# Germany downgrades 2025 growth forecast to zero amid ongoing US trade tensions



Germany, Europe’s largest economy, has revised its economic growth forecast for this year down to zero, primarily attributing the slowdown to the trade policies enacted by former US President Donald Trump. This marks a sharp decline from earlier projections, which had placed growth at 0.3%, having previously estimated 1.1% growth for 2025.

Robert Habeck, Germany’s outgoing Economy Minister, explicitly pointed to the "unpredictable" nature of the US tariff policies as the chief factor behind the downgrade. Speaking about the revision, Mr Habeck said, "There is above all one reason for this, namely Donald Trump's trade policy and the effects of the trade policy on Germany.” He further commented on the broader economic challenges faced by Germany, noting, “The German economy is once again facing major challenges due to the unpredictable trade policy of the United States.” Emphasising the importance of resolving these issues, he added, “It is therefore in our strong interest that the EU and the US find a solution to the tariff dispute.”

The tariff dispute stems from the US government's imposition of a 20% reciprocal tariff on goods from the European Union earlier in the year. Though a 90-day pause on this tariff was later announced, the baseline 10% tariff remains in place as negotiations continue between Washington and the EU.

The International Monetary Fund (IMF) recently published a report corroborating Germany’s revised outlook, predicting no economic growth for Germany in 2025 and a 0.9% increase in 2026. This marks a decrease of 0.3 percentage points for 2025 and 0.2 percentage points for 2026 compared to earlier forecasts.

Germany’s reliance on exports makes it particularly susceptible to international trade tensions, with these tariffs having a direct impact on its economic performance. The situation underscores the ongoing uncertainties in global trade relations and their effects on major economies.

Source: [Noah Wire Services](https://www.noahwire.com)

## Bibliography

1. <https://english.news.cn/20250425/7b7fa30dc3a44b7f91ae3fe0609a1f59/c.html> - This article supports the claim that Germany has revised its economic growth forecast for 2025 to zero, blaming U.S. trade policies, particularly those enacted by Donald Trump.
2. <https://www.rolandberger.com/en/Insights/Publications/The-German-economy-in-2025.html> - It explains Germany’s economic challenges, including high energy costs and geopolitical uncertainty, which contribute to the country's stagnant growth.
3. <https://www.atlanticcouncil.org/blogs/new-atlanticist/germanys-economy-has-gone-from-engine-to-anchor/> - This article highlights Germany’s reliance on exports and its vulnerability to international trade tensions, which impacts its economic performance.
4. <https://www.noahwire.com> - Provides context to the news that Germany’s economic growth forecast has been revised down, primarily due to U.S. trade policies.
5. <https://www.rolandberger.com/en/Insights/Publications/The-German-economy-in-2025.html> - Further discusses structural issues in the German economy, including administrative burdens and protectionist tendencies affecting its growth.
6. <https://english.news.cn/20250425/7b7fa30dc3a44b7f91ae3fe0609a1f59/c.html> - It also notes the impact of the U.S. 25-percent levy on car imports as a significant headwind for Germany’s automotive industry.
7. <https://www.express.co.uk/news/world/2046241/germany-economy-panic-donald-trumps-tarriffs> - Please view link - unable to able to access data