



# Export Credit Guarantees

Export cover

with the support of the federal government



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# Instruments to promote foreign trade and investment



EXPORT CREDIT GUARANTEES OF THE  
FEDERAL REPUBLIC OF GERMANY

▶ **Hermes Cover**

To protect export transactions, in particular in difficult and high-risk markets, against a payment default for commercial / political reasons.

UFK-GUARANTEES OF THE  
FEDERAL REPUBLIC OF GERMANY

▶ **Untied Loan Finance**

To support the external financing of raw materials projects abroad which are eligible for cover and secure the supply of the German industry with raw materials.

INVESTMENT GUARANTEES OF THE  
FEDERAL REPUBLIC OF GERMANY

▶ **Direct Investments Abroad**

To protect direct investments of German companies in emerging markets and developing countries against political risks.

**GTAI** GERMANY  
TRADE & INVEST

The Foreign Trade and Investment Agency of the Federal Republic of Germany supports companies on their way abroad.

**EXPORT  
GUIDE** | **GTAI** GERMANY  
TRADE & INVEST

Bundling of institutions, organisations and networks to support German companies in their foreign business activities.

# Involvement of Export Credit Agencies

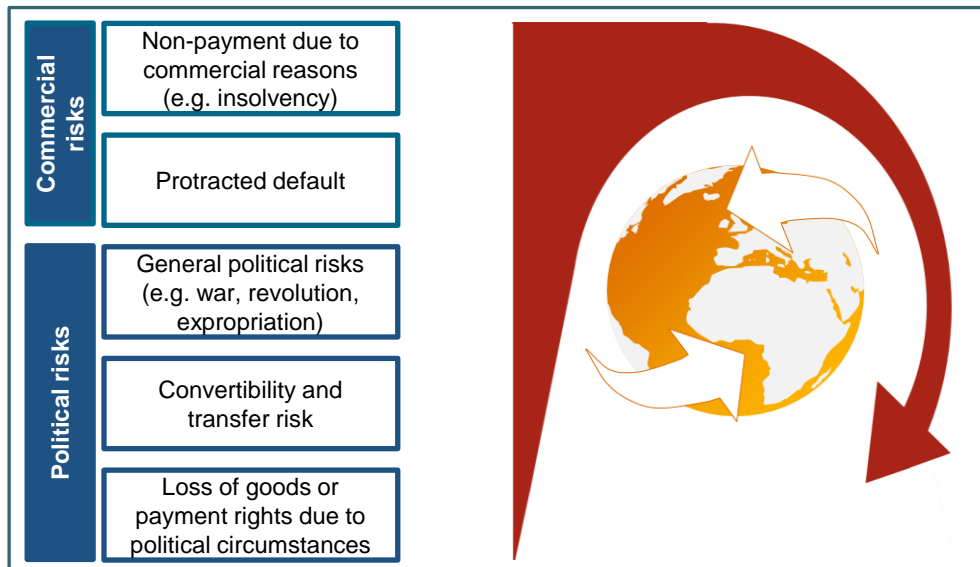
*Exporters are confronted with various risks that can be mitigated and managed with the help of an ECA - ECAs help strengthen exports to difficult markets*

Export transactions involve higher risks than domestic transactions

...

... these types of risk are partially not marketable and thus lead to a market failure ...

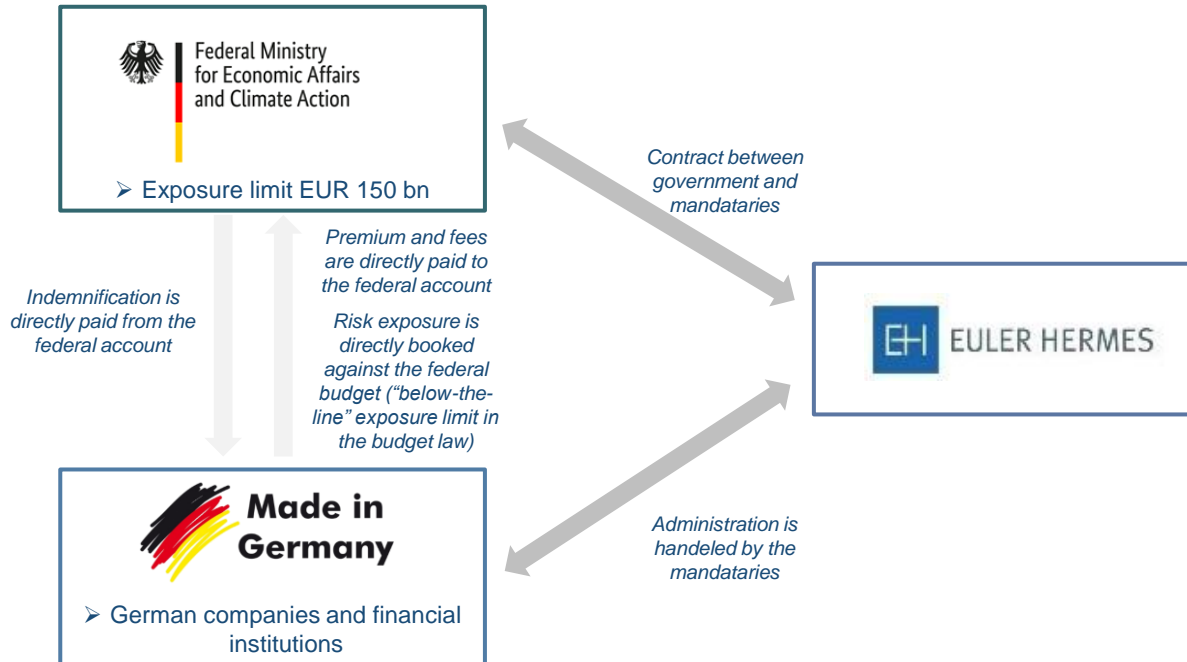
... this is where state-supported credit insurances step in and provide cover.



- ✓ ECAs are governmental institutions and play a major role in the international export finance community
- ✓ They intend to only offer support which is not available on the private market

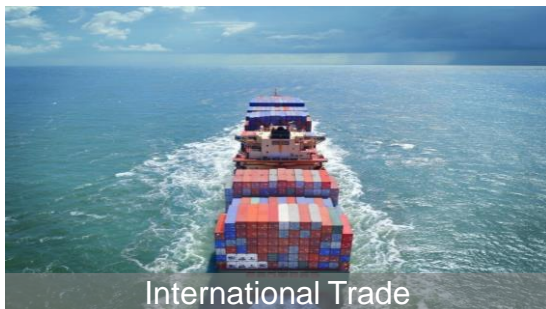
# Euler Hermes

***Euler Hermes is mandated by the German government to manage the German Export Credit Scheme and to support German exporters***



# Who we are

partner of German Suppliers



German suppliers offer a diverse range of goods and services – we support (almost) all industries, sectors and/or structures.

# Why Export Credit Guarantees?



Federal Government:

Support for German  
exports to emerging  
markets



Exporters:

Produce and trade safely  
with the support of the  
federal government



Foreign customer:

German goods and  
services reliable with  
payment term

**Hermes Cover as an important building block of the exporters success!**

# German ECA Competence Abroad



**Increasing consulting needs in local markets (One-Stop-Shop)**



**Start of „Hermes Desk Turkey“ in May 2022, after successful pilot in Dubai**

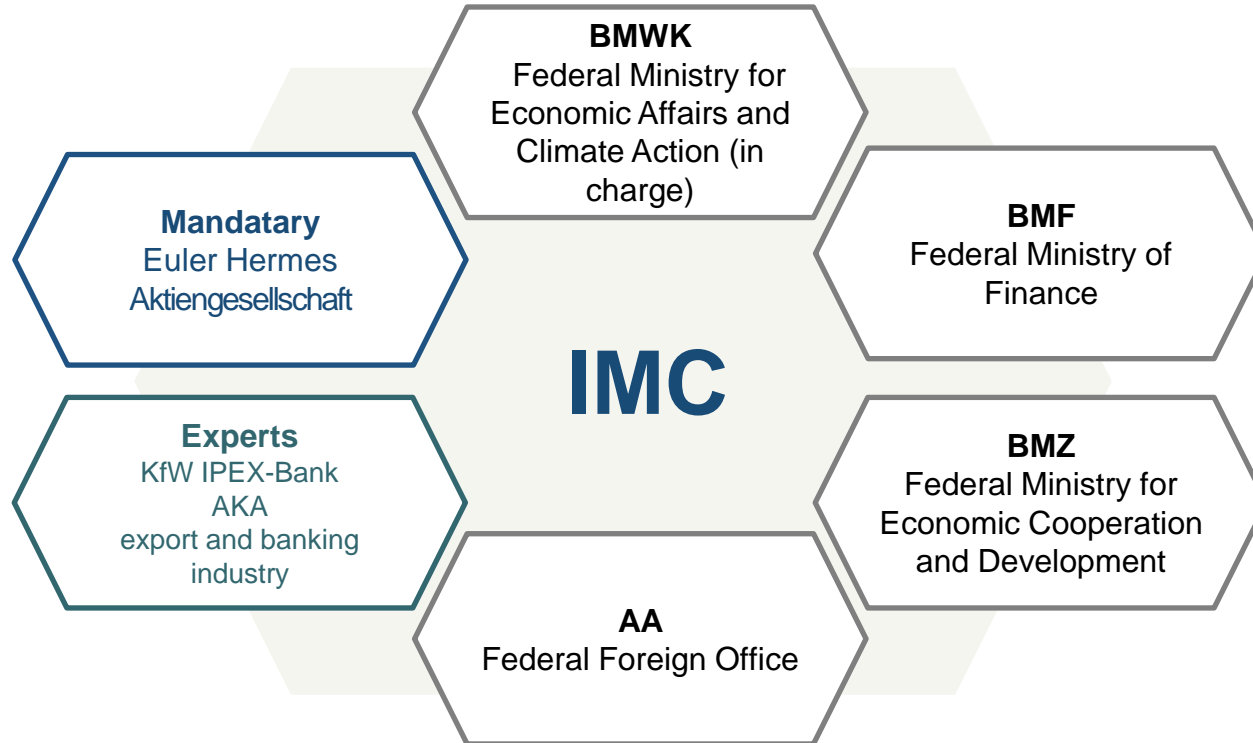


**Development of increasing local presence of other ECA's / international competition**



**Objective: Permanent strong presence of competence centres in key markets**

# Interministerial Committee - IMC



# 2022 – Business performance at a glance



## Cover volume

**14,9**

EUR bn  
(2021: 20,2)

- 26%



## Claims payments

**196**

EUR m  
(2021: 289)

- 32%



## Cover applications

Volume

**23,7**

EUR bn  
(2021: 40,3)

- 41%

Number

**6301**

(2021: 8.211)

- 23%



## Financial result

**+413**

EUR m  
(2021: +465)

- 11%

# Risks in export transactions



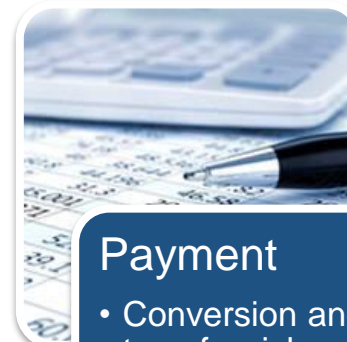
## Fabrication

- Embargo
- Rescission of contract



## Delivery

- Loss of proceeds for political reasons
- Embargo
- Rescission of contract



## Payment

- Conversion and transfer risks
- Suspension of payment

## Anytime

- Debtor's insolvency
- War, warlike events, riot, revolution
- Legislative or administrative measures
- un-favourable circumstances

# Objectives of the Export Credit Guarantees

*Promotion of German exports through coverage  
against political and commercial risks  
in favour of exporters and banks*



## Objectives

- Protection against bad debt losses
- Support for the opening up of new markets
- Maintaining trade relations in difficult economic circumstances
- Safeguarding German workforce
- Facilitating the financing of exports
- A level playing field for German exporters
- Subsidiarity to the private insurance market

# Requirements for cover

*Certain requirements have been defined, which need to be met in order to receive cover*



The **transaction is eligible** for support and/or deserves particular promotion.



The **risk is justifiable**, i.e. there is a reasonable prospect for the execution of the transaction without the occurrence of a claim.



The terms of the contract are in **accordance with international rules** (OECD/BU) and basic agreements for export business (common practice).



The provisions of the Federal Budget Law are observed (in particular with regard to general and country specific **budget limits**).

# Forms of cover

## Wholeturnover and revolving cover

- ▶ Wholeturnover Policy
- ▶ Wholeturnover Policy light
- ▶ Revolving supplier credit cover
- ▶ Revolving buyer credit cover
- ▶ Framework credit cover

## Single transaction cover

- ▶ Manufacturing risk cover
- ▶ Supplier credit cover
- ▶ Buyer credit cover
- ▶ Export credit cover for service providers
- ▶ Constructional works cover

## Special sectoral provisions

- ▶ Airbus Guarantee
- ▶ Project financing
- ▶ Ship financing
- ▶ Renewable energy, climate protection, climate change mitigation and water projects

## Supplementary forms of cover

- ▶ Credit confirmation risk cover
- ▶ Counter-guarantee
- ▶ (rev.) Confiscation risk cover
- ▶ Leasing cover
- ▶ Securitisation Guarantee
- ▶ Securitisation Guarantee for the KfW Refinancing Programme
- ▶ Contract bond cover

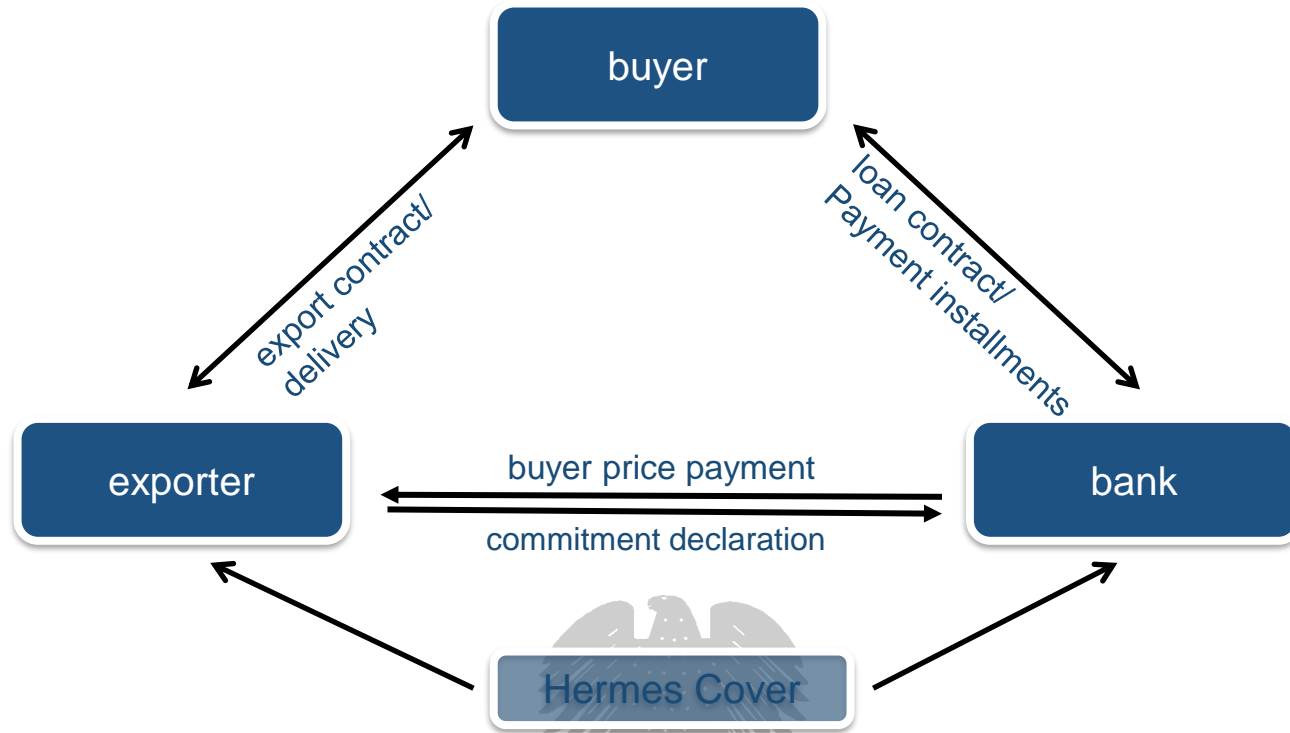


# Financing options

EXPORT CREDIT GUARANTEES OF THE  
FEDERAL REPUBLIC OF GERMANY

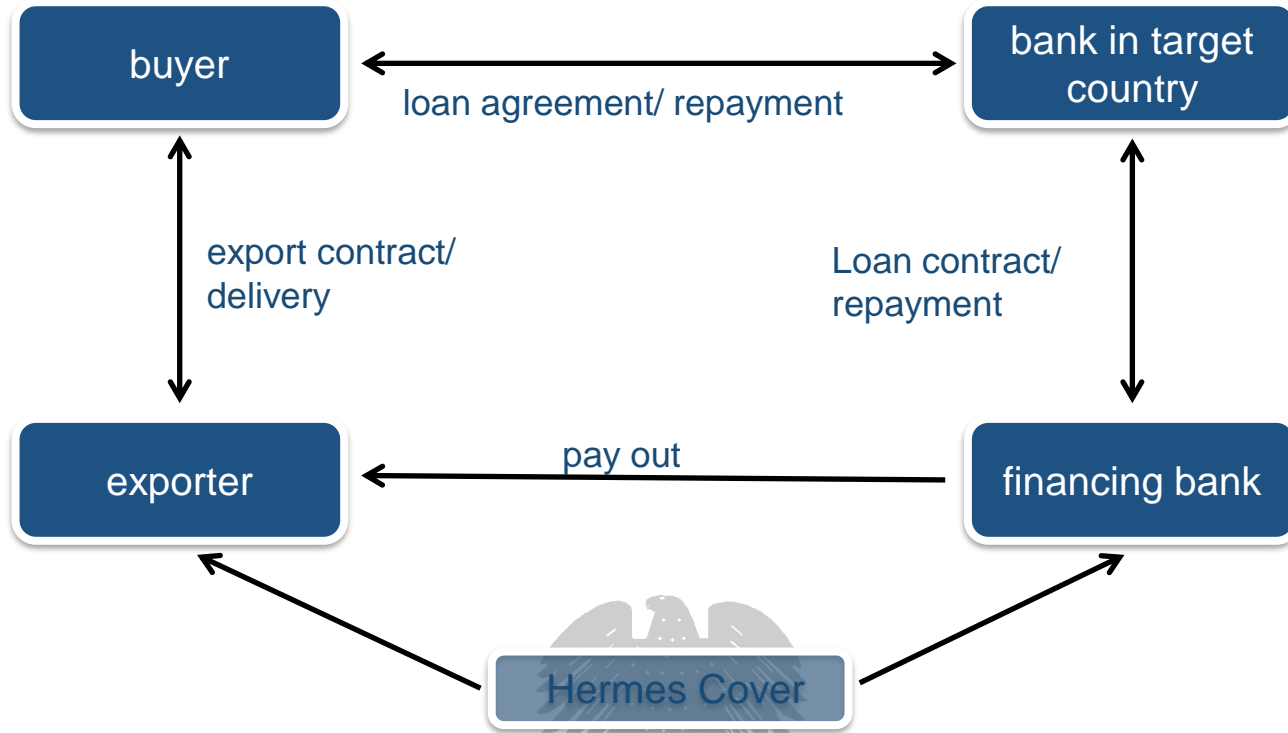
► **Hermes Cover**

# Buyer Credit Cover (Bank to Buyer)



Cover in the event of borrowers default on loans extended to finance procurement of goods; revolving buyer credit cover and framework credit cover

# Buyer Credit Cover (Bank to Bank)

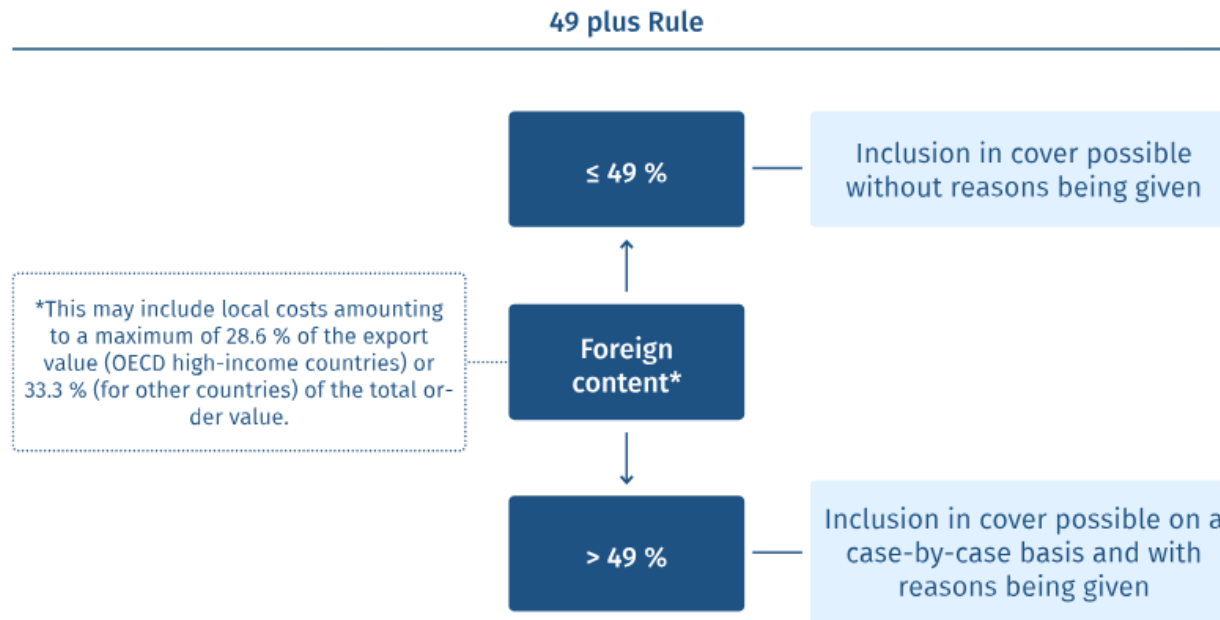


Cover in the event of borrowers default on loans extended to finance procurement of goods; revolving buyer credit cover and framework credit cover

# Supplier Credit Cover



# Foreign Content



Local costs – i.e. supplies and services sourced in the buyer’s country – can be included in cover. Pursuant to the OECD Consensus OECD-Consensus such an inclusion is possible in connection with credit-funded transactions with a repayment term of more than two years up to a maximum amount of 28.6% (for OECD high-income countries) or 33.3% (for all other countries) of the total order value.



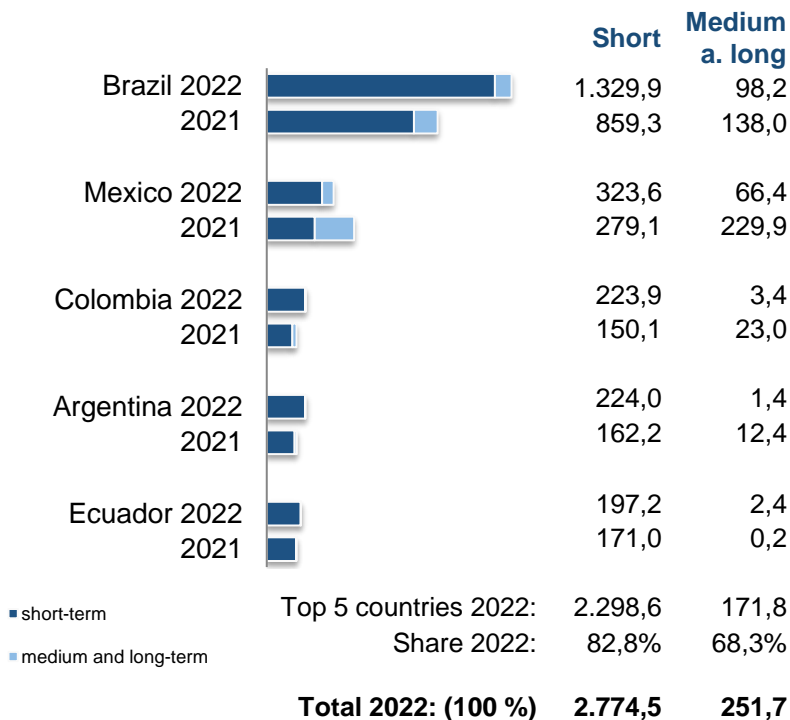
# Business in practice

EXPORT CREDIT GUARANTEES OF THE  
FEDERAL REPUBLIC OF GERMANY

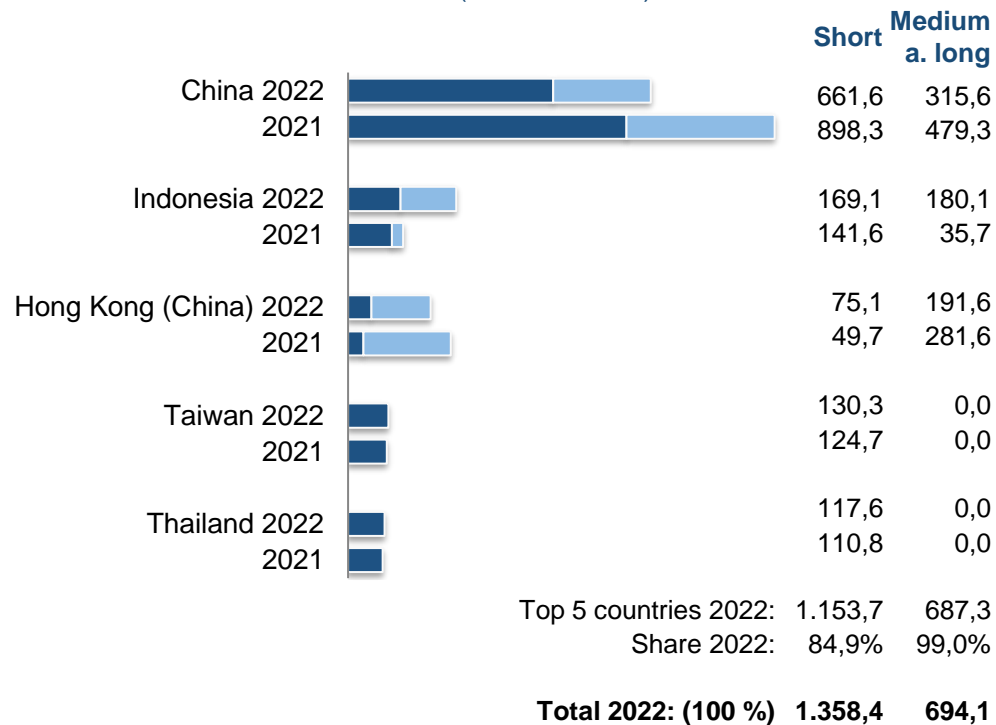
► **Hermes Cover**

# Top 5 countries

## Latin America (in million EUR)



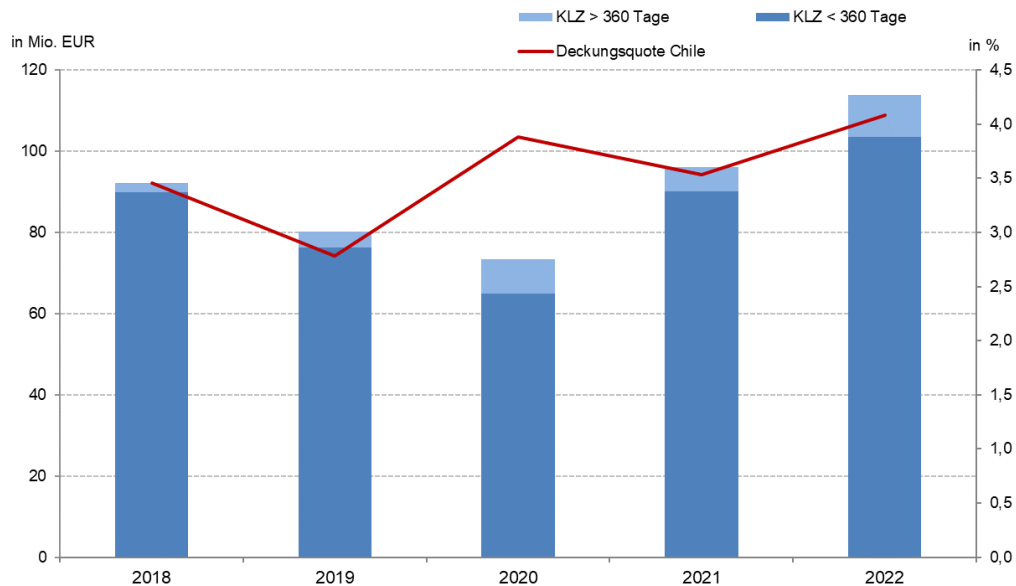
## East Asia (in million EUR)





# Chile

## Volume of Cover and Policy



Year	Volume of Cover (Mio. EUR)	TOP 40
2020	74	-
2021	96	-
2022	114	33

### Cover Policy

The country is a high-income country of the OECD or the Eurozone, which has not been classified by the OECD with regard to its risk.

Short-term & medium/long-term Business:  
There are no formal restrictions on cover.

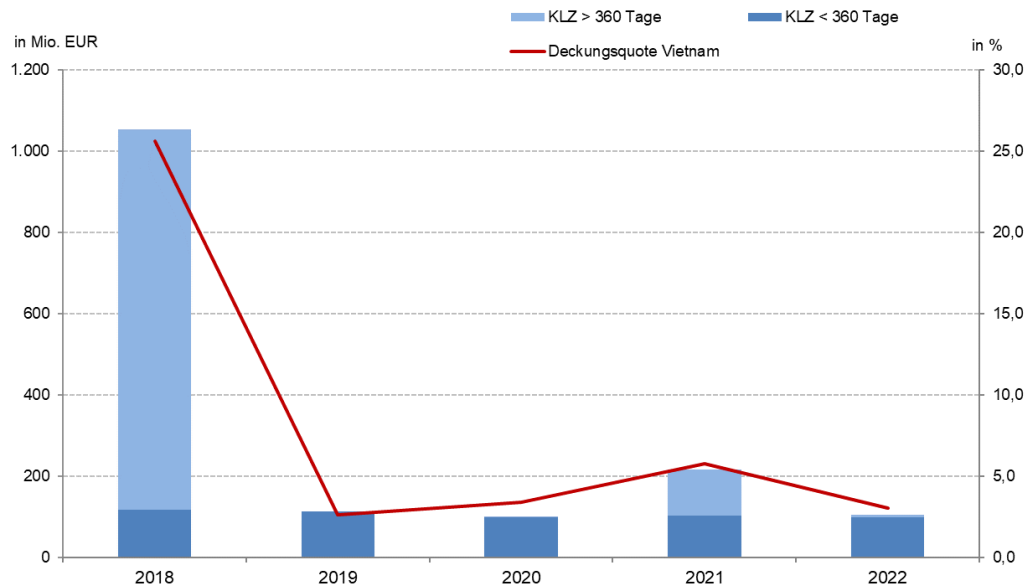
Collateral is not normally required.

Country Risk Category: ./. of 7



# Vietnam

## Volume of Cover and Policy



Year	Volume of Cover (Mio. EUR)	TOP 40
2020	100	35
2021	216	18
2022	104	35

### Cover Policy

**Short-term & medium/long-term Business:**  
There are no formal restrictions on cover.

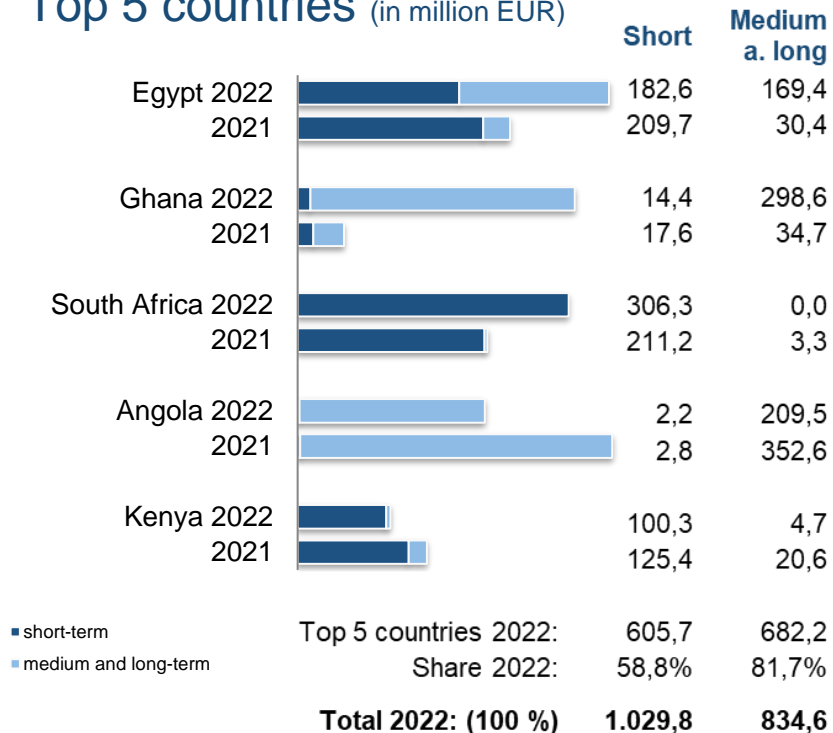
**Collateral:**  
For short-term transactions bank security is required if the foreign buyer's creditworthiness is inadequate. As a rule, bank security is required for medium/long-term transactions.

The assessment of a bank for acceptance as a guarantor or borrower is carried out case by case on the basis of informative documents and taking into account the risk involved.

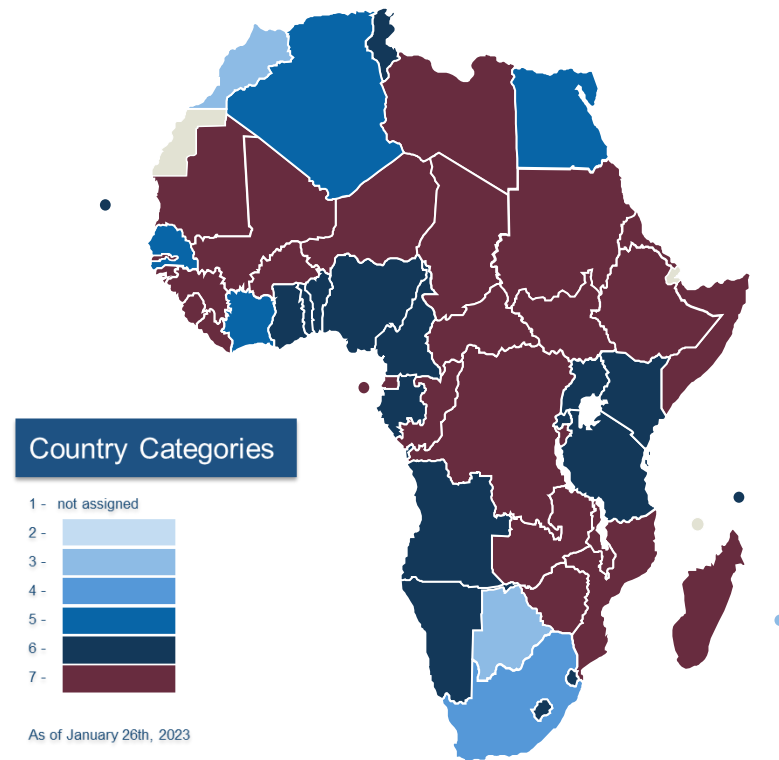
Country Risk Category: 4 of 7

# Cover for Africa

## Top 5 countries (in million EUR)



## OECD Country Categories



# Cover Policies

## Egypt (Compact with Africa Country)

### Short-term Business

For transactions with public buyers cover facilities are available on a case-by-case basis

This applies preferably to:

- transactions which promote the country's economic development and domestic production (productive projects)
- transactions which contribute to an improvement of the institutional environment
- infrastructure and environmental projects
- transactions generating foreign exchange.

For transactions with private buyers cover facilities are available for transactions with credit periods of up to 360 days if informative information material on the buyer is available which, subject to the application of strict criteria, justifies the granting of cover. Besides, cover is available for affiliated companies or companies belonging to an international group the creditworthiness of which is beyond doubt..

### Medium/long-term Business

For transactions with public buyers cover facilities are available on a case-by-case basis

This applies preferably to:

- transactions which promote the country's economic development and domestic production (productive projects)
- transactions which contribute to an improvement of the institutional environment
- infrastructure and environmental projects
- transactions generating foreign exchange.

There are no formal restrictions on cover for transactions with private buyers.

### Collateral

For medium and long-term transactions bank security has to be provided if the buyer's creditworthiness is inadequate.

The assessment of a bank for acceptance as a guarantor or borrower is carried out case by case on the basis of informative documents and taking into account the risk involved.

Country Risk Category: 6 of 7

## Kenya

### Short-term Business

There are no formal restrictions on cover.

### Medium/long-term Business

Cover facilities are available on a case-by-case basis.

In addition, cover is available for project finance and other structured finance deals, where necessary based on countertrade transactions.

### Collateral

For transactions with credit periods of less than 360 days collateral is not normally required.

As a rule, guarantees from the Ministry of Finance or the central bank are required for medium/long-term transactions with public buyers.

The assessment of a bank for acceptance as a guarantor or borrower is carried out case by case on the basis of informative documents and taking into account the risk involved.

Country Risk Category: 7 of 7

# Thank you for your attention!

Export Credit Guarantees and Untied Loan Guarantees:  
instruments to promote foreign trade and investment  
provided by the



Commissioned to implement the federal  
funding instruments Export Credit Guarantees  
and Untied Loan Guarantees:



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## 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](http://www.bmwk.de/en) under the heading Promotion of Foreign Trade and Investment.

EXPORT CREDIT GUARANTEES OF THE  
FEDERAL REPUBLIC OF GERMANY

► **Hermes Cover**



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