

# Untied Loan Guarantees (UFG)

*Securing raw materials supply was one of the main challenges for German industry in 2022. This was also apparent in the increased demand for Federal Untied Loan Guarantees (UFG). The focus here was on the one hand on ensuring the availability of gas supplies to Germany and Europe against the background of the Russian invasion of Ukraine. On the other, demand for raw materials for key and cutting-edge technologies remains high. The eligibility for UFG cover in the light of raw material policy consideration was confirmed for nine projects by the Federal Government in 2022. Three Untied Loan Guarantees received firm commitments of cover.*



UFK enquiries – distribution  
among the types of raw materials  
2022

Raw materials	Number
Minerals	22
Copper	9
Lithium	4
Nickel	2
Ferroalloys	2
Bauxite	1
Cobalt	1
Tantalum	1
Lead	1
Magnesium	1
Energy raw materials	12
LNG	12
Transformation projects	8
Battery cells	2
Green hydrogen	7
Other raw materials	6
<b>Total 2022</b>	<b>49</b>

## The year at a glance

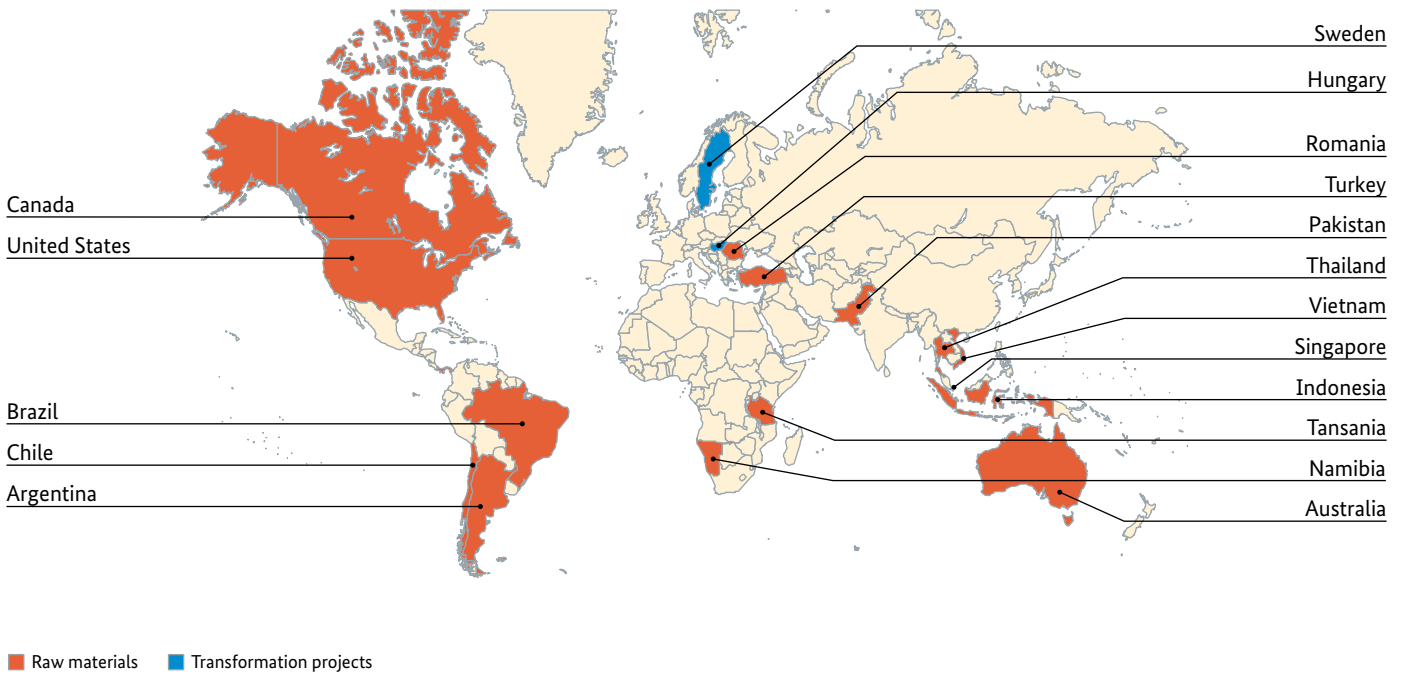
The Russian invasion of Ukraine and increasing restrictions on trade characterised the global commodity markets in 2022, leading to supply bottlenecks and sharp price fluctuations. This affected in particular energetic raw materials on the one hand, whose availability was severely curtailed as a result of the hostilities, triggering considerable price volatility. On the other side the markets for mineral raw materials were characterised by scarcity of supply, caused among other factors by the effects of the Chinese Covid-19 measures on supply chains. In addition, increased demand could be observed for mineral raw materials which play a key role in the transformation processes of many industries.

In the second half of the year, the economic downturn and concerns about a possible looming recession somewhat dampened demand, whereby the demand for raw materials for **cutting-edge and transformation technologies** continued to be high. All in all, securing the quantity of raw materials needed by means of long-term offtake agreements has become more vital than ever in the light of supply shortages on the global commodity markets and strategic considerations of raw materials security.

This trend was also reflected in the **newly assumed Untied Loan Guarantees**. Three new guarantees were assumed by the Federal Government in 2022 (2021: none). One was in respect of a financing project for a factory producing battery cells. In addition, two Untied Loan Guarantees were assumed for the first time for financing arrangements in which funds were not connected to a specific investment project. This enabled long-term deliveries of copper cathodes as well as the feeding of natural gas into the European and German gas grid.



## UFK underwriting practice – countries where raw material or transformation projects were regarded as eligible for support (2018–2022)



The number of **enquiries**, at 49 (2020: 35) rose steeply. The majority of these referred to mineral raw materials for key technologies, to energetic raw materials (LNG) as well as to projects in connection with the import of battery cells and green hydrogen or green ammonia. Besides classic raw materials projects, there was a strong focus on transformation projects which can contribute towards the decarbonisation of the German economy. A total of nine projects were already so advanced in planning that their **eligibility for cover in the light of raw material policy considerations** could be confirmed by the Federal Government in 2022 (three for copper, one for lithium, one for nickel/cobalt, one for LNG and two battery cell projects as well as for the production of green ammonia).

The Federal Government has thus confirmed the eligibility of 26 projects in 15 countries around the world in the light of raw material policy considerations over the last five years. The project portfolio

here included nine different raw materials. On top of this, the eligibility of projects for the production of battery cells and green ammonia was confirmed. This underlines the full bandwidth of raw materials and projects for which the instrument of Untied Loan Guarantees can be deployed.

The Federal Government's maximum liability (exposure) under the guarantees issued in previous years and still on risk – including cover for interest – stood at 8.7 billion euros at the end of 2022, spread over twelve guarantees. 7.2 billion euros of this was accounted for by raw materials projects (nine guarantees) and 1.5 billion euros by transformation projects (two guarantees).



# Annex

## 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. The 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.

## 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 credit guarantee scheme, e.g. the newsletter, the General Terms and Conditions and information leaflets as well as the Annual Reports can also be accessed at [www.exportkreditgarantien.de/en](http://www.exportkreditgarantien.de/en). 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



[exportkreditgarantien.de](http://exportkreditgarantien.de) | [Product finder](#)

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## Other foreign trade promotion instruments



[www.investitions Garantien.de/en](http://www.investitions Garantien.de/en)

[www.ufk-garantien.de/en](http://www.ufk-garantien.de/en)



2022: [General Terms and Condition Hermes Cover click&cover BANK](#)

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