Federal Ministry
for Economic Affairs
and Climate Action

Investment Guarantees
Annual Report 2021

bmwk.de

Imprint

Publisher
Federal Ministry for Economic Affairs and Climate Action (BMWK)
Public Relations
11019 Berlin
www.bmwk.de

Status
May 2022

This publication is available for download only.

Picture credits
Getty Images
alvarez / Title
Smileus / p. 6, 7
Luis Alvarez / p. 18, 19

Federal Ministry for Economic Affairs and Climate Action, Berlin / p. 3
Heinz-Glas International GmbH & Co. KGaA, Tettau-Kleintettau / p. 12
KNAUF INTERNATIONAL GmbH, Iphofen / p. 30

Central ordering service for publications
of the Federal Government:
Email: publikationen@bundesregierung.de
Tel.: +49 30 182722721
Fax: +49 30 18102722721

Foreword

With the Federal Government investment guarantees we cover German companies against political risks worldwide. In 2021, the Federal Republic of Germany assumed investment guarantees with a total volume of 2.6 billion euros, something like three times higher than in the previous year, 0.9 billion euros.

This development once again enabled environmentally friendly investments in renewable energy projects. In this way we also make a contribution to global climate action. Green hydrogen in particular will play a crucial role here in future. In order to achieve a successful transformation especially of the energy-intensive industries, the demand for green hydrogen will continually rise. In Germany, we will only be able to meet our needs by importing large quantities. I am therefore very gratified to see that concrete enquiries have been received for the support of hydrogen projects in emerging markets and developing countries.

The ongoing COVID-19 pandemic is still having a noticeable impact on the investment guarantees. Many companies are therefore postponing investment projects or are forced to rethink their scope and design. For some companies, in view of their experiences in the pandemic – with global supply chains which have in some cases proved very fragile – questions of business location worldwide are also being fundamentally reconsidered.
In 2022 the Russian assault on Ukraine added to the situation which will lead to a reshaping of international economic relations.

The volume of newly registered applications for investment guarantees in the past year stood at a high level, 4.4 billion euros. I am very glad that so many German companies are prepared to invest considerable amounts internationally – and here in particular in developing countries and emerging markets.

But we must keep in mind that this investment activity is happening in an environment of increasing uncertainty and growing concern about the realization of political risks – as is palpably shown by the war in Ukraine. Reliable protection through Federal investment guarantees is therefore a critical precondition for a concrete investment decision for many German companies.

You can find further details of the development of the investment guarantee scheme in 2021 on the following pages. I trust you will find them interesting reading.

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

Contents

The year at a glance

In 2021 the Federal Government assumed investment guarantees with a total volume of 2.6 billion euros. The total volume thus, in an economic environment which continues to be affected by the COVID-19 pandemic, almost tripled year-on-year. The steep rise in enquiries, too, bears witness to the strong interest in cover against political risks. The Federal Government will in future review applications for projects in South Africa and Argentina again. In all, 37% of all guarantees in 2021 were assumed for projects in African countries.

2.6 billion euros

In 2021 the Federal Government assumed investment guarantees with a total volume of 2.6 billion euros (capital and earnings).

Page 8

40%

40% of policyholders received an investment guarantee for the first time in 2021 (2020: 28%). This is the second highest figure of the last ten years.

Page 10

Result of the business year

2.6

billion euros

- The **volume of assumed guarantees** (capital and earnings) came in at 2.6 billion euros, some three times higher than the previous year's figure (0.9 billion euros). In contrast to this, the number of **applications accepted** (30; 2020: 53) decreased. The probable cause for this is mainly delays in realizing projects due to the COVID-19 pandemic which many applicants gave as the reason.

- The Federal Government assumed guarantees in 2021 for 20 projects (2020: 38) in 11 countries (2020: 13). Measured by the number of applications accepted, the **regional** distribution was 50% for projects in Asia (China, Malaysia and India) and 37% for projects in Africa (Egypt, Kenya, Nigeria, South Africa and Tunisia). The share of Africa was thus substantially up on the previous year (9%). This was followed by South and Central America (Argentina and Mexico) with 10% as well as (Eastern) Europe (Russia) with 3%. As in the preceding year, China takes pride of place among the **host countries**. In addition, cover was given for the first time again after a long break for projects in South Africa and Argentina. Both rank among the Top 5 countries in 2021.

- In terms of sectors, based on the number of applications accepted, the chemical and pharmaceutical industries came in first (23%) ahead of the construction sector and financial services for large corporations, each with 20% of approved guarantees. At 63%, the majority of approved guarantees went once again to the industrial sector ahead of services (37%).

- Cover was given for **equity participations, investment-like loans** and **endowment capital**. The focus here, both in the number (90%) as well as the volume (97%) of applications accepted was far and away on equity participations.

- 13% of applications accepted in 2021 were made by **small and medium-sized enterprises** (2020: 32%).

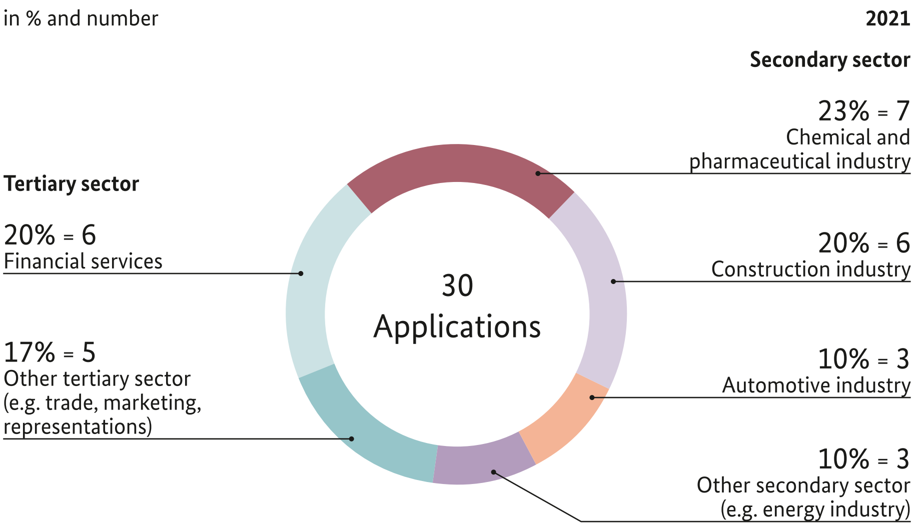
Investment Guarantees of the Federal Republic of Germany at a glance

Amounts in million EUR

	2017	2018	2019	2020	2021
Guarantee applications					
Number	109	99	63	59	49
Volume (maximum amounts)	3,042.2	3,962.1	3,777.3	6,991.8	4,374.8
Applications accepted					
Number	67	70	58	53	30
Volume (maximum amounts)	1,123.6	1,201.5	3,264.4	909.0	2,616.3
Promoted projects					
Number	48	51	38	38	20
in countries	17	17	16	13	11
Exposure from outstanding commitments of the Federal Republic of Germany (end of the year)					
Number	872	882	794	643	592
Maximum liability	35,029.8	33,775.2	33,317.5	27,563.7	28,688.4

Applications accepted by sectors

in % and number



40%

- 40% of **policyholders** received an investment guarantee for the first time in 2021 (2020: 28%). This is the second highest figure of the last ten years.

- Investments **of any size** are eligible for cover. In 2021 the Federal Government assumed guarantees in a range from some 18,000 euros to 832 million euros.

- The volume of **new applications** stands at 4.4 billion euros, thus reaching a comparable level to that before the COVID-19 pandemic (2019: 3.8 billion euros) again following the exceptionally high number of applications received in 2020.

- The number of **enquiries** received in 2021 went up considerably to 136 (2020: 86). These were made for 67 countries, principally for projects in Turkey, Cuba, India and Namibia. Small and medium-sized enterprises submitted 64% of these enquiries (2020: 62%).

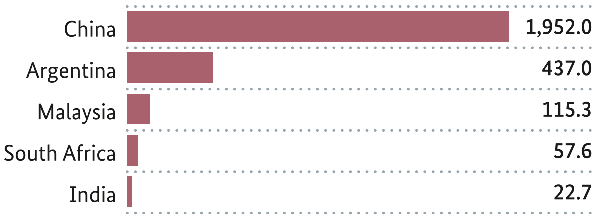
- The Federal Government's maximum liability under the **guarantee portfolio** at the end of 2021 was up, at 28.7 billion euros (2020: 27.6 billion euros).

- The Federal Government also took diplomatic action to support many covered German projects in 2021 in order to head off their failure. The main thrust of such crisis management activities involved investment projects in Algeria, Argentina, Ethiopia, China, Croatia, Libya, Montenegro, Uzbekistan and Iran.

- **Internationally**, the German investment guarantee scheme posted the second highest guarantee portfolio among the insurers organized in the Berne Union in mid-2021.

Top 5 countries
Volume applications accepted

in million EUR **2021**

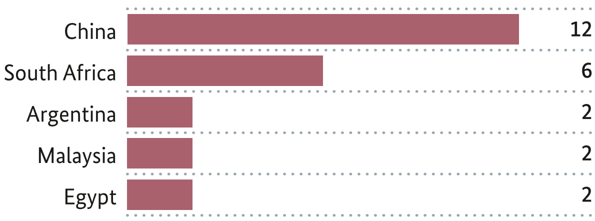


Top 5 countries 2021: (98.8%) 2,584.6

Worldwide 2021: (100%) 2,616.3

Top 5 countries
Applications accepted

Number **2021**

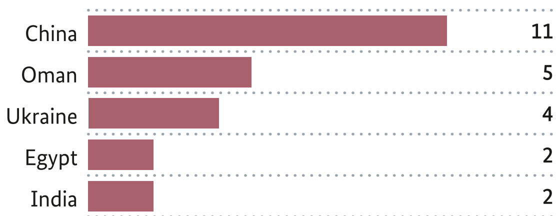


Top 5 countries 2021: (80.0%) 24

Worldwide 2021: (100%) 30

Top 5 countries
Newly registered applications

Number **2021**



Top 5 countries 2021: (49.0%) 24

Worldwide 2021: (100%) 49

Project example: Heinz-Glas China

The HEINZ-GLAS Group, a globally active company with its head office in Kleintettau, is investing in the future with the new construction of a branch in China.

Following the groundbreaking ceremony on 8 March 2021, the trough construction at the greenfield production facility in Changzhou in Jiangsu Province in China was installed on 10 August 2021. High-grade glass is planned to already roll off the annealing lehr as of 20 March 2022. Specific plans foresee three production lines from a glass melting furnace with a melting capacity of 60 t a day. Enlargement to a fourth and fifth line, an increase in melting capacity and the development of a facility for the refining of glass products are in preparation. The total investment volume is some 34 million euros.

As of the end of 2021, the HEINZ-GLAS Group had something like 3,250 employees, almost 1,500 of them in Germany. The tradition of glass making in the Heinz family goes back to 1523, and in the HEINZ-GLAS company to 1622. The company, family-owned in the 13th generation, celebrated its 400th anniversary in 2021 together with the village of Piesau, where the first glass manufactory, and with it the settlement of Piesau itself, was founded in 1622.

Heinz-Glas International GmbH & Co. KGaA,
Tettau-Kleintettau

Host country risk assessment

After **South Africa** had cancelled the German-South African investment protection treaty (BIT) as of 23 October 2014, the Federal Government was initially no longer able to assume guarantees for investments in South Africa. In view of the great importance of the South African market for German companies, the Interministerial Committee (IMC), after in-depth analysis of the risks in 2021, declared its willingness to resume the examination of applications for cover and to decide on such applications on the basis of the national legal system of South Africa. In its first positive decision concerning the stake taken by a German company in a project company in South Africa, the Federal Government assumed cover in full both for the invested capital and for the earnings due. To take account of the elevated risk compared with a country with an existing BIT, an increased guarantee premium of 0.55% p.a. was stipulated.

Following the final resolution of a claim, the Federal Government is reviewing the assumption of guarantees for projects in **Argentina** again. In this connection, the IMC has made a positive decision about guarantee applications requesting cover for the invested capital.

In addition, the Federal Government has assumed full capital cover in respect of an investment in **Mexico**. The guarantee was assumed on the basis both of the German-Mexican BIT as well as the free trade agreement negotiated between the EU and Mexico (EUMFTA), which is planned to come into force in the medium term, and whose investment capital chapter is intended to supersede the BIT.

In 2021 too, the IMC approved cover applications for projects in countries of the Compact with Africa Initiative. Comprehensive cover was given in each case for the capital invested in **Tunisia** and **Egypt**. In the case of Egypt, it was possible to reduce the deductible from 5% to 2.5% due to the particular eligibility of the project for cover.

On top of this, the Federal Government has also assumed cover for the capital invested in projects in **Nigeria** and **India**.

Crisis management and claims payments

The Federal Government insures German investments abroad against political risks with the investment guarantee scheme. If there are indications that a political risk is about to be realized (e.g. unjustified refusal to grant permits by public authorities, arbitrary alteration of the investment conditions or breach of public commitments) the Federal Government intervenes in support of the affected project and offers political flanking measures.

The Federal Government has various different measures in its quiver for such support, and decides together with the affected company which to deploy. Thus, for instance, the embassies of the Federal Republic of Germany may accompany the policyholder in negotiations with the public authorities of the host country or in national legal proceedings. In addition to this, covered projects may be supported by notes verbales, high level letters or direct approaches to the government of the host country. On top of this, the Federal Government can participate in the legal costs or other costs for the prevention or mitigation of losses on a case-by-case basis.

Through such diplomatic support measures, the Federal Government has been able to prevent the occurrence of an event of loss in investments with a total volume of just under 1.5 billion euros over the past five years.

In 2021, too, such targeted crisis management measures were successful: thus a German company received an indemnity payment from an African country after mediation by the Federal Government after the affected project had failed for reasons for which the country was responsible. In a covered project beset with problems in China, substantial progress was achieved in negotiations between the affected company and the public authorities due to flanking action at a very high level by the Federal Government. As well as these cases, the Federal Government was also actively involved in crisis management in Algeria, Argentina, Ethiopia, Croatia, Libya, Montenegro, Uzbekistan and Iran.

If it proves impossible to avert an event of loss despite diplomatic crisis management and the Federal Government pays indemnification to the company affected, it will subsequently under normal circumstances try to take recourse to the host country concerned. Such recovery action is often a drawn-out process over many years. The amounts indemnified by the Federal Government since the inception of the promotion scheme exceed the recoveries secured up to now by some 390 million euros.

International comparison
by volume of guarantee portfolio

	December 2019	December 2020	June 2021
1	SINOSURE	SINOSURE	SINOSURE
2	DIA	DIA	DIA
3	NEXI	NEXI	NEXI
4	MIGA	MIGA	MIGA

SINOSURE = China Export & Credit Insurance Corporation, Beijing.
DIA = Investment Guarantees of the Federal Republic of Germany.
NEXI = Nippon Export and Investment Insurance, Tokyo.
MIGA = Multilateral Investment Guarantee Agency, Washington.

Top 5 countries internationally
by guarantee volume

	June 2021
1	China
2	Indonesia
3	Uzbekistan
4	Vietnam
5	Bangladesh

International Cooperation

PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft is charged with implementing the Federal promotional instrument of investment guarantees and represents the Investment Guarantees of the Federal Republic of Germany on the Medium/Long Term Committee of the “International Union of Credit & Investment Insurers” (Berne Union or BU), founded in 1934. The BU is the worldwide leading organization of state-supported and private credit and investment insurers.

At the end of June 2021, the members of the BU posted a slightly increased guarantee portfolio of some 169 billion US dollars in the field of direct investments compared to the previous year. In the course of the year it became apparent that the COVID-19 pandemic had delayed or appreciably reduced the cross-border investment activity of many companies. At the same time however many companies, in view of the worldwide growing concern about political risks, were looking for ways to secure their currently ongoing international investments. As a result, the member companies of the BU posted a stable level of demand, albeit one which was not directly reflected to the same extent in new investment guarantees.

Alongside the increase in political risks which is to be expected and the impacts of these developments on possible claims, the challenges and opportunities involved in international climate action projects were the focus of discussions between the members of the BU.

A digression: Trading across the world – state export credit guarantees

With state export credit guarantees (so-called Hermes guarantees), German exporters and banks can cover the commercial and political risks arising out of their export business. They protect companies e.g. from the risk of non-payment when exporting goods and services to markets with an elevated risk and are a tried and trusted risk management tool in export business.

Immediately following the outbreak of the COVID-19 pandemic, the Federal Government took a number of steps to support German exports in order to enable the companies and the export financing banks to cover their business against the risk of non-payment and for the banks to continue offering officially supported export financing despite the crisis. Although the economic situation considerably improved in 2021, the pandemic continues to pose major challenges for German exporters. For this reason the Federal Government decided to extend a number of measures originally introduced to provide temporary relief until the end of 2021 up to 31 March 2022 and in some cases to 30 June 2022. These include among others cover for marketable risks for goods and services delivered on short payment terms inside the EU and to selected OECD countries, the deferments agreed for the maritime sector and the 5-point package of measures to strengthen the German export industry. All these measures have made a decisive contribution to securing in particular the existence of small and medium-sized companies (SMEs).

In 2021 the Federal Government covered supplies of goods and services by German exporters worth 20.2 billion euros (2020: 16.7 billion euros) to 175 countries. The highest cover volumes were assumed for export business to Norway, Turkey, Russia, China and Brazil.

Some two thirds of all Hermes guarantees went to cover export business with developing countries and emerging markets. It is especially small and medium-sized exporters, which regularly submit some 80% of all applications for cover, who benefit from the export credit guarantees.

Applications for export credit guarantees are decided by an Interministerial Committee (IMC-ECG) on which representatives of the Federal Ministry for Economic Affairs and Climate Action (as lead ministry), the Federal Ministry of Finance, the Federal Foreign Office and the Federal Ministry for Cooperation and Development sit, assisted in an advisory capacity by experts from the export and finance industry. Export transactions which are judged to be eligible for cover and which pose a justifiable risk can receive cover. The implementation of the export credit guarantee scheme on their behalf has been entrusted by the Federal Government to Euler Hermes AG.

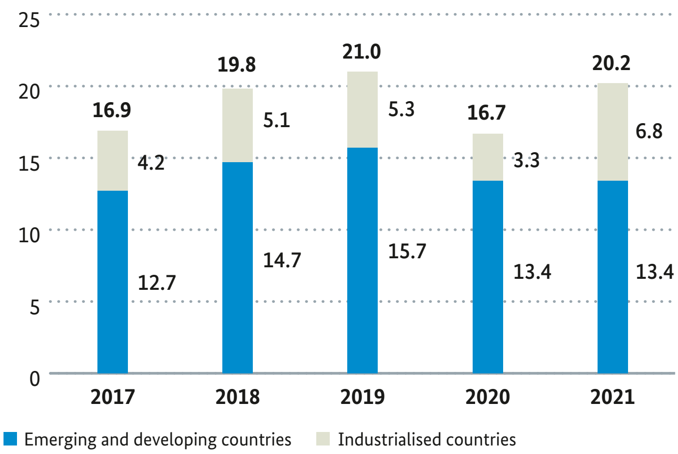
INFO

You can find further details here:

Tel.: +49 (0)40 / 88 34 - 90 00
info@exportkreditgarantien.de
www.exportkreditgarantien.de/en

Development of the volume of cover by country groups

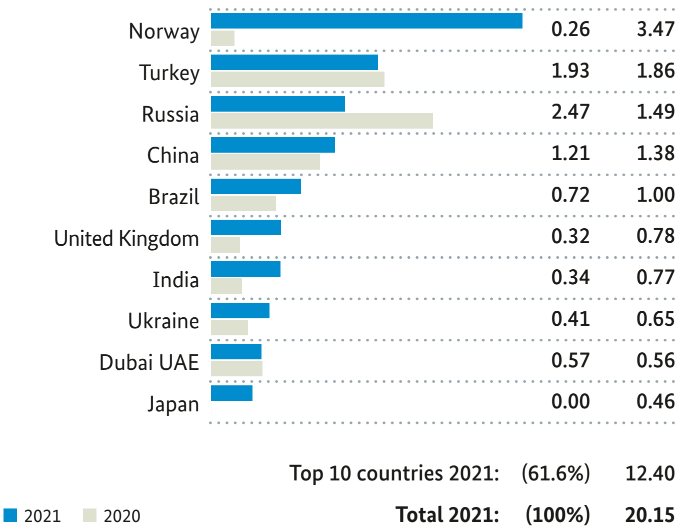
in billion EUR



Top 10 countries
Relating to newly registered cover

in billion EUR

	2020	2021
Norway	0.26	3.47
Turkey	1.93	1.86
Russia	2.47	1.49
China	1.21	1.38
Brazil	0.72	1.00
United Kingdom	0.32	0.78
India	0.34	0.77
Ukraine	0.41	0.65
Dubai UAE	0.57	0.56
Japan	0.00	0.46
Top 10 countries 2021:	(61.6%)	12.40
Total 2021:	**(100%)**	**20.15**



Investment guarantees and the promotion of foreign trade

German investments which are eligible for cover and present a justifiable risk can be provided with long-term cover against political risks. Applications for the assumption of investment guarantees are decided on by an Interministerial Committee (IMC) under the new chairmanship of Ministerialrat Moritz Lumma from the BMWK. The projects covered by investment guarantees also make an important contribution to the United Nations 17 Sustainable Development Goals (SDGs).

9.9 billion euros

A total investment volume of some 9.9 billion euros is involved in the covered projects.

Page 24

11,800

The projects covered in 2021 create or secure something like 11,800 jobs in the host countries.

Page 24

Basics of investment guarantees

Basics of Investment Guarantees

Investment guarantees protect direct investments by German companies in developing countries and emerging markets against **political risks** such as:

- nationalisation, expropriation, acts equivalent to expropriation
- war, civil commotion as well as (on request) isolated acts of terrorism
- convertibility or transfer risks
- payment embargoes or moratoriums
- breach of contract cover (on request)

Investment guarantees offer **long-term security** since

- the Federal Government prevents the occurrence of events of loss through active crisis management
- the Federal Government also participates, where appropriate, in the costs incurred for preventing losses
- the Federal Government indemnifies the loss if an event of loss does occur; and
- the guarantees represent valuable collateral for lenders

The capital paid in for new and follow-up investments and the earnings due are **eligible to receive a guarantee**. Guarantees are only assumed for projects which are **eligible for cover**[1] and which have **adequate legal protection**. This precondition is in principle met when a bilateral investment treaty under international law exists between the Federal Republic of Germany and the host country or – looking ahead – a comparable agreement between the host country, the European Union and the EU member state is in place. Alternatively, the Federal Government can in exceptional cases assume a guarantee on the basis of the national legal framework in the country concerned if and to the extent that this gives adequate protection to German investors. There is **no upper or lower limit** for the amounts involved in eligible projects.

The application fee is waived in the event of applications for amounts up to five million euros. For higher amounts, a one-off **fee** of 0.05% of the maximum guarantee amount is payable, (maximum 10,000.00 euros). Following assumption of the guarantee, an **annual premium** of, under normal circumstances, 0.5% p.a. on the covered capital and, where appropriate, covered earnings is charged. The standard period of validity for a guarantee is 15 years. This can be extended. The self-retention to be borne by the policyholder in the event of a claim is normally 5%.

(1) Cf. pp. 23: “Eligibility of direct investments for cover”

The Interministerial Committee

Decisions on whether to assume investment guarantees are taken by an Interministerial Committee (IMC) consisting of representatives of the Federal Ministry for Economic Affairs and Climate Action (BMWK, as lead ministry and chair of the Committee), the Federal Ministry of Finance (BMF) the Federal Foreign Office (AA) and the Federal Ministry for Economic Cooperation and Development (BMZ). In addition, experts from various sectors of German industry and the banks as well as the country associations and representatives of PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft (PwC), which is entrusted with the implementation of the Federal promotion instrument of the investment guarantees, also belong to the Committee.

In the IMC, the BMWK decides, with the consent of the Federal Ministry of Finance (BMF) and in agreement with the Federal Foreign Office (AA) and the Federal Ministry for Economic Cooperation and Development (BMZ) after consultation with the experts and considering the project specifics in accordance with budget law. The IMC also develops the underwriting tools of the guarantee scheme to fit the needs arising.

The IMC meets as a rule six times a year. This was also the case in 2021. Due to the COVID-19 pandemic, however, the meetings were exclusively held as telephone or video conferences.

Since September 2021, the chair of the IMC has been held by Ministerialrat Moritz Lumma, Head of the Department VC 3: “Foreign investments, Paris Club” at the BMWK. Co-Chairman of the IMC is Regierungsrat Yorck Diergarten, Advisor for the Investment Guarantee Scheme and the IMC in Department VC 3 at the BMWK.

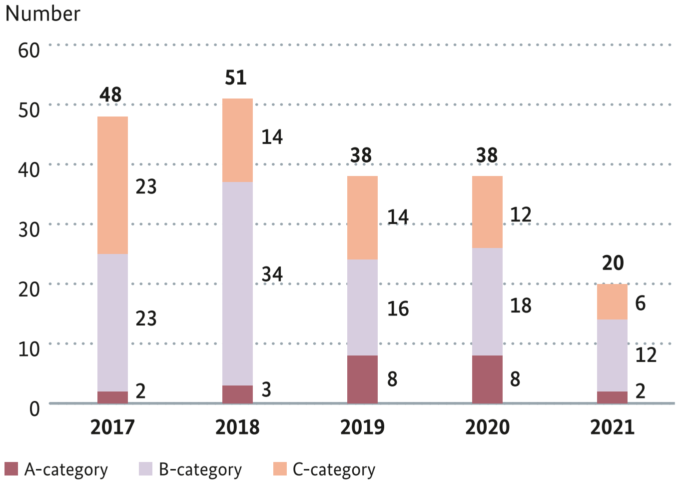
Application for Investment Guarantees

Project example: Knauf can look back on successful investments in Egypt

The Knauf Group, domiciled in Iphofen, ranks among the foremost manufacturers of modern insulating materials, dry lining systems, plasters and accessories, thermal insulation systems, paints, floating screeds, flooring systems as well as of construction machinery and tools worldwide. Knauf is present on five continents in more than 90 countries with over 250 production and sales locations. In 2019 the group generated turnover of 10 billion euros with a workforce of some 35,000. Knauf's first business venture in Egypt was with a representative office in 1998. Knauf Egypt began setting up a plant for the production of plasterboard, gypsum products and metal profiles with an investment budget of more than 40 million euros in 2010. Knauf Egypt has set itself the task of supplying the local market and the neighbouring countries with Knauf products made in Egypt and manufactured to European standards. In the light of growing demand in the region, Knauf already decided in 2016 to double the capacity of the production facility it had opened two years earlier in the industrial zone of Ataqa in Suez to 30 million m². Knauf Egypt was able to make a substantial contribution to the financing of this project and has meanwhile created more than 250 jobs through its investment. The Federal Government covers this project against political risks by means of investment guarantees.

KNAUF INTERNATIONAL GmbH
Iphofen

Projects by environmental impact categories



Eligibility of direct investments for cover

Environmental, Social and Human Rights Due Diligence (ESHR)

The prerequisite for the assumption of an investment guarantee is the eligibility of the project for cover. For this, the project must be assessed as having a positive impact both on the host country and positive feedback for Germany. Such positive effects include in particular the creation as well as the safeguarding of jobs. On top of this, the environmental, social and human rights impacts connected with the direct investment are an important priority in determining eligibility. All projects covered by an investment guarantee must implement not only the national guidelines of the host country in the material risk areas, but also international standards (the IFC Performance Standards of the World Bank Group). For this reason, the relevant risks involved in every project are identified and the project categorized based on this (Category A for high risks, Category B for medium risks and Category C for low risks) and the impacts arising from the risks and mitigation measures audited. Annual monitoring is prescribed for A and B projects following assumption of the guarantee.

9.9 billion euros

The requirements as to eligibility ensure that the covered projects are environmentally, socially and economically sustainable and thus contribute towards the 17 United Nations sustainable development goals (SDGs). The investment guarantee scheme supports the mobilization of investments in less developed countries (SDG 17). Thus, covered projects involved a total investment volume of some 9.9 billion euros. At the same time economic growth in the host countries is supported, thus helping to reduce global inequalities between countries (SDG 10).

In such economic development, the industrial sector plays a pivotal role. In 2021, 70% of projects were assigned to this sector (SDG 9). In addition, the covered investments helped to create or secure a total of 11,800 jobs in the host countries. It can be assumed that the number of jobs created through indirect employments effects is actually much higher.

11,800

Projects supported in 2021 and their contribution to the SDGs

Good health and well-being for the population are ensured by reducing environmental impacts. Certifying the environmental management system verifies that companies are working towards improving their environmental performance on an ongoing basis.

62% of project companies in Categories A and B have already certified their environmental management according to **ISO 14001** or are planning to do so.

Companies should provide a safe working environment for their employees. Certifying the working safety management system verifies that a company is constantly improving its workplace health and safety and accident prevention measures.

54% of the project companies in Categories A and B have already certified their working safety management according to **ISO 45001** Standard or are planning to do so.

Companies should invest in clean technologies by 2030 in order to make their use of resources more efficient and environmentally friendly. A certified energy management system verifies that companies are working on constantly increasing their energy efficiency.

23% of the project companies already have or are planning to introduce an **ISO 50001** certified energy management system.

Sustainable production patterns should have been implemented by companies by 2030.

Full employment is to be reached in all parts of the world by 2030.

3.240 direct **jobs** were created in the project companies.

The share of the manufacturing sector in employment is to be substantially increased by 2030.

3.015 jobs were created in the **manufacturing sector**.

Investments in less developed countries should increase, thus reducing global imbalances.

A total of 9.9 billion euros in investment flows went to less developed countries through the projects supported.

Additional funding from various sources should be mobilized for the developing countries and systems for the promotion of investment in the least developed countries implemented.

Five of the 11 host countries are **lower middle income countries.**

Agenda 2030

Annex

Definitions and Explanations

Bilateral Investment Treaty (BIT): A treaty under international law between (two) countries under which they mutually guarantee legal protection for capital investments made by their citizens/companies on the territory of the other party to the treaty.

Breach of contract cover: Cover provided on special application against the risk of breach of contract by the government, state-directed or state-controlled authorities.

Compact with Africa (CwA) initiative: The Federal Government strengthens German investments in CwA countries by means of special measures in the investment guarantee scheme.

Conversion and transfer risk/payment embargo and moratorium risk: Risks due to the impossibility of converting or transferring amounts deposited with a sound bank for transfer as well as payment embargoes or moratoriums.

Cover for capital (capital cover): Includes the contributions made to the capital investment (e.g. nominal capital investments); the value of the capital investment capitalized in accordance with accounting principles generally accepted in Germany can be covered in principle.

Cover for earnings (earnings cover): Includes distributed profits or profits payable (e.g. dividends, interest) on covered capital investments.

Direct investments: Capital investments related to entrepreneurial influence and control of business activity.

Endowment capital: Capital, goods or other services, provided on a long-term basis to a legally dependent branch.

Guarantee: Warranty of the Federal Republic of Germany to pay an indemnification for the loss of a capital investment caused by the occurrence of a political event of loss.

IFC Performance Standards: Principles of the International Finance Corporation (member of the World Bank Group) with regard to the identification and the handling of environmental and sustainability issues of projects abroad (www.ifc.org).

Issued policies: Approved guarantee applications insofar as guarantee declarations have been issued.

Loan, investment-like: Has to be long-term and differ from a financial loan by an appropriate form of contract according to the project.

Maximum amount: Total sum of cover for capital and earnings.

Maximum liability (exposure): Total sum of cover for capital and earnings minus retention.

Other rights qualifying as assets: Rights made long-term in cash or other in-kind contributions and the objective of entrepreneurial activity (e.g. rights under production agreements for oil).

Outstanding commitments: Portfolio of policies under which claims may still be made against the Federal Republic of Germany

Small and medium-sized enterprises: Enterprises with a workforce up to 2,000 or a turnover of up to 500 million euros and not belonging to a larger group of companies.

Investment Guarantees of the Federal Republic of Germany

Investment Guarantees have been an established and effective foreign trade promotion instrument of the Federal Government for decades. Investment Guarantees protect eligible German direct investments in developing countries and emerging economies against political risks. This promotion instrument plays an important role in fostering economic growth as well as in protecting and creating jobs both in the host country and in Germany. The Federal Government commissioned PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft (PwC) to manage the federal funding instrument Investment 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.

Statutory maximum exposure: Maximum amount up to which an assumption of liability is permitted in the federal budget.

Terrorism, isolated acts of: Acts of terrorism which are not related to civil commotion or the like (= isolated) can be covered insofar as it is impossible to cover the risk on the private market at economically acceptable conditions and the situation in the host country must be such that acceptance of such a risk appears justifiable. The extension of cover is initially limited to five years with an increased premium of 0.6% p.a.

Notes

Rounding differences: For reasons of calculation, tables and figures may show rounding differences of +/- 1 unit (EUR, % etc.).

Legal information: The project reports used in this publication were written or authorised by the respective enterprises.

Service

Further information as well as detailed consultation concerning the cover available may be obtained from PwC. General information on the investment guarantees of the Federal Republic of Germany is also available on the internet, e.g. the latest information in the DIA-Report, an informational video, the General Terms and Conditions, leaflets, a flyer as well as the annual and semi-annual report.

We have created a special hotline for small and medium-sized enterprises. For details of this, please see our website (www.investitionsgarantien.de/en).

Contacts Investment Guarantees

bmwk.de