



SPECIAL FEES AND PREMIUMS APRIL 2003

Lifting of Exchange Rate Limitations

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**INVESTMENT GUARANTEES OF THE
FEDERAL REPUBLIC OF GERMANY**

► **Direct Investments Abroad**

► SPECIAL FEES AND PREMIUMS

Lifting of Exchange Rate Limitations

HANDLING FEE

Guarantee applications with a maximum amount up to 5,000,000.-- euros (cover for capital and cover for earnings) are free of charge.

For amounts in excess of 5,000,000.-- euros (cover for capital and cover for earnings) a handling fee of 0,5‰, however, a maximum of 10,000.-- euros will be charged.

The handling fee is due with the filing of a guarantee application.

If the guarantee application is refused, in whole or in part, or if a guarantee does not lead to an underwriting decision, in whole or in part, due to other reasons, three quarters of the handling fee will be reimbursed – as the case may be proportionate. If a filed application is considered to have no chance of being accepted, a handling fee will not be charged or – in case it has already been paid – will be fully reimbursed.

**PREMIUM FOR THE COVER FOR CAPITAL
(INVESTMENT COVER)**

a) An **ANNUAL PREMIUM** of **0.55%** of the maximum amount of the guarantee for the cover for capital (cp. § 8 para. 2 of the General Terms and Conditions for guarantees of the Federal Government for foreign direct investments) is charged for the cover for capital. The premium payable for the cover for capital will be converted at the last turnover tax conversion rate published in the Federal Gazette prior to the beginning of the respective guarantee year.

b) If the cover under the guarantee begins, in whole or in part, later than the guarantee period (cp. § 11 paras. 1 and 2 of the General Terms and Conditions), a **REDUCED PREMIUM** of one sixth of the regular premium has to be paid for the part that has not yet been contributed (§ 8 para. 2 sentence 1 of the General Terms and Conditions) for the time between the beginning of the guarantee period and the beginning of the cover.



- c) At the beginning of the guarantee year the regular premium will be calculated for the contributions made and the reduced premium will be calculated for the contributions yet to be made in a provisional premium invoice. At the end of the guarantee year or after the conclusion of the contributions to the capital investment the premium for the contributions made will be recalculated pro rata temporis.
- d) The premium is calculated on the basis of the maximum amount of the guarantee for the cover for capital at the **BEGINNING** of the guarantee year. A reduction of the cover for capital during the guarantee year, for example by partial sale or repatriation of the capital investment, does not influence the premium for the respective guarantee year.

If the Federal Republic of Germany withdraws from or cancels the guarantee or if the guarantee expires due to a sale or a complete repatriation of the capital investment, the premium for the respective guarantee year has to be paid only pro rata temporis until the occurrence of those events.

PREMIUM FOR THE COVER FOR EARNINGS (EARNINGS COVER)

An **ANNUAL PREMIUM** based on the earnings covered at the beginning of the guarantee year (cp. § 3 para. 2 of the General Terms and Conditions) and corresponding to the same percentage as for the cover for capital [cp. letter a) above] is charged. The premium payable for the cover for earnings will be converted at the last turnover tax conversion rate published in the Federal Gazette prior to the beginning of each guarantee year.

If the cover for earnings is not granted from the first guarantee year, no premium will be charged for the time until the cover for earnings begins.

A reduction of the cover for earnings during the guarantee year does not influence the premium for the respective guarantee year [cp. letter d) above].

If the cover for earnings is increased during the guarantee year, the premium for the entire guarantee year will be charged on the basis of the increased amount.

Cover from the Federal Republic of Germany for business transactions abroad

The German Government supports German business ventures abroad with its Export Credit and Investment Guarantee Schemes as well as the Untied Loan Guarantee Scheme, thus securing economic growth and safeguarding jobs. To this end, the Federal Republic of Germany provides guarantees against commercial and political risks in connection with export transactions as well as against the political risks of foreign direct investments. In addition to this framework, it is also possible to cover the commercial and political risks of untied loans to finance projects which are particularly deserving of support.

The German Government has mandated a consortium formed by PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft and Euler Hermes Deutschland AG to manage these promotion schemes.



Federal Ministry
of Economics
and Technology

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