DIHK Economic Survey February 2026:

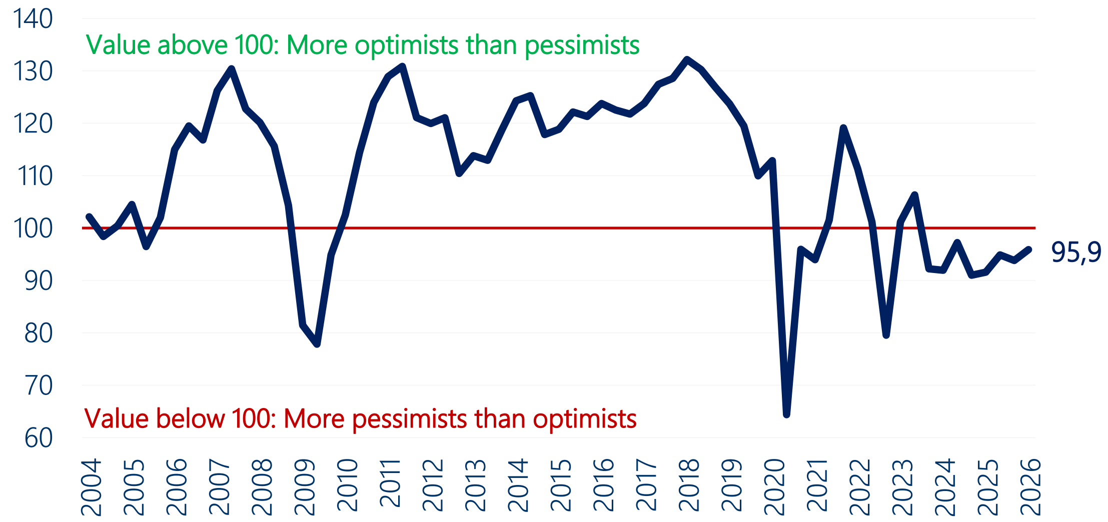
Melnikov: "We won't get out of the doldrums with the handbrake on."

The economy as a whole continues to suffer from structural problems. There are rays of hope in individual sectors. DIHK demands: 2026 must be the year of genuine reform.

The German economy will remain stagnant in 2026. Geopolitical uncertainties, high location costs and weak domestic demand are weighing heavily on the economy. This is the conclusion of the economic survey conducted by the German Chamber of Commerce and Industry (DIHK) at the beginning of 2026, which reflects the mood of around 26,000 companies from all sectors and regions. "The growing global economy and increased government spending, for example on security and defence, are giving individual sectors a slight boost. However, this is not having a sufficient impact across the board," explains DIHK Chief Executive Helena Melnikov. "This is particularly worrying at a time when the global economy is undergoing fundamental restructuring. International competition is becoming fiercer. We must therefore make a much greater effort to maintain our position."

Only a quarter of companies rate their business situation as good at the beginning of the year, while another quarter rate it as poor. Despite the reforms announced by the federal government, the outlook is only slightly more optimistic than it was in the Fall: one in four companies expects the economic situation to deteriorate. The DIHK sentiment index – an average of assessments of the economic situation and business expectations – rose slightly by two points. At 95.9 points, however, it is well below the long-term average of 110 points.

DIHK sentiment index



"Based on these figures, we expect weak growth of one percent in 2026, largely due to statistical and calendar effects," explains Melnikov. "That's not enough; our competitors are more dynamic." Since 2019, the global economy has grown by 19 percent, the US economy by 15 percent and Italy's by 6 percent. "Only in Germany have we been treading water since 2019, with growth of 0.2 per cent," says Melnikov. "If we want to secure our prosperity, we must now work consistently on location factors."

The survey highlights the structural pressures: companies cite not only economic risks such as weak domestic demand (59 per cent) as business risks. They also see themselves particularly burdened by structural factors such as increased labour costs (59 per cent), uncertain Economic policy conditions (58 per cent) and high prices for energy and raw materials (48 per cent).

"The federal government has announced reform and relief packages, but so far little of this has been felt in businesses. We won't get out of the trough with the handbrake on," says Melnikov. "We now need to shift up two gears and pick up the pace: less bureaucracy, lower labour and energy costs, reliable rules. That will create confidence and unlock investment."

Currently, less than one in four companies (23 per cent) are planning to increase their investments, while almost one in three (31 per cent) intend to cut them. "This will not close the existing gap: private investment is 11 per cent below pre-covid levels," says Melnikov. Investment is primarily focused on replacement (66 per cent) and rationalisation (34 per cent), with innovation and capacity expansion continuing to play only a minor role.

Companies also remain cautious on the labour market: a quarter of businesses (23 per cent) expect employee numbers to fall, while only 12 per cent plan to increase their workforce. "The poor employment plans are also weighing on the labour market. For the first time in eleven years, more than three million people are registered as unemployed. Based on the current staffing plans, a rapid reversal of this trend is not to be expected," says Melnikov.

Export expectations, on the other hand, offer some hope: despite the trade policy turmoil, 22 per cent of companies expect exports to rise in the coming twelve months – three percentage points more than in the Fall. Another 22 per cent expect a decline. Most recently, the figure was 29 per cent.

"The EU's efforts to secure more free trade agreements are generating a little more optimism in the export industry," explains Melnikov. "However, competitive pressure is high and uncertainty remains. In view of this challenging international environment, the German government must take urgent action. For agreements to really help, Germany needs to be an attractive and efficient location. To achieve this, we must put an end to minor reforms. 2026 must be the year of genuine reform."