

Press information

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Special survey: More domestic market, different supply chains – mid-sized companies are reorganizing themselves

DZ BANK AG
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Press office

- Due to US tariffs and dependence on China: More than half of mid-sized companies are increasingly focusing on the domestic market for purchasing and sales
- At the same time, mid-sized companies are striving to diversify their supply chains; Europe and India are the most attractive markets across all sectors
- Stefan Beismann, Member of the Board of Managing Directors of DZ BANK responsible for corporate clients: "Companies have understood that they need to take action to reorganize their supply chains or tap into new markets."

German SMEs cannot escape the effects of US tariffs, even though many of these companies focus on the domestic market. This is shown by a representative survey of more than 1,000 owners and managing directors of German SMEs. Only 12 percent of those surveyed see themselves as directly affected by US tariffs, for example through a decline in demand for their products in the US or margin losses. However, 44 percent of companies say they are feeling the indirect effects of trade barriers through price increases or declines in demand from customers and suppliers. In addition, almost a quarter of SMEs (23 percent) say that planning security is suffering because of the changing US policy.

Concerns about the erratic behavior of the US president and the desire to protect themselves against dependencies, such as on China, are encouraging a return to the domestic market. As a result, half of all SMEs plan to bring the procurement (51 percent) and sales (53 percent) of their goods closer to home.

The study results also show that companies want to diversify their supply chains beyond the simple domestic-foreign question. Forty-one percent of those surveyed intend to distribute the procurement and sales of their goods more widely across different markets. Despite the focus on the domestic market, foreign involvement remains an important factor for supply chains. After all, a quarter of companies are planning a more global purchasing and sales strategy despite geopolitical shifts.

Stefan Beismann, Member of the Board of Managing Directors of DZ BANK responsible for corporate clients: "International trade is proving to be more resilient

than individual political measures. Even as we observe trading partners and supply chains reorganizing and domestic markets gaining in importance, global trade will continue to exist. The need to reduce economic and geopolitical dependencies is the main driver for realigning existing supply, production, and sales networks—recent developments such as US tariffs are at most acting as a catalyst for a change that was necessary anyway."

US policy causes planning uncertainty

Across all industries, the direct impact of US tariffs on German SMEs is actually three percentage points lower than assumed in spring 2025 (fall 2025: 12 percent; spring 2025: 15 percent). However, in the metal, automotive, and mechanical engineering sectors, almost 25 percent of respondents are directly affected by the trade restrictions. Within this sector, the indirect impact via suppliers or vendors is also particularly high, as 61 percent of the metal, automotive, and mechanical engineering companies surveyed indicate. Even in the construction industry, which sees itself as the least affected by the indirect effects, this applies to 23 percent of those surveyed. Another consequence of current US policy for SMEs is planning uncertainty. This is particularly the case for large companies with annual sales of 50 million euros or more, as 33 percent of these companies indicate. "The recent commotion surrounding US tariff threats against Greenland is yet another expression of an environment in which there is little planning security. Export-oriented companies can no longer rely on markets that were once important and familiar. However, most have understood that they need to take action to reorganize their supply chains or tap into new sales markets," says Beismann. "Decades of negotiations and delays in new free trade agreements, such as the current one with Mercosur, show once again that companies should not wait for politicians to act before positioning themselves solidly for the future."

Europe and India are interesting

To navigate the new geopolitical landscape, companies are reassessing their international engagement. For the next five years, the focus is clearly on Europe. A good 22 percent of the SMEs surveyed plan to expand their relationships with Western Europe. The figure is also 22 percent for Eastern and Central Europe. The study results show that Western Europe's market role is growing compared to Eastern and Central Europe. While Eastern and Central Europe were still ahead of Western Europe (21 percent) in spring 2024 with 24 percent, Western Europe had replaced Eastern and Central Europe as the more attractive location for German SMEs by fall 2025. SMEs see India as another important market in the medium term. 14 percent of companies plan to intensify their activities there. Interest in this market remains high, at a similar level to spring 2024 (15 percent). "The planned deepening of trade relations between India and the European Union is extremely attractive for German SMEs. India is one of the largest emerging markets, which has been difficult for foreign companies to enter due to high tariffs," says Beismann. "In addition to reducing tariffs, the trade agreement that has now been agreed must also ensure simpler approval procedures and less bureaucracy when entering the market."

Market role of the US and China declines

The US and China, on the other hand, have lost importance over a five-year period. In the US, only 9 percent of companies want to expand their involvement (spring 2024: 12 percent). 18 percent expect the market role of the United States to decline (spring 2024: 9 percent).

China has also lost its appeal among SMEs. The number of companies that want to expand their business relationships there in the next five years has fallen by three percentage points to 14 percent compared to spring 2024. At the same time, 14 percent of respondents want to withdraw from the country, four percentage points more than in 2024.

About the special survey

The data for the special survey was collected between September 9 and October 14, 2025, via telephone and online interviews. More than 1,000 owners and managing directors of medium-sized German companies took part in the representative survey.

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