Middle East crisis exacerbates global uncertainties

AHK World Business Outlook Spring 2026

DIHK AHK

Contents

Methodology

The AHK World Business Outlook is based on a regular DIHK survey of member companies of the German Chambers of Commerce Abroad, delegations and representative offices (AHKs). In spring 2026, it gathered feedback from over 4,500 German companies, branches and subsidiaries worldwide, as well as companies with close ties to Germany. The survey was conducted from 16 March to 10 April 2026. 40 per cent of the responding companies are from the Manufacturing Industry and construction sectors, 42 per cent from the services sector, and a further 18 per cent are trading companies. Smaller companies with fewer than 100 employees account for 54 per cent of the responses. 26 per cent of the companies employ between 100 and 1,000 staff. Large companies with more than 1,000 employees account for 20 per cent of respondents worldwide. 47 per cent are subsidiaries or branches of German companies, 43 per cent are local or (non-German) international companies without a branch in Germany, and a further 10 per cent are local or (non-German) international companies with a branch in Germany. The results for the continental regions and the global figure are weighted. The basis for the weighting of an individual country is the average gross domestic product (GDP) for the years 2017–2021 in US dollars. The questions on business conditions, expectations, the economy, investment and employment are weighted accordingly.

The questionnaire and detailed data for the individual countries can be found in the Statistical Append.

Imprint

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Global economy in Crisis mode

The global economy is being hit by a major geopolitical crisis. The conflict in the Middle East highlights just how vulnerable the global division of labour is when highly frequented trade routes, such as the Strait of Hormuz, become the focus of geopolitical disputes. The varying degrees of impact the crisis is having on individual markets are determined not only by geographical distance, but above all by dependence on oil and gas imports from the Gulf region.

The AHK World Business Outlook Spring 2026 paints a picture of a global economy deeply entrenched in crisis mode. Expectations of an economic recovery have, on the whole, been dashed. The optimism still evident in the Fall of last year now appears, in hindsight, to have been nothing more than a fleeting glimmer of hope. Instead, the global business environment is perceived as fragile and difficult to predict. An economic recovery is once again receding into the distant future. The war in the Middle East highlights the current vulnerability of globalised value chains, particularly due to risks to key energy and trade routes. Dependence on oil and gas imports from the Gulf region is proving to be a key burden – with significantly varying regional impacts.

Nevertheless, the downward trend in companies' business conditions has been halted for the time being. Against the backdrop of the current crises, the business operations of German companies at their overseas locations are proving comparatively robust. Although their business expectations are also being dampened by the current crises, this is less pronounced than their expectations regarding local economic developments. However, the stabilisation of the business situation also shows that the full extent of the war in the Middle East and its consequences for the global economy have not yet been felt everywhere. Cost and supply risks are likely to become more significant over time. Demand also remains uncertain. Many companies are adopting a wait-and-see approach. Investment and employment plans are more cautious than they were recently.

As a result of the conflict in the Middle East, the risk of high energy prices has more than doubled since the Fall. Supply chain disruptions and commodity prices are also becoming increasingly significant risks for businesses. Europe and large parts of Asia are particularly affected due to their reliance on imports, whilst the US, as a net oil exporter, and China, thanks to diversification and its own reserves, are better positioned. German companies can also benefit from this, as they mainly produce for the respective markets there due to the protectionist economic policies of China and the US . South and Central America remain comparatively optimistic, benefiting from geographical distance, their own resources and currently brighter prospects in connection with the Mercosur free trade agreement.

Overall, the survey results highlight a structural shift in globalisation: efficiency is taking a back seat in favour of resilience and diversification – at the expense of price competitiveness and the still-unanswered question of whether demand can keep pace. German companies operating abroad are responding by adapting their supply chains, production networks and procurement strategies. The long-term economic consequences of the war in the Middle East are very likely to have a lasting impact on the global economy and business decisions.

Key Survey Results

AHK World Business Outlook Spring 2026

Economic Outlook	When it comes to global economic trends, German companies are currently far more pessimistic than they were in the Fall of 2025. The war in the Middle East has dashed hopes of a broad-based economic recovery. Economic expectations have slipped significantly into negative territory and are now only just above the level seen during last year's tariff shock. The proportion of those expecting a slowdown has risen significantly – from 24 to 32 per cent. 21 per cent of companies expect the economic situation at their locations to improve over the next twelve months (Fall 2025: 26 per cent). The balance of positive and negative expectations has fallen from plus two to minus eleven points and is noticeably below the average of plus one point.
Business situation	The business situation of German companies at their international locations is stabilising for the time being. The current situation in spring 2026 is slightly better than it was in the Fall 2025. This figure is also below the long-term average. Currently, 39 per cent of companies rate their business situation as good, and 13 per cent as poor. The Balance of positive and negative assessments thus rises from 25 to 26 points. The current business situation remains below the average of recent years (33 points).
Business expectations	Business expectations among companies are deteriorating significantly worldwide. The Balance of 'better' and 'worse' reports falls below the average level: 15 per cent expect a deterioration in their local business activity (Fall 2025: 10 per cent). 43 per cent expect business to improve (Fall 2025: 44 per cent). The balance of positive and negative expectations has fallen from 34 to 28 points and is once again below the long-term average of 33 points.
Business risks	Companies are facing a wide range of economic and policy-related risks, shaped by current global economic challenges. The most common business risk is high energy prices (46 per cent; Fall 2025: 19 per cent; long-term average: 30 per cent). Also striking is the increase in the risk of supply chain disruptions – a doubling to 40 per cent. Rising raw material prices are a concern for 37 per cent of companies (Fall 2025: 21 per cent). Demand risk remains particularly high. Just under half of companies (44 per cent, down from 47 per cent) are concerned that demand could become a potential drag on the economy.
Investment plans	German companies are showing restraint when planning investments at their international locations. 31 per cent plan to increase investment over the coming twelve months (Fall 2025: 29 per cent), whilst 22 per cent intend to reduce their capital expenditure (Fall 2025: 16 per cent). The balance has thus fallen from 13 to nine points, placing it below the long-term average (14). The investment momentum of German companies abroad is losing steam once again.

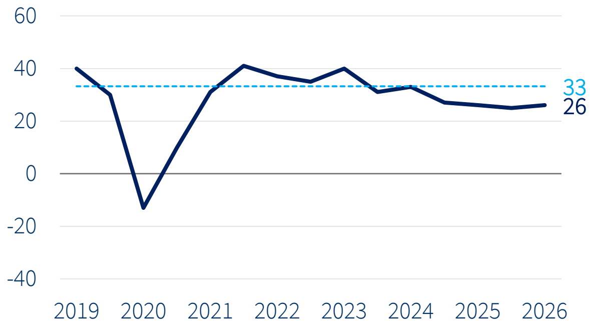
Employment plans	The pessimistic outlook on future economic developments is reflected in the employment plans of German companies abroad. The ongoing conflict in the Middle East and its impact on the global economy are leading to cautious staffing plans among companies. 31 per cent plan to increase their workforce over the next twelve months, whilst 16 per cent expect a decline. The balance of rising and falling employment plans has deteriorated slightly from 16 to 15 points. As a result, staffing plans continue to lag behind the long-term average of 21 points.

Overall result

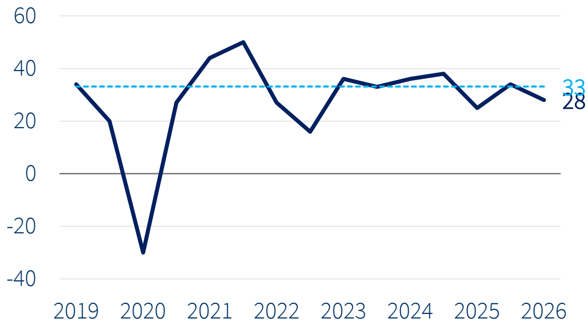
All charts show the balance of ‘better/higher/good’ and ‘worse/lower/bad’ responses.

Balance — Average since 2015

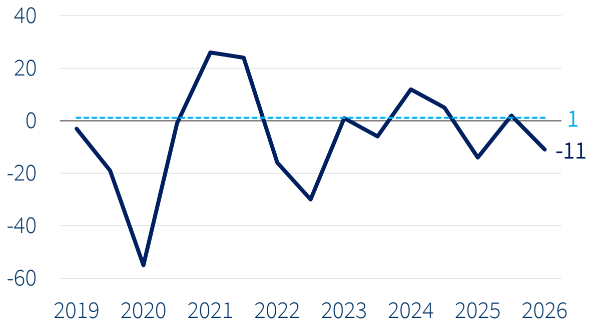
Business situation



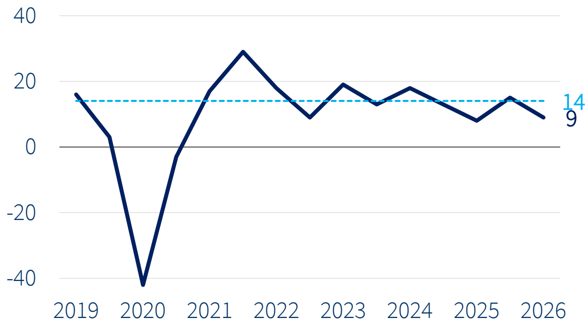
Business expectations



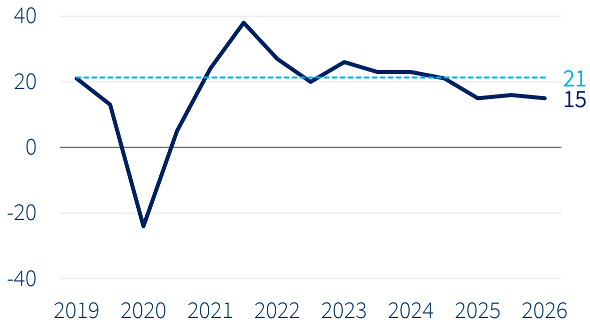
Economic outlook



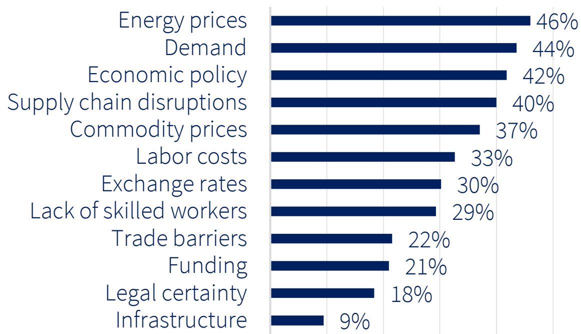
Investment plans



Employment plans



Business risks (in per cent, multiple responses)

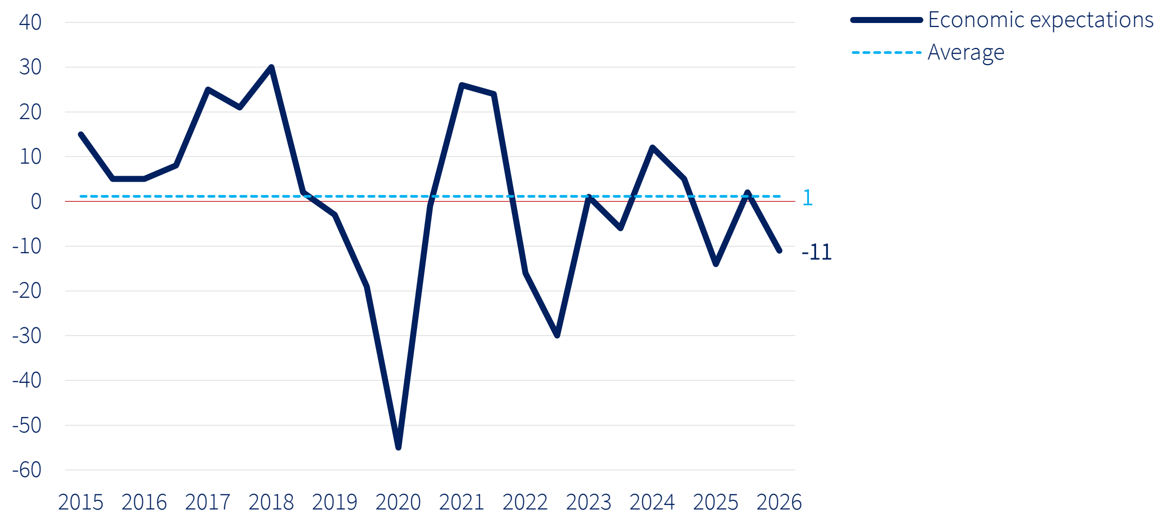


Global economy: expectations of German companies

The global economic recovery is suffering a significant setback. German companies' expectations regarding the economy at their overseas locations are slumping worldwide. The optimism shown by companies in the Fall of last year thus appears to have been nothing more than a brief respite. The business environment is increasingly perceived internationally as fragile and difficult to predict. An economic recovery is once again being pushed further into the future. Although the global economy is growing moderately, this growth is below average compared to previous years. The war in the Middle East has dashed hopes of a significant economic recovery. Economic expectations are slipping significantly into negative territory; the balance between positive and negative expectations is only just above the level seen during last year's tariff shock.

32 per cent of companies expect economic conditions at their locations to weaken over the coming twelve months, up from 24 per cent previously. By contrast, only 21 per cent of companies now anticipate an improvement in economic conditions, down from 26 per cent in Fall 2025. The balance of positive and negative expectations has fallen from plus two to minus eleven points, placing it well below the long-term average of one point.

Economic expectations of companies worldwide
(Balance of 'better' minus 'worse' responses in points)



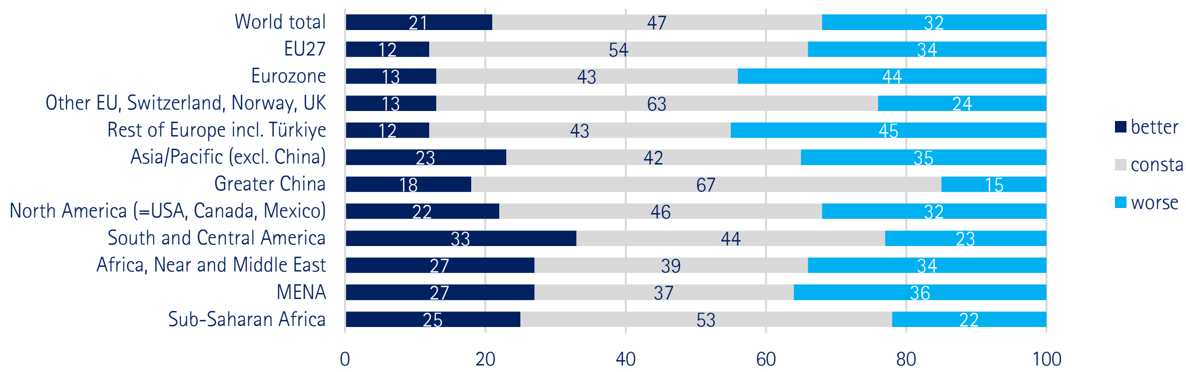
The external shock triggered by the war in the Middle East on 28 February highlights the vulnerability of the global economy. Regions and countries that are more heavily reliant on oil and gas imports from the Gulf region are more severely affected by the impact of the blockade of the Strait of Hormuz. Other countries, such as those with their own oil reserves or those less dependent on supplies from other countries, are, by contrast, more resilient.

Economic outlooks are significantly more pessimistic in both Europe and the Asia-Pacific region (excluding China) than in the rest of the world: whilst only 12 per cent in the EU expect the economy to improve over the next twelve months, more than one in three companies there are pessimistic. Economic expectations are particularly low in Italy. Italy has the highest dependence on natural gas imports from the Middle East in the EU, with 35 per cent of imports coming from the Gulf region.

In the Asia-Pacific region (excluding Greater China), although 23 per cent are more optimistic than in the EU, the pessimistic view of local economic development still prevails here too, at 35 per cent. The lack of diversification in the supply of energy and raw materials is proving to be a drag on economic development in individual markets. The impact of the war in the Middle East is overshadowing the opportunities presented by recently concluded and ongoing trade agreements – between the EU on the one hand and India, Malaysia, the Philippines and Thailand on the other.

In the US, too, economic expectations among local German companies are deteriorating once again. Although the United States, as a net oil exporter, could theoretically benefit from rising prices, this is not reflected in more positive economic expectations among local companies. As a party to the conflict in the Middle East and the instigator of trade policy upheavals last year, the prospects for an economic recovery there are limited. 24 per cent of companies expect a recovery, whilst 30 per cent anticipate a deterioration in the coming year (minus six, down from minus three balance points previously). However, the prospects for an economic recovery have thus remained in negative territory since last year's tariff shock and are well below the long-term average for the US (18 balance points).

Economic expectations of companies worldwide
(Percentage of responses)



Companies with optimistic economic outlooks are currently found primarily in South and Central America. The reasons for this include their geographical distance from the current conflict regions, their own oil reserves, and additional impetus from opportunities arising from the Mercosur agreement. Accordingly, 33 per cent of companies expect an economic improvement in the coming year, whilst 23 per cent anticipate a deterioration. The Balance has risen from five to ten points and is thus above the long-term average (four balance points).

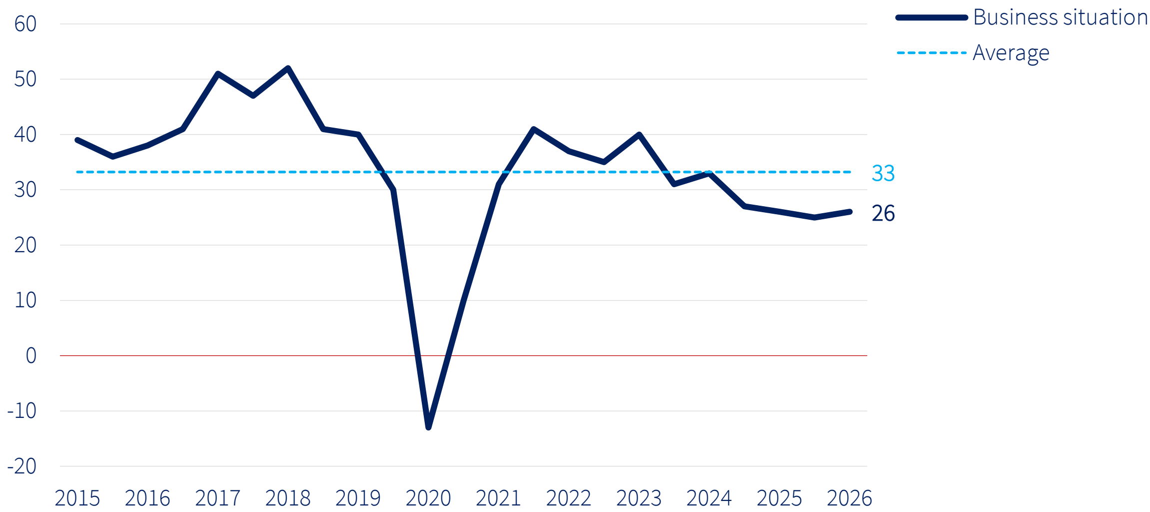
The outlook for China is significantly more subdued. Admittedly, the Chinese economy is proving comparatively resilient, as domestically refined oil products, deflationary trends, strategic reserves and broadly diversified oil imports can cushion short-term price shocks, and energy security is a high priority in the current five-year plan. Nevertheless, long-term concerns remain significant, particularly due to the economy's heavy reliance on exports, meaning that, despite a slight improvement, economic expectations remain at an average level overall. Positive and negative assessments are roughly balanced (Balance of two, up from minus 25 points previously; long-term average of one point).

Business sentiment among German companies worldwide

The sentiment among German companies operating abroad regarding their own business has stabilised for the time being. The downward trend in business sentiment, which had been emerging since the start of 2023, has come to a halt for now in spring 2026. Nevertheless, this figure still remains below the long-term global average. Currently, 39 per cent of companies rate their business situation as good, 48 per cent as satisfactory and 13 per cent as poor. The Balance of positive and negative assessments has risen slightly from 25 to 26 points.

When comparing economic sectors, the business situation is best among service companies: a balance of 31 points. The Manufacturing Industry and construction are more cautious (balance: 23 points). The assessments of the situation among retail companies are the worst compared to the other sectors (balance 21 points).

Business situation of companies worldwide
(Balance of 'good' minus 'bad' – responses in points)

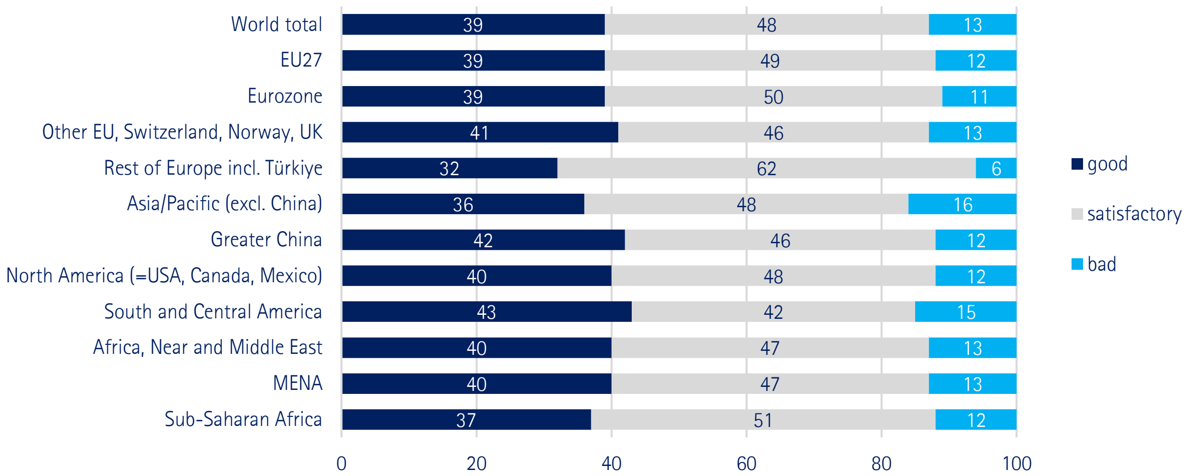


Whilst the business situation for German companies at their international locations is stabilising at a low level, differences are apparent in a global comparison.

The business situation has deteriorated significantly for companies in the immediate vicinity of the conflict region in the Middle East. In Pakistan (Balance of 38, down from 51 points previously), as well as in Iraq and Israel, the business situation for German companies is bleak. In the Gulf States (United Arab Emirates, Bahrain, Qatar, Kuwait, Saudi Arabia, Oman), companies' assessment of the situation has virtually collapsed compared with the previous survey in the Fall (Balance falling from 51 to 19 points). The decline is particularly sharp in the United Arab Emirates (Balance of eight, down from 60 points previously).

A tense situation is also evident in countries in the Asia-Pacific region (excluding China), where there is a high dependence on energy imports, which is weighing on the mood of local companies (Balance 20, down from 22 points previously). The situation has deteriorated particularly sharply in Sri Lanka, but also in India and the Philippines. In Japan, by contrast, the assessment of the situation has improved slightly, albeit from a low level (Balance of 10, down from 8 previously).

Business situation companies worldwide
(Percentage of responses)



The business climate in the EU is positive and has improved slightly: the balance stands at 27, up from 23 points previously, with an average of 25 net points. Latvia and Lithuania stand out as particularly positive, driven by digitalisation and rising investment in defence and security. In Spain and Greece, too, German companies generally rate their situation as good (balances of 38 and 37 points respectively). The economy is now benefiting greatly from reforms implemented in the wake of the euro crisis.

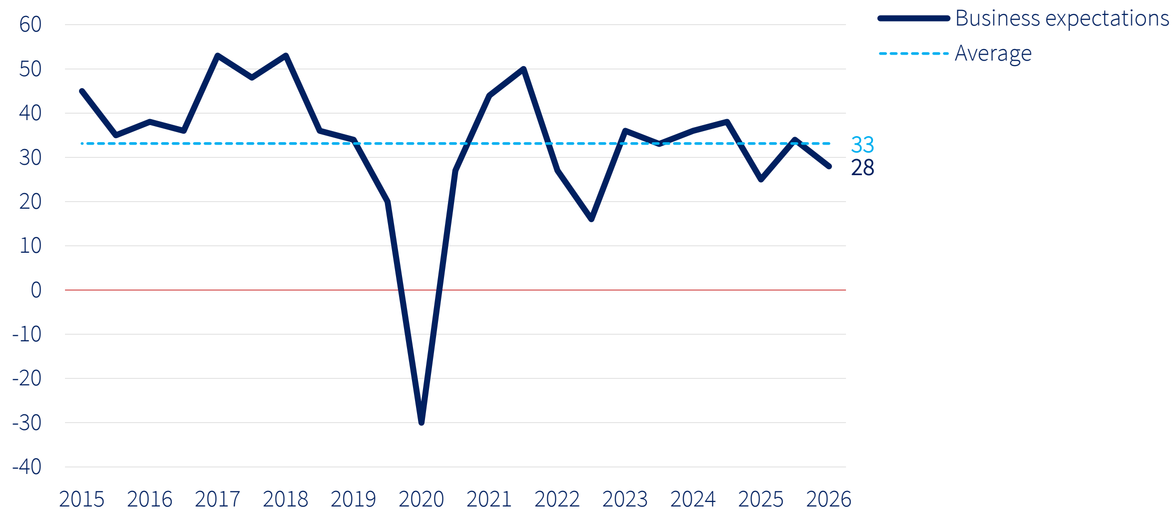
Sentiment in China has also brightened significantly (Balance of 29, up from minus five points previously). The agreement reached in the tariff dispute with the US means that the trade conflict between the two countries is at least receding somewhat into the background. German companies there now frequently produce predominantly for the Chinese market. As much is produced locally and, energy and supply chain security often play a lesser role for their own business.

In the US, the business situation for German companies is returning to normal following last year's tariff chaos. Companies have developed viable strategies for dealing with tariffs and trade policy uncertainty. At the same time, the US Supreme Court ruling, which entails refunds of tariffs already paid, is improving the situation and prospects for companies on the ground. The balance has risen to 31 points (previously 23 points) but remains below the long-term average of 51 points. Although German companies with local production sites in the US can also benefit from measures to protect the domestic US economy, uncertainty regarding American economic and trade policy persists.

Against the backdrop of the current crises, the business performance of German companies at their overseas locations is proving to be comparatively resilient. Their business expectations are becoming more subdued due to the current crises, though to a lesser extent than their expectations regarding the general economic outlook in those

regions. High energy prices and disruptions in supply chains are affecting business either indirectly or directly: sales prospects have deteriorated for many firms, and they are less confident about the coming twelve months at their international locations. Compared with Fall 2025, the assessment by German companies abroad is once again clearly worse, with a balance that lies below the average level.

Business expectations of companies worldwide
(Balance of 'better' minus 'worse' in percentage points)



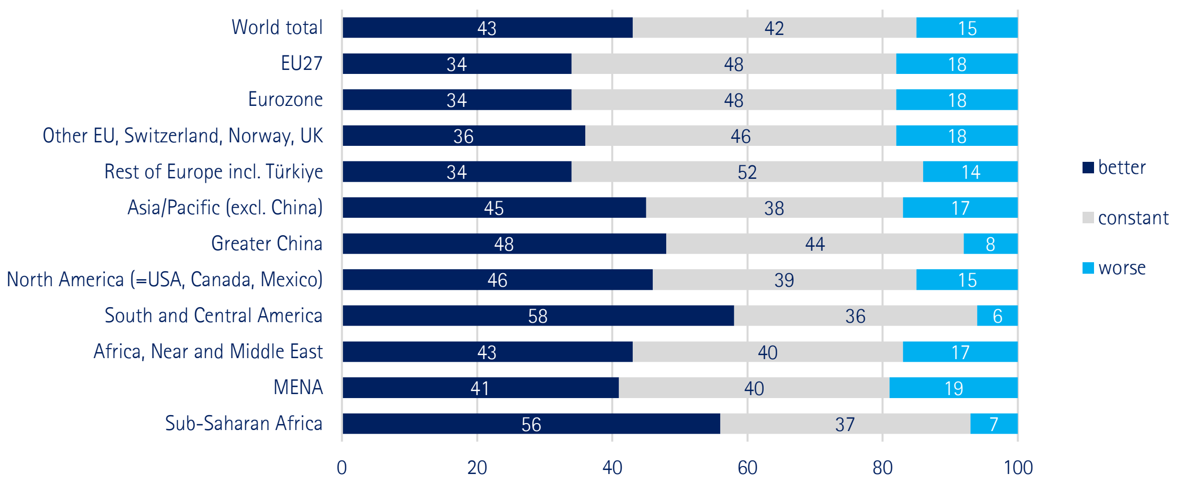
43 per cent expect business to improve over the next twelve months (Fall 2025: 44 per cent), 42 per cent expect business activity to remain unchanged locally (Fall 2025: 46 per cent). 15 per cent anticipate a deterioration (Fall 2025: 10 per cent). The balance of positive and negative expectations has fallen from 34 to 28 points and is once again below the long-term average of 33 points. This deterioration in the business outlook is less pronounced than the expected economic slowdown (a 15 point decline in the balance).

The overall mood in South and Central America is more positive than the global average (Balance of 52, up from 47 points previously). More business-friendly governments there are bolstering business confidence. The agreement between the EU and the Mercosur states, which will be provisionally applied from 1 May 2026, is also having a positive effect. German companies are focusing their strategic attention more strongly on the region. Many countries have their own oil reserves and are therefore less dependent on imports. The Mercosur states in South America and Bolivia are more optimistic than before (Argentina: Balance of 33, up from 27; Bolivia: 52, up from 36; Brazil: 51, up from 41; Paraguay: 84, up from 70 points). In countries outside Mercosur, geopolitical and global economic risks are shaping the sentiment . In Central America, expectations are subdued. Trade barriers and tariffs, as well as the considerable uncertainty surrounding US trade policy, are hampering trade with the economic giant that is the US, on which the region is heavily dependent.

At their Chinese locations, German companies view the outlook for their own business as more positive than average, and significantly more so than in the Fall of 2025: just under half of the companies expect business to improve, whilst only seven per cent anticipate a decline.

Expectations among German companies in the US have also risen: just under half expect business to improve, whilst 15 per cent anticipate a deterioration. The Balance has risen from 24 to 31 points. This shows that the economic policy chaos of the first year of the new US administration has largely subsided. German companies there are once again looking positively on their business prospects, partly due to their competitive positioning relative to rivals. Despite this improvement compared to the Fall 2025, expectations remain below average (average 44 net points) – a reflection of the prevailing trade policy uncertainties.

Business expectations of companies worldwide
(Percentage of responses)



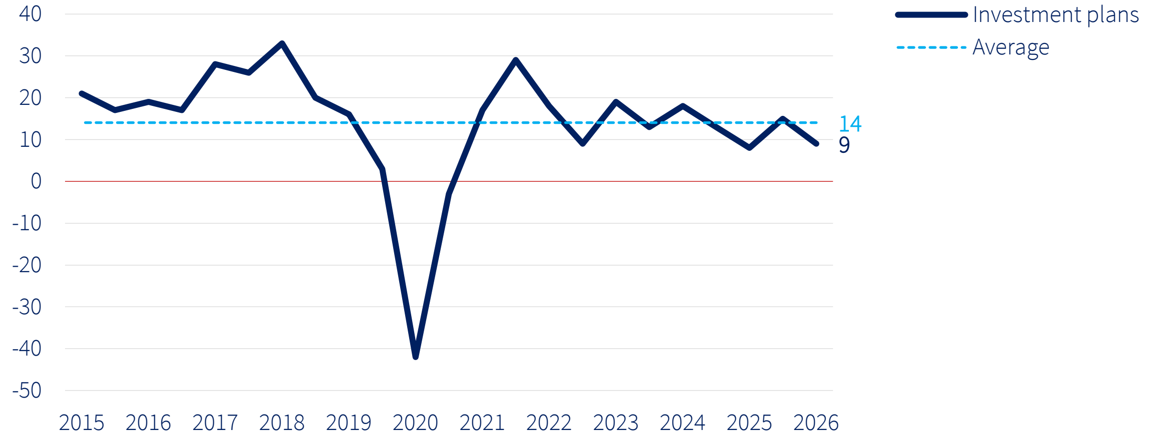
German companies are more pessimistic about their European locations than they were in the Fall. Business prospects in the EU appear weak and gloomy (Balance of 16, down from 21 points previously). At their sites in Italy (Balance of six points), Romania (Balance of seven points) and Hungary (Balance of minus three points), German companies are cautiously about the development of their business in the coming year. In Europe outside the EU-27 (Switzerland, Norway and the UK), expectations are improving slightly, albeit to a below-average level (Balance of 18, down from 17 points; long-term average 25 balance points). Norway is an exception in Europe. The country's energy and raw material reserves, as well as orders in the security and aviation industries, underpin the positive outlook. There, the Balance has improved from 48 to 65 points.

Although the business expectations of German companies in the Asia-Pacific region (excluding China) are rated above average in a global comparison, the outlook has deteriorated significantly compared with the Fall of last year (Balance of 28, down from 41 points previously). Particularly in Sri Lanka, Thailand and Vietnam, which are especially affected by rising energy and commodity prices and supply chain disruptions caused by the war in the Middle East, companies are less confident about their expected business (Balance: Sri Lanka: 27, down from 70; Thailand: minus four, down from 33; Vietnam: 15, down from 52 points).

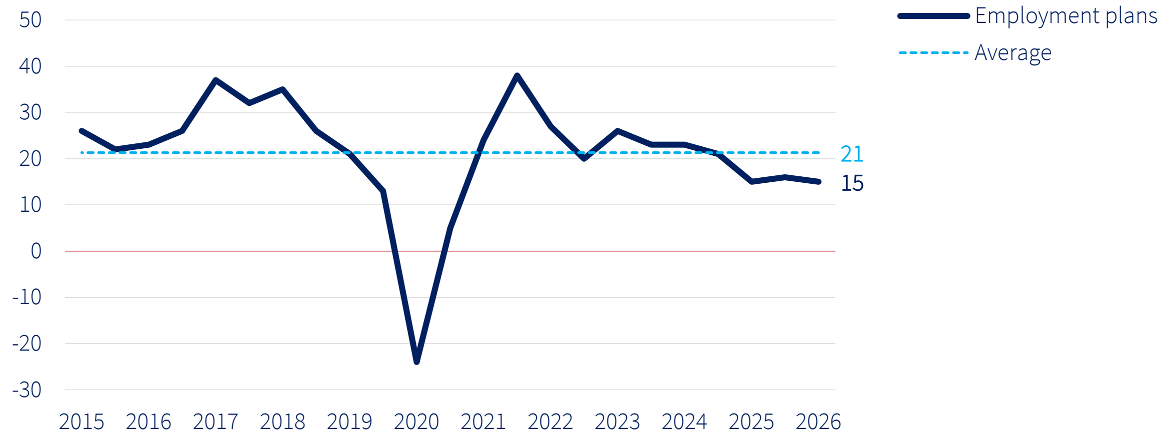
Investment and staffing plans

Many companies are scaling back their investment plans this year due to the difficulty in predicting economic trends. Uncertainty regarding the development of the geopolitical situation and its impact on the global economy is holding back German companies' investment plans at their international sites. 31 per cent plan to increase investment over the next twelve months (Fall 2025: 33 per cent), whilst 22 per cent intend to reduce their capital expenditure (Fall 2025: 15 per cent). Just under half of companies intend to maintain their current level of investment. The balance has fallen from 15 to nine points and is thus below the long-term average (14 points). The investment momentum of German companies abroad is losing steam again. On balance, investment plans are only just above the low level of the previous year (Spring 2025: 8 points).

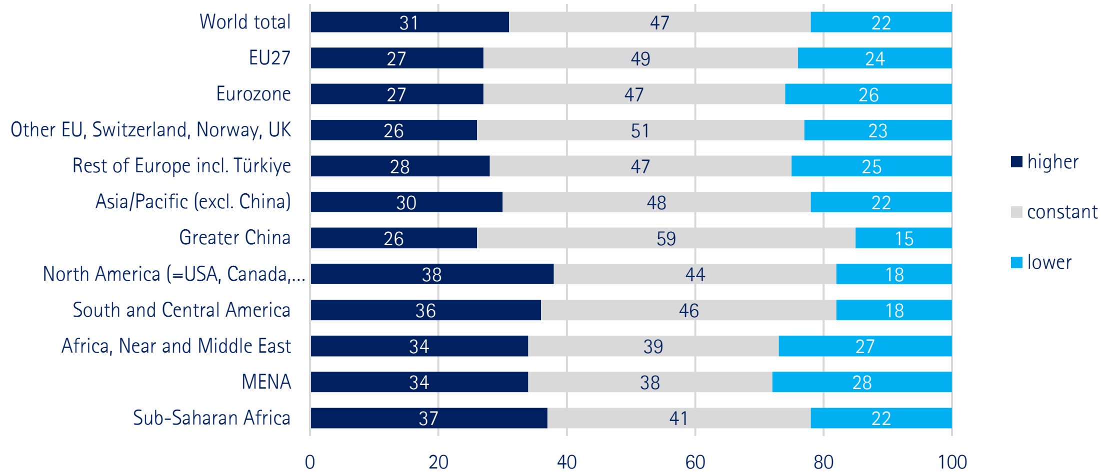
Companies' investment plans
(Balance of 'higher' minus 'lower' responses in points)



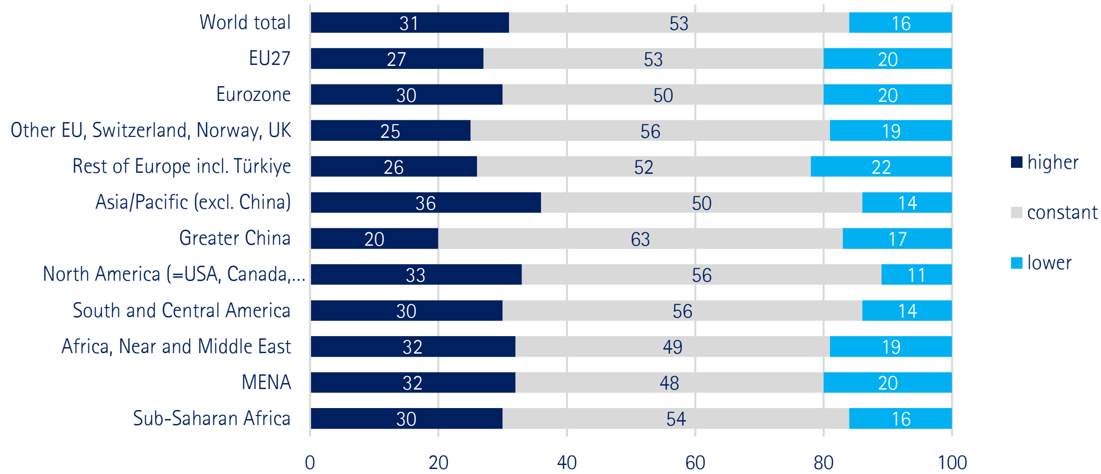
Companies' employment plans
(Balance of 'higher' minus 'lower' responses in points)



Companies' investment plans
(Percentage of responses)



Companies' employment plans
(Percentage of responses)



This pessimistic view of economic developments is also reflected in the employment plans of German companies abroad. The ongoing conflict in the Middle East and its impact on the global economy are leading to more cautious staffing plans among companies. 31 per cent of companies intend to increase their workforce over the next twelve months, 16 per cent plan to reduce it and expect a decline . The Balance of increasing and decreasing Employment plans falls slightly from 16 to 15 points. As a result, staffing plans continue to lag behind the long-term average of 21 points.

In the USA, both Investment plans (Balance of 23, up from 3 points previously) and Employment plans (Balance of 25, up from 17 points previously) among German companies are improving. In the considerations of companies with a local presence in the USA, the view that the USA offers good investment conditions now once again prevails. Trade policy issues arising from last year's so-called Liberation Day are currently being viewed in a more favourable light. President Trump's high-tariff policy gives them a market advantage over companies that merely export to the US, thanks to their local presence. With the massive increase in tariffs and other trade barriers, German companies in the US are increasingly focusing on *'local for local'* and further expanding their US sites. The level of investment at your sites in the US is thus approaching the average level (average: 24 net points). However, employment plans (balance of 25 points) remain significantly below the long-term US average (35 net points).

German companies operating in **Canada** and **Mexico**, however, are more pessimistic. In Canada, hiring plans remain at a similarly pessimistic level as before (Balance of minus ten, down from minus eleven points), whilst in Mexico they have deteriorated further (Balance of 10, down from 20 points).

In the **Asia-Pacific region (excluding China),** alongside the decline in German companies' investment plans (Balance of eight, down from 20), employment plans have also deteriorated (22, down from 24 points). Companies in South Korea and Vietnam are responding with particularly sharp cuts to their investments (Balance of minus 39, down from plus six points, and six, down from 52 points). The high dependence on energy imports from the Gulf region and the resulting pressures from the Middle East conflict are the main triggers here. Despite declining investment plans, companies' employment plans in Japan are improving slightly. They are even significantly above the global level

In **China,** by contrast, German companies' investment plans remain at the same cautious level (Balance of 12 points) as in the previous survey. However, they are above the global average of nine points, which underlines the country's strategic importance.

Within the **eurozone**, there remains a general reluctance to invest. Expansionary and restrictive investment plans are largely in balance, resulting in a subdued overall picture (Balance of plus one point, down from 4 points previously). At the same time, however, there are individual countries with positive developments: Lithuania (Balance of 22 points) and Latvia (Balance of 37 points) are benefiting from opportunities in the security and defence industry, whilst Spain (Balance of 23 points) and Greece (Balance of 18 points) stand out positively thanks to above-average growth rates.

Employment plans among German companies in the **European Union** are falling again, having risen slightly in the Fall of 2025 (Balance of 7, down from 9 points). High labour costs remain a key business risk; in addition to the lingering effects of inflation-driven wage increases resulting from the war in Ukraine, the recently negotiated collective agreements are also increasingly dampening hiring intentions. Employment plans in Slovenia are particularly weak, albeit somewhat better than in the Fall (Balance minus 10, down from minus 15 points). In **Turkey**, companies are significantly more pessimistic than in the previous year (Balance minus 27 points, down from minus 11).

In **South America**, the picture regarding German companies' investment and employment plans is not uniformly positive, although it remains at a high level across the board: more than a third of German companies plan to increase their local investments, whilst only around one in five companies plan to reduce their investments in the coming year (Balance of 18, down from 24 points): Paraguay and Bolivia in particular stand out for their very high willingness to invest (Balance 70 and Balance 44 points respectively). In Ecuador (Balance 9, down from 55 points previously) and Argentina (Balance 4, down from 19 points previously), however, the investment plans of German companies have deteriorated noticeably compared with the Fall of 2025. More restrictive investment plans predominate, and the economic environment is perceived as increasingly challenging. Employment plans in **South and**

Central America have weakened slightly compared with the Fall (Balance of 16, down from 17 points). However, they remain above the long-term average of 15 balance points.

In the Gulf region, which is directly affected by the war in the Middle East, investment plans by German companies operating there are significantly more cautious. For the coming year, 26 per cent plan to increase investment, whilst 42 per cent of firms are scaling back their plans. The Balance has fallen from 30 points in the Fall to just minus 16 percentage points. Employment plans are also slumping (Balance minus seven, down from plus 31 points). Employment plans are deteriorating particularly in the United Arab Emirates and Kuwait (UAE: minus 18 points; Kuwait: minus 16). Due to the uncertain situation, German companies operating there are reporting difficulties in posting staff. These include security concerns, travel restrictions and operational risks. This significantly complicates international assignments, with direct consequences for projects and business deals.

In sub-Saharan Africa, South Africa stands out particularly positively: investment and employment plans are brightening. There, 30 per cent of companies plan to hire additional staff in the coming year, down from 36 per cent in the autumn survey. Local investment plans also remain at a high level (Balance of 15, up from minus 23 points previously).

Business risks worldwide

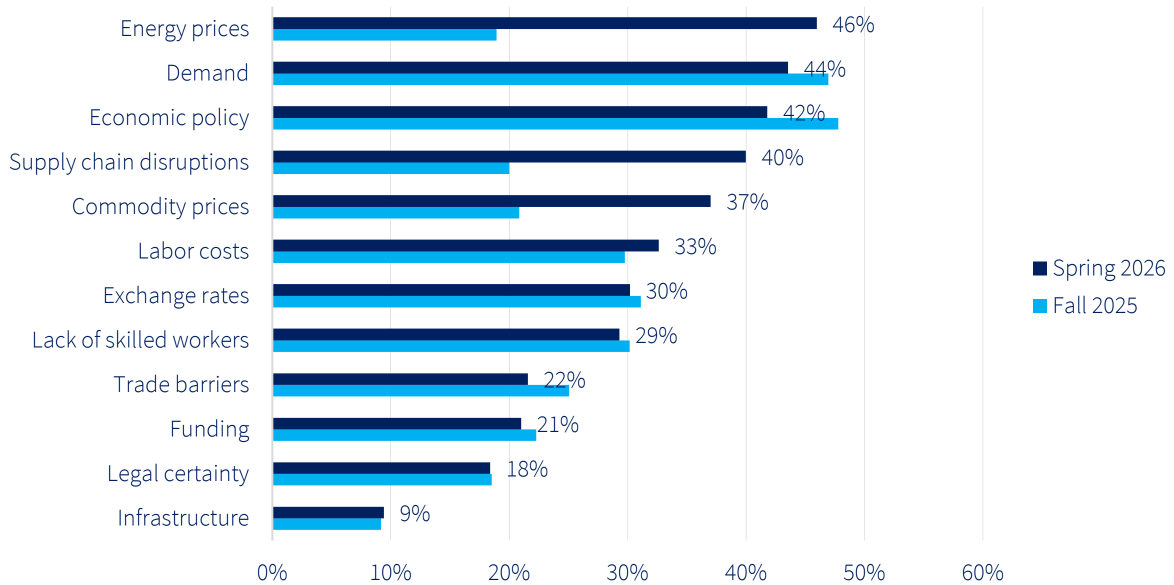
Companies are facing a wide range of economic and policy-related risks. However, geopolitical risks are currently the dominant factor. The escalation of the conflict in the Middle East and, in particular, the resulting shortage of oil and gas supplies is driving up not only energy prices but also prices for raw materials and downstream products worldwide. The previously virtually impassable Strait of Hormuz, as well as the closure of key air freight hubs in the region, are causing global supply chain disruptions.

The associated business risks are rising most sharply worldwide compared to the previous survey. The most frequently cited business risk is high energy prices, which are cited by around one in two companies. The increase within just a few months is considerable, from 19 to 46 per cent (long-term average 30 per cent). Twice as many companies now cite this factor as a risk to their business compared to the Fall 2025. Due to the dependence of many Asian countries on energy imports from the Middle East, this business risk is perceived as even greater by German companies operating there than in the rest of the world (50 per cent). In China, too, rising energy prices are a rapidly growing business risk (29 per cent, up from two per cent previously). Although China has diversified its energy imports, around half of this energy is transported through the blocked strait. German companies in China therefore expect rising energy prices to pose a challenge to their business in the coming months.

The rise in raw material prices is a challenge for more than one in three companies worldwide (37 per cent; Fall 2025: 21 per cent). In China in particular, the rise in raw material prices is perceived as more severe than before (44 per cent, up from 4 per cent). The Asia-Pacific region is also affected by rising commodity prices: for 44 per cent of German companies, this poses a risk to their local operations (previously 25 per cent). In key supplier countries for the German economy, such as Vietnam, South Korea and India, this business risk is cited particularly frequently.

Supply chain disruptions already pose a business risk for 40 per cent of German companies (Fall 2025: 20 per cent). Such disruptions are a growing risk for the globalised, closely interconnected world economy, not only due to logistical bottlenecks in the Middle East, but also because of downstream delays in production at supplier facilities. In Vietnam, the economy is particularly heavily dependent on foreign trade, hence the importance of functioning supply chains. For 80 per cent, supply chain disruptions are a business risk. In countries in the Gulf region, supply chain disruptions pose a business risk to more than twice as many companies as in the Fall of 2025 (currently 63 per cent, up from 26 per cent). In this context, not only sea freight deliveries are relevant, but also air freight deliveries.

Business risks for companies over the next twelve months
(in per cent, multiple answers possible)



Economic uncertainties and **weak demand** remain factors causing concern for businesses worldwide. The risk associated with demand remains particularly high: just under half of companies (44 per cent, down from 47 per cent) are still concerned about this. This is reflected in China: weak and fragile (domestic) demand is a major business risk for seven out of ten German companies (71 per cent, down from 79 per cent). The lack of domestic demand in the EU, which is cited by 51 per cent of German companies operating there (down from 60 per cent), is structurally driven and reflects a decline in international competitiveness. In South America, only 34 per cent of companies view domestic demand as a risk to their local business operations.

Although fewer companies worldwide view **economic policy** as a business risk than in the previous year, 42 per cent of German firms operating abroad still regard economic policy as a risk (Fall 2025: 48 per cent). In almost all Eastern European countries outside the EU, economic policy is the greatest business risk. As many countries in the region have close supply chain links with the German Manufacturing Industry, these economies must also adapt their economic policies to the transformation process in Germany. Furthermore, unstable political majorities in some countries of the region and the associated economic policy uncertainties have a direct negative impact on business planning. In Kenya and South Africa, by contrast, this business risk has almost halved. Business-friendly reforms by the governments there are currently strengthening German companies' confidence in these locations. In Canada and Mexico, too, Economic policy poses the greatest risk (Canada 60 per cent, Mexico 66 per cent). In the USA, however, the risk posed by 'Economic policy' (53 per cent, down from 59 per cent) has declined slightly, overshadowed by the current rise in energy prices. In North America as a whole, however, the close interdependence with the US economy is increasing the business risk associated with Economic policy for German companies operating there.

Although **trade barriers** remain high worldwide, they play a somewhat secondary role against the backdrop of the conflict in the Middle East. In the US, however, they remain the greatest business risk, followed by Economic policy and demand trends. In Canada, trade barriers continue to be the primary business risk. In the UK, more than half of all German companies operating there report being affected by trade barriers. In the rest of the world, trade barriers now pose a significantly lower business risk compared with the previous year.

In Eastern/South-Eastern Europe (excluding the EU) and Turkey, labour costs and the Lack of skilled workers represent key business risks overall. In addition, trade barriers such as the Carbon Border Adjustment Mechanism (CBAM) and the EU visa system are placing a particular strain on companies in Serbia, Bosnia and Herzegovina, and North Macedonia. Visa issues lead to a Lack of skilled workers and disruptions in supply chains; they place particular pressure on logistics companies that rely on trade linked to production.

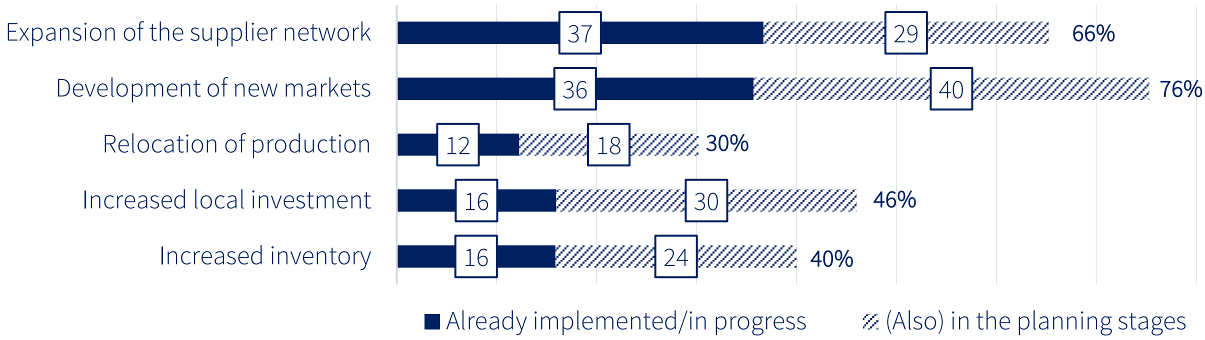
The resurgence of inflation as a result of the energy price shock is hitting commodity-importing emerging and developing economies particularly hard. Economies with high import dependency are frequently found in sub-Saharan Africa, South and South-East Asia (Pakistan, Sri Lanka) and Latin America. Countries with high levels of external debt (Turkey, Egypt) are also affected. In these countries, exchange rates are the most frequently cited business risk (Turkey 89 per cent, Egypt 60 per cent, Sri Lanka 63 per cent, Paraguay 48 per cent, Costa Rica 69 per cent, South Africa 50 per cent). However, for economies such as Japan and South Korea, which are heavily reliant on energy imports from the Middle East that are traded in US dollars, the exchange rate is also the most frequently cited business risk (Japan 84 per cent, South Korea 77 per cent). Due to the ongoing weakness of local currencies against the US dollar, the general rise in energy prices is felt even more acutely there.

Some companies have used the free-text field to identify additional business risks. Geopolitical risks and political conditions dominate here. Companies also cite the challenge of technological disruption caused by the use of artificial intelligence, as well as other cost and inflation risks.

Addressing global challenges

Disrupted transport routes and damage to energy infrastructure will continue to hamper the closely interconnected global economy for some time to come. Geographical bottlenecks along key trade and transport routes are increasingly becoming levers of geopolitical conflict and are being exploited specifically to serve power-political interests. Direct dependence on individual suppliers can therefore become an obstacle to international competitiveness. Companies are responding to this by taking measures to strengthen their resilience. These measures involve costs but can provide a decisive competitive advantage in times of crisis.

In view of increasing geopolitical challenges: What measures has your company already implemented, and what measures is your company still planning? (Percentage of responses)



Companies around the world are responding to the changed operating environment with a wide range of adjustments: two-thirds of German companies are expanding their supplier networks or plan to do so this . 76 per cent of German companies have already tapped into new sales markets at their overseas locations or are on the verge of doing so. In particular, the expansion and diversification of supplier and sales markets has established itself as a key tool for reducing dependence on individual countries, trade routes or political actors. At the same time, a complete withdrawal from geopolitically sensitive regions is being avoided. Just under a third of companies are relocating production capacities. 46 per cent report increased investment locally. Major markets such as China remain of central importance despite protectionist tendencies and trade tensions. Companies are responding here with greater local value creation, production adjustments and market expansion, rather than disengagement. Production relocations are taking place selectively and, above all, where risks are assessed as long-term and structural. To protect themselves against supply chain disruptions and reduce dependence on areas of geopolitical tension, companies are increasing their local investments: the trend towards greater localisation and shorter supply chains is continuing. Forty per cent of German companies worldwide have implemented or planned an increased inventory. Increasing inventory levels is regaining importance as a means of cushioning short-term supply disruptions – particularly in the Asia-Pacific region (excluding China) as well as in Kenya, South Africa and Egypt, where just under half of German companies operating locally are currently planning to increase their inventory levels.

The results show that German companies are now incorporating geopolitical risks into their strategic planning as a permanent framework condition for their international business. German companies operating abroad are responding by adapting their supply chains, production networks and procurement strategies. In doing so, they are pursuing a strategic approach focused on resilience, diversification and regional adaptation.