, Nigeria, Rwanda, São Tomé and Príncipe, Senegal, Seychelles, Sierra Leone, Somalia, South Africa, South Sudan, St. Helena, Sudan, Tanzania, Togo, Tunisia, Uganda, Zambia, Zimbabwe.

Asian emerging economies and developing countries:

Middle East: Bahrain, Iran, Iraq, Jordan, Kuwait, Lebanon, Oman, Palestine (autonomous territories), Qatar, Saudi Arabia, Syria, United Arab Emirates, Yemen.

East Asia: Brunei Darussalam, Cambodia, China, Hong Kong, Indonesia, Korea (Democratic People's Republic), Laos, Macao, Malaysia, Mongolia, Philippines, Taiwan, Thailand, Timor-Leste, Vietnam.

South/Central Asia: Afghanistan, Armenia, Azerbaijan, Bangladesh, Bhutan, Georgia, India, Kazakhstan, Kyrgyzstan, Maldives, Myanmar, Nepal, Pakistan, Sri Lanka, Tajikistan, Turkmenistan, Uzbekistan.

Oceania: American Samoa, Cook Islands, Fiji, French Polynesia, Guam, Kiribati, Marshall Islands, Micronesia, Nauru, New Caledonia, Niue, Northern Mariana Islands, Palau, Papua New Guinea, Pitcairn Islands, Solomon Islands, Samoa, Tokelau, Tonga, Tuvalu, Vanuatu, Wallis and Futuna.

European countries (without industrialised countries):

Albania, Belarus, Bosnia and Herzegovina, Bulgaria, Croatia, Kosovo, North Macedonia, Republic of Moldova, Montenegro, Romania, Russia, Serbia, Turkey, Ukraine.

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. 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 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 “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



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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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