WHAT ARE EXPORT CREDIT GUARANTEES?

The Export Credit Guarantees of the Federal Republic of Germany (also known as "Hermes Cover") protect German exporters and the banks that finance them from bad debts losses for political or commercial reasons. A large part of the credit risk is thus shifted from the exporter and/or the bank financing it to the Federal Republic of Germany. The range of cover available addresses the entire value chain from planning and production to delivery and payment of the final instalment.

WHO CAN USE EXPORT CREDIT GUARANTEES?

As a general rule, all export companies with operations in Germany are able to apply for export credit guarantees regardless of the size of the transaction for which they require cover.

WHAT KINDS OF TRANSACTIONS CAN BE COVERED?

An export credit guarantee can be granted if the transaction is eligible for support and the risks arising from it are justifiable. Criteria for eligibility for cover include the protection and creation of employment as well as the preservation or development of sell-side markets. A further aspect of eligibility for support is that the transaction must have arisen without any form of corruption and conforms to environmental, social and human rights standards. Foreign, development and structural-policy considerations may also play a role.

Justifiable risk means that there is a high probability of the transaction being executed without any insured loss occurring. This is assessed on the basis of company and country risks among other things.

HOW DO EXPORT CREDIT GUARANTEES FACILITATE FINANCING?

In many cases, it is only export credit guarantees that make it possible in the first place for finance to be raised for a transaction. Exporters and buyers benefit from Germany's AAA rating and the scope that this provides for raising finance on attractive terms. Thanks to export credit guarantees, exporters can offer their foreign customers competitive finance.

WHAT DOES AN EXPORT CREDIT GUARANTEE COST?

The policyholder pays a processing fee and a risk-based premium in return for receiving cover. The amount of this premium primarily hinges on three factors: the OECD risk category of the importing country, the duration of the contract and the buyer's credit rating.

EXPORT CREDIT GUARANTEES: THE ADVANTAGES AT A GLANCE

Risk management

Export credit guarantees offer protection against bad debt losses in the short, medium and long term. In this way, a large part of the financial risk of the export transaction is transferred to the Federal Government.

Financing

With export credit guarantees, exporters are able to offer their customers competitive finance. They alleviate the exporters' balance sheets and improve their liquidity.

Tapping new markets

Export credit guarantees help German companies to tap new foreign markets. At the same time, they assist exporters in maintaining their business relations in politically and economically difficult times.

Simple handling

Digital processes simplify the application procedure and provide a preliminary indication of whether a given transaction is eligible for cover.

Indemnification/cost sharing

The Federal Government indemnifies the policyholder in the event of a loss occurring for political or economic reasons and may also take a share of the costs of recovering the amount owed.

WHERE CAN I FIND FURTHER INFORMATION ON EXPORT CREDIT GUARANTEES?

Interested companies and banks can obtain further information at www.agaportal.de/en or directly from Euler Hermes using the contact data set out below.

Federal Ministry for Economic Affairs and Energy

OUR PARTNER

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