



## P R E S S E M E L D U N G

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### **German State Aid Programme comes to planned end on June 30**

The joint state aid programme of the German federal government and German trade credit insurers, set up to stabilize supply chains during the pandemic, will come to its planned end on June 30, 2021. Based on all parties analysis of the current market situation, an extension is not necessary, especially since the expiration of the “protective shield” will be cushioned by the continuation of other liquidity-securing measures by the federal government.

All parties involved – including Coface – will continue to work closely together beyond June 30 in order to be able to act quickly within the scope of EU law in the event of a significant deterioration in the economic situation, and any associated threat to supply chains. To this end, there will be close coordination and monitoring of market developments.

The contracting parties agree that the programme has significantly contributed to bringing stability to the market. Set up in the spring of 2020, the programme has helped stabilize supply chains and commodity flows worth around 420 billion euros. German economy's supply chains, which were at risk in the wake of the coronavirus pandemic, have been successfully maintained.

*"After more than a year, it is the right time to end the programme as planned," comments Katarzyna Kompowska, CEO at Coface for Northern Europe. "Even though the pandemic and its economic consequences are not over, the situation has changed since last year, and we now have a better assessment of its impacts both on sectors and companies. Supply chains have largely stabilized, insolvency rates are still low, and significant parts of the economy are in a recovery process. Many challenges remain, but we will use our expertise to manage them in close exchange with our clients and partners."*

### **Insurance coverage returns to a purely market-based basis**

The overall economic outlook currently points to a recovery. Many of the government support measures will continue until the end of the year, facilitating the recovery of the German economy. It is therefore the right time to make insurance cover available again on a purely market-based basis with a gradual scale back of government intervention. As established risk navigators, credit insurers have a tried-and-tested experience of risk monitoring and management that will allow them to support the economy on its path to recovery. Coface, for its part, is aware of its economic responsibility, and, while focusing on prevention, will continue to provide customers with insurance cover based on sound risk analysis, once the state aid programme expires.

### **Credit insurers actively contribute to the current programme**

Under the terms of the current agreement, the German government guarantees claims payments by the credit insurers for 30 billion euros. In return, the credit insurers have undertaken to maintain their existing credit limits to the best possible extent and to



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contribute ten percent of the claims payments under the programme. The credit insurers bear the default risks exceeding the federal government's guarantee. In addition, they will transfer almost 60 percent of their premium income to the federal government for the first half of 2021.

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**Coface: for trade – Gemeinsam Geschäfte entwickeln**

Mit 75 Jahren Erfahrung und dem dichtesten internationalen Netzwerk ist Coface ein bedeutender Kreditversicherer, Partner im Risikomanagement von Unternehmen und in der globalen Wirtschaft. Mit dem Anspruch, der agilste Kreditversicherer weltweit zu werden, unterstützt Coface 50.000 Kunden dabei, Geschäfte aufzubauen und dynamisch zu entwickeln. Die Produkte und Dienstleistungen schützen Unternehmen im nationalen und internationalen Business und helfen ihnen, Kreditentscheidungen zu treffen. 2020 war Coface mit rund 4.300 Mitarbeiter in 100 Ländern aktiv und erzielte einen Umsatz von ca. 1,45 Mrd. Euro.

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