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Investment Guarantees Interim Report 2024

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The first half at a glance

The new **cover volume** assumed in the first half-year of 2024 was 1.0 billion euros (capital and earnings) thus equalling the figure for the same period of the previous year (1.0 billion euros). The number of guarantees accepted, however, posted a steep rise (first half-year 2024: 28; first half-year 2023: 19).

The Federal Government assumed guarantees for investments at improved cover conditions in seven target markets of the **diversification strategy** which came into force in November 2023 (in India, Malaysia, Peru, Rwanda, Senegal, South Africa and Thailand). In addition to this, improved cover conditions also applied in the case of cover for particularly climate-friendly projects in India and Taiwan on the basis of the **climate strategy** which similarly came into effect in November 2023. Progress in the alignment of the guarantee portfolio of the investment guarantee scheme with the 1.5 degree goal has been measured since mid-2024 by its **greenhouse gas footprint**. This enables the effectiveness of measures for the implementation of climate action (e.g. the sector guidelines for the investment guarantee scheme) to be monitored.

53% of policyholders in the first half-year of 2024 **received cover for the first time** (mid-2023: 50%), so that the number of policyholders in mid-2024 (203) was further up on the figure at the end of 2023 (199). This underlines the growing importance of the investment guarantees for German companies in the currently challenging geopolitical environment.

The **share of small and medium-sized enterprises** receiving newly assumed cover remains at a high level, with 43% (first half-year 2023: 42%). All in all, developments in 2024 reflect the fraught international environment for investments, the increased

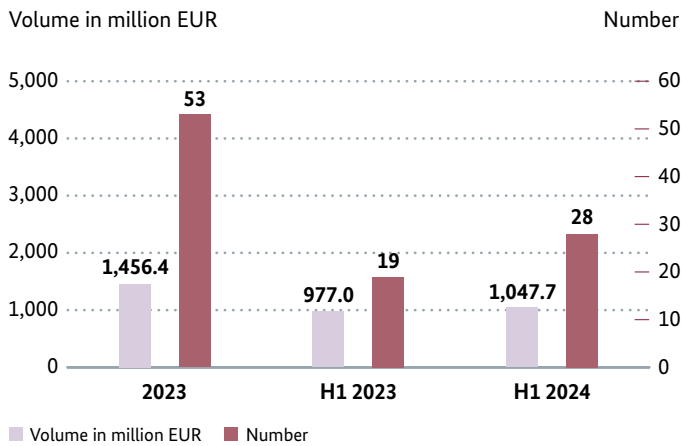
28 guarantees
with 1,0
billion euros of
cover volume

awareness of political risks and the effects of the ongoing war in Ukraine.

In early 2024 the Federal Government resolved on **relief measures** in the application and administrative processes of the investment guarantee scheme. This facilitates access to the cover instrument and notably reduces the expense and work required for companies to apply for and administrate guarantees.

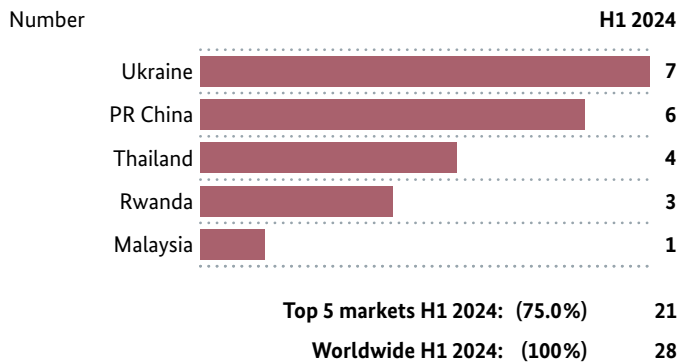
The 20 projects secured by the guarantees assumed to date are distributed, as in mid-2023, over **12 markets**.

Development of accepted applications



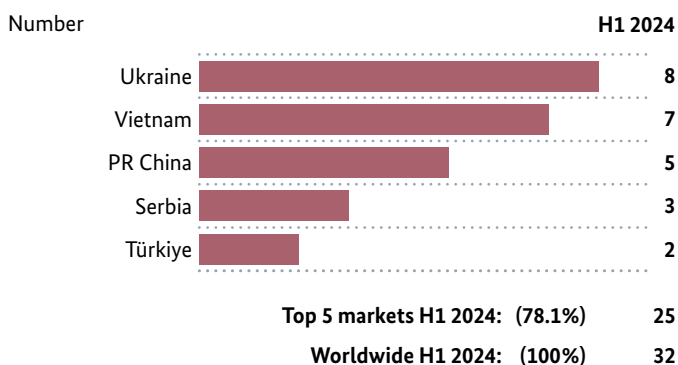
61% of newly assumed cover was accounted for by Asia, making the continent the **regional focus** of covered investments in the first half-year. Measured by the number of applications approved, Asia also leads the field with 50%, ahead of Europe with 29%, Africa with 18% and South and Central America with 3%. After Ukraine had already been the most important market in terms of the number of guarantees assumed in 2023, the country also takes first place in the first half-year 2024 for the number of guarantees accepted. When we consider the volume of guarantees accepted, however, Malaysia comes in first, followed by Peru, South Korea, Rwanda and Thailand.

Top 5 markets Applications accepted



While the number of **newly registered applications** in the first half-year of 2024 only dropped slightly (32; first half-year 2023: 34), the volume of newly registered applications, at 0.6 billion euros, is significantly down on the same period of the previous year (1.9 billion euros). This is primarily due to applications for major projects in the first half-year of 2023. The regional focus in new application volume lies so far in 2024 on projects in Ukraine, followed by Peru and Vietnam. The strongest demand measured by the number of newly registered applications is also for cover for investments in Ukraine.

Top 5 markets Newly registered applications



The total volume of **pending applications** stands at 6.1 billion euros in mid-2024, unchanged year-on-year. The largest single amounts here are for projects in the United Arab Emirates (2.2 billion euros) and Russia (2.0 billion euros), followed by Indonesia (0.5 billion euros), Mexico (0.2 billion euros) and Argentina (0.2 billion euros). As regards the numbers of pending applications (202), projects in Ukraine (28) now rank first, ahead of Russia (21), PR China (12), Mexico (7), and Vietnam (7). Since the Federal Government suspended the assumption of cover for projects in Russia and Belarus

Applications accepted by sectors

in % and number

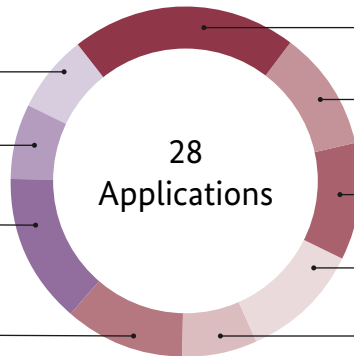
Tertiary sector

- 7% = 2
Other tertiary sector (e.g. rental/leasing)
- 7% = 2
Other services
- 14% = 4
Infrastructure
- 11% = 3
Other secondary sector (e.g. electrical, optics, apparatus engineering)

H1 2024

Secondary sector

- 21% = 6
Construction industry
- 11% = 3
Automotive industry
- 11% = 3
Wood and paper industry
- 11% = 3
Mechanical engineering
- 7% = 2
Metal industry



until further notice on 24 February 2022, the pending applications in these markets are not being processed further, however.

The number of **enquiries** (89) declined year-on-year (first half-year 2023: 112). The share of enquiries submitted by small and medium-sized enterprises, however, remains at a very high level (84%; first half-year 2023: 83%). This indicates in general that there continues to be a substantial demand for risk protection due to the overall geopolitical situation, and that awareness of political risks is very strong, particularly among small and medium-sized enterprises.

71% of accepted applications in the first half-year come from the industrial sector. Construction (21%) took the lead here. 29% of the guarantees assumed were accounted for by services, and thus the tertiary sector. Transport led the field in this category, with 14%. None of the applications accepted in the first half-year 2024 referred to the primary sector.

The newly assumed guarantees support projects with an **investment volume** totalling 14.6 billion euros, which secure or create some 16,700 **jobs** in the markets. At the same time the covered projects also help to safeguard jobs at production locations in Germany.

Cover policy on individual markets

As a reaction to the Russian invasion of **Ukraine**, the Federal Government has suspended the assumption of investment guarantees for **Russia** and **Belarus** until further notice. Guarantees – including cover for war risks – for German investments in **Ukraine** continue to be assumed. Decisions on cover for projects will be made on the basis of the individual risk situation, always taking into consideration the political and economic specifics, in particular the location of the project. After the cover options for equity-like loans had already been improved in 2023, the National Bank of Ukraine also further eased the restrictions on the transfer of funds affecting the repatriation of profits generated by foreign investors in May 2024. The Interministerial Committee (IMC) responded to this by declaring that it was prepared in future to also in principle include earnings in cover for equity participations on specific request from the German investors, as far as the regulatory framework permitted. Since comprehensive capital controls continue to exist for the banking sector, this option is for the time being only available for investments in project companies outside the banking sector.

The IMC has assumed a guarantee for a project in **Peru** including breach of contract cover for government contractual obligations (including promises to pay). In addition, the IMC has agreed to the assumption of guarantees for several German investments in **Rwanda** and a German investment in **Moldova**.

On top of these, the Federal Government has approved the assumption of a guarantee for an equity participation in **South Korea** for the first time in many years. They also approved cover for single projects in **Taiwan** and in **India** on the basis of each country's domestic legal system, since Germany has no applicable bilateral Investment Protection Treaty (BIT) with Taiwan or India.

Since the termination of the German-Indonesian Bilateral Investment Treaty (BIT) as of 2 June 2017, the Federal Government has not assumed any more cover for new investments by German companies in **Indonesia**. In view of the importance of the Indonesian market for German companies and particularly in order to further diversify foreign trade relationships, they announced in April 2024, after an in-depth analysis of the risks, that they are prepared to resume examining applications for **guarantees for German investments in Indonesia** and to decide on such applications on the basis of the country's domestic legal system.

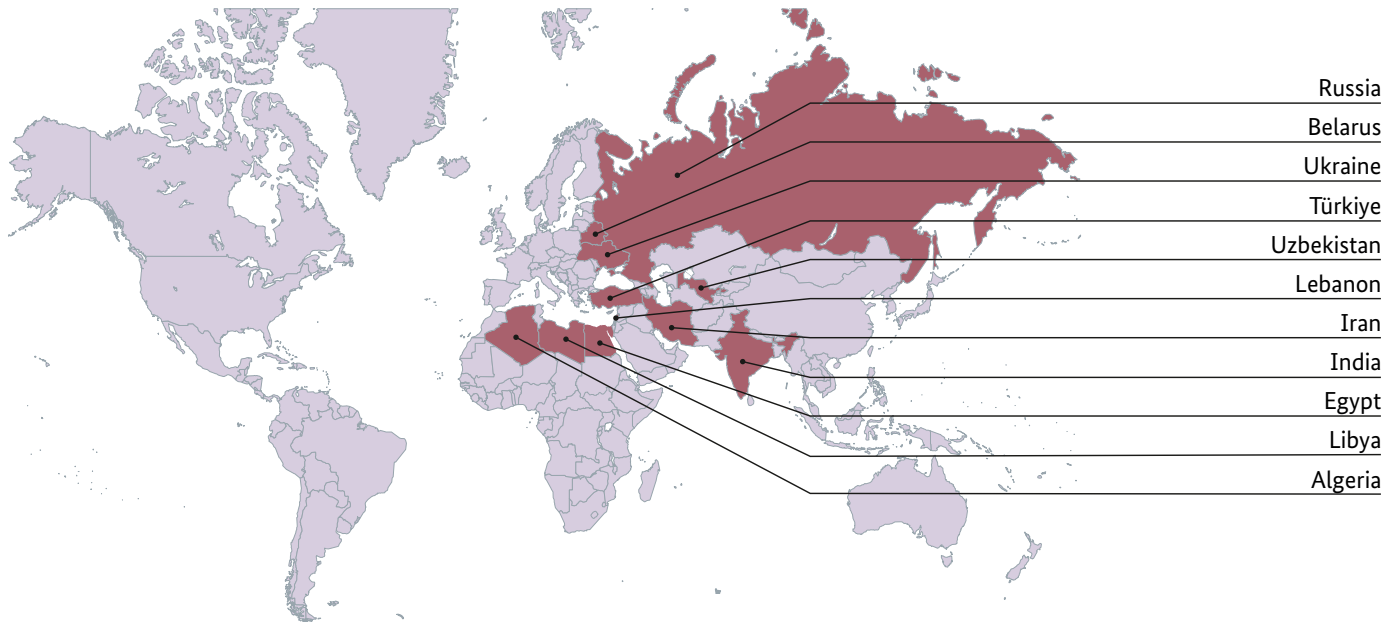
Crisis Management and loss prevention

In the first half-year of 2024, the Federal Government again supported several covered investment projects. Political and diplomatic measures were taken in order to prevent the failure of the projects and the occurrence of events of loss. The focus here lay on projects of German investors in Egypt, Algeria, Libya, Kuwait, Türkiye, Lebanon and Iran.

The Russian invasion of Ukraine and increasing intervention by Russian public authorities in projects of German investors in the country are meanwhile having a significant effect on the crisis management and loss prevention activities of the Investment Guarantee scheme. After one German

investor was indemnified for the loss of his investment due to the effects of war in the past year, the Federal Government has now paid out a further indemnification for a covered project in Russia in the first half of 2024.

Focus of crises management in H1 2024



The map material used here is for illustrative purposes only. It does not contain an official statement of the Federal Republic of Germany.

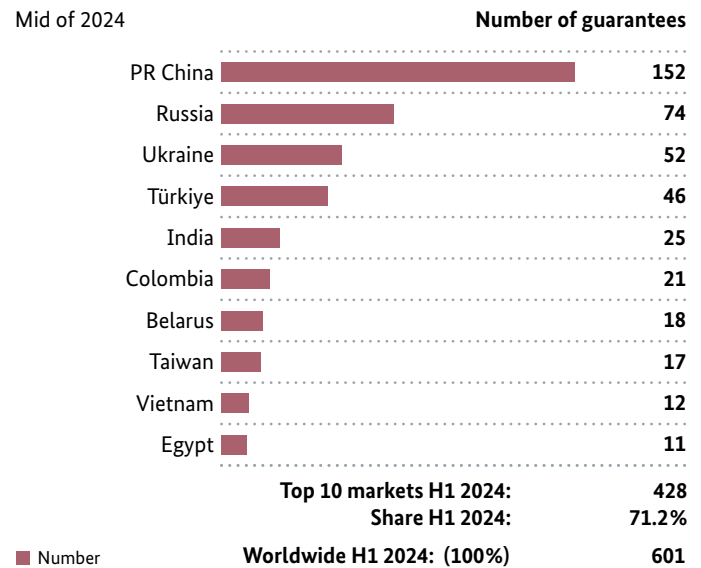
Result of the first half-year

The maximum liability of the Federal Government (exposure) from outstanding commitments at mid-year 2024 stands at 27.4 billion euros and thus remains at a high level (end of 2023: 28.5 billion euros). The number of guarantees in the portfolio, at 601, has remained more or less the same (end of 2023: 599).

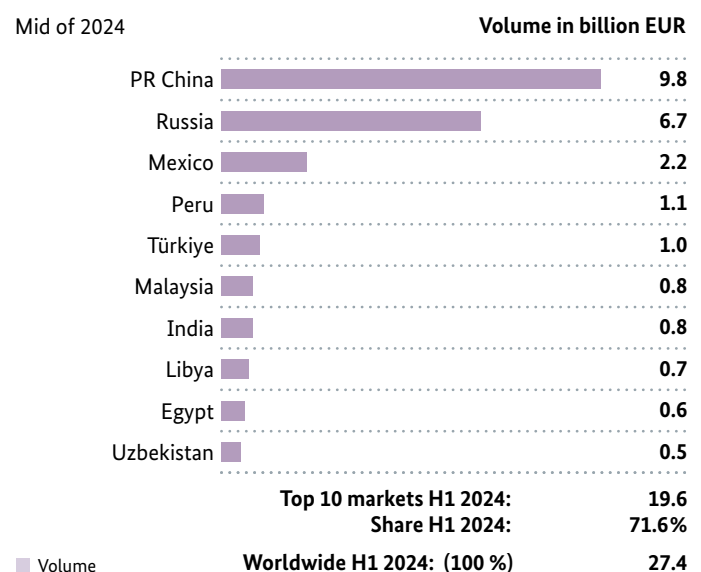
The guarantee portfolio at the end of the first half-year comprised projects in 58 markets, whereby the composition of the **TOP 10 markets** has changed only slightly compared with the previous year. Thus Ukraine now occupies third place in the TOP 10 markets (in the first half-year 2023, they still ranked fourth) thanks to the assumption of a large number of new guarantees. On top of this, Malaysia is now represented in the Top 10 markets in volume terms. With 48% of outstanding liabilities, projects in Asia (principally in PR China, Malaysia and India) continue to predominate in the portfolio. 31% of outstanding liabilities are accounted for by projects in (Eastern) Europe, here mainly in Russia and Türkiye. In third place are guarantees for projects in Central and South America with 13%. Projects in Africa account for 8% of the guarantee portfolio. In volume terms PR China, with 9.8 billion euros of covered investments, was the country with the highest value; projects in Russia, with 6.7 billion euros, came second. In absolute numbers of guarantees too, projects in PR China and Russia are the front runners.

In terms of its guarantee portfolio, the Investment Guarantee Scheme of the Federal Republic of Germany was unchanged in second place at the end of 2023 in an **international comparison** of the insurers organized in the Berne Union, the international organization of credit and investment insurers.

Top 10 markets according to guarantee portfolio

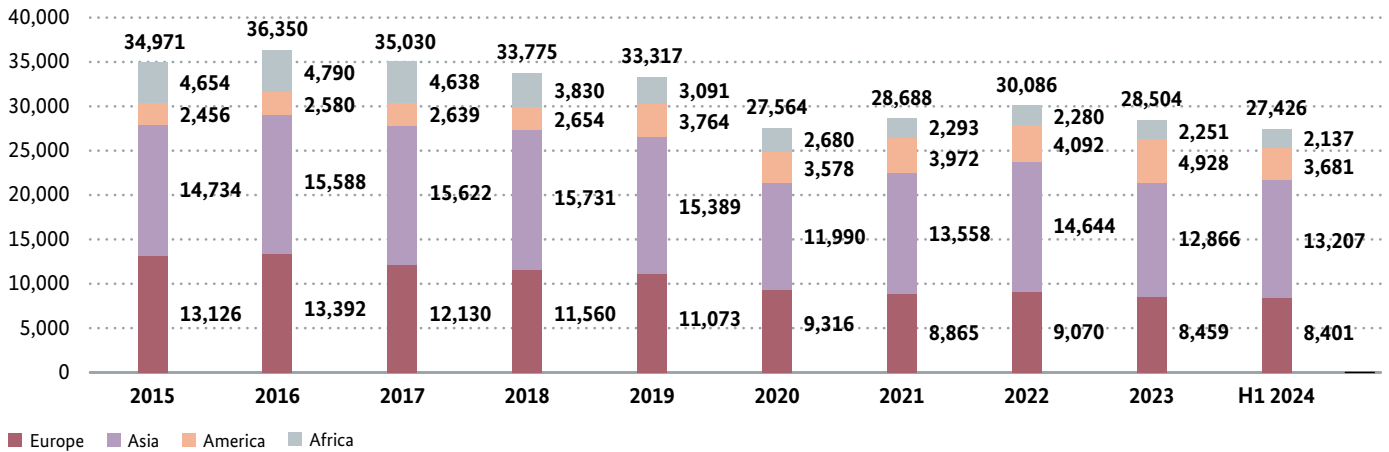


Top 10 markets according to guarantee portfolio



Maximum liability 10-year overview regional

in million EUR



In the ‘Ukraine Recovery Conference’ held in Berlin in June 2024, leading export credit and investment insurers signed a ‘**Memorandum of Understanding**’ (MoU) concerning their cooperation in support for **Ukraine**. The memorandum aims to strengthen bilateral trade with and investments in Ukraine and to bolster the reconstruction of the country. PwC signed the MoU on behalf of the Investment Guarantees.

Annex

Disclaimer:

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 <https://www.bmwk.de/Navigation/EN/Home/home.html> under the heading Promotion of foreign trade and investment.

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 under <https://www.investitionsgarantien.de/en>, 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 enter-

prises. For details of this, please see our website (www.investitionsgarantien.de/en)

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



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