

# Many SMEs are withdrawing from the US market

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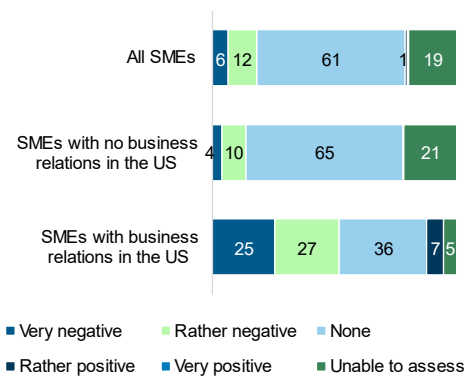
The new US administration under the leadership of Donald Trump has now been in office for just over a year and has already left a distinct mark on transatlantic economic relations. US tariffs have caused German exports to the United States to slump in 2025 and direct investment by German companies in the US has also declined as a result of heightened uncertainty.<sup>1</sup>

## SMEs with business relations in the US under significant pressure

The new US trade, economic and foreign policy is also affecting German SMEs, as shown by the representative results of a supplementary survey to the KfW SME Panel conducted in January 2026. More than one in every two SMEs with business connections to the US has been negatively affected (Figure 1).

**Figure 1: Effect of US policy since January 2025 on SMEs**

Share of all businesses, in per cent.



Note: Values extrapolated based on the number of companies.

Source: Supplementary survey to the KfW SME Panel in January 2026.

For 36% of all SMEs with business relations in the United States, the new US administration has brought no changes. Only a small percentage of around 7% has benefited from the change in political course in Washington. These are likely to be companies with production facilities in the United States and firms operating in specific sectors such as the security and defence industries. SMEs without business relations in the US are much less frequently affected and only indirectly so. Here, investment restraint due to the high level of uncertainty, demand declines caused by cyclical effects or the redirection of trade flows are likely to have played a key role. As a result, the overall impact on SMEs has been moderate.

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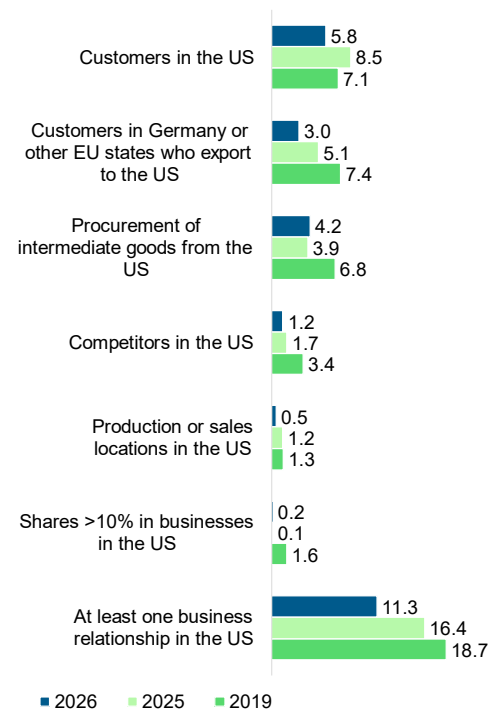
One consequence of the increase in US protectionism – harsher even than during Trump's first term – for many SMEs is their withdrawal from US-related business. The percentage of SMEs with business relations in the US has fallen sharply between September 2019 and January 2026, from 18.7 to 11.3% (Figure 2). Many companies have withdrawn from exporting in particular: in January 2026, only 5.8% of all 3.9 million SMEs had customers in the US and only 3.0% were exporting indirectly to the world's largest economy.

With its ruling on 20 February 2026, the Supreme Court declared a large part of the US tariffs to be unlawful. In response, however, Trump cited a different legal basis to introduce import tariffs of 10%,

which he intends to raise to 15%. As a result, the implementation of the trade agreement concluded between the EU and the United States last summer is now in question and the effective tariff rates are likely to rise moderately. However, renewed uncertainty could place an even greater burden than the increase in tariffs themselves on the German economy – and on SMEs business relations.<sup>2</sup>

**Figure 2: SMEs with business relations in the US**

Share of business with relations in the US, in per cent.



Source: Supplementary surveys to the KfW SME Panel in January 2026, January 2025 and September 2019.

<sup>1</sup> See Sultan, S. (2026): One year of Trump 2.0: A bitter reckoning, IW-Kurzbericht 2/2026.

<sup>2</sup> See also Bales, S. (2026): US-Zollurteil: Rechtmäßigkeit bricht, Unsicherheit bleibt (US Tariff

Ruling: Legality Overturned, Uncertainty Remains – in German only), KfW Research.