
Kingdom of the Netherlands' rating reaffirmed at 'CareEdge AAA/Stable'

Issuer rating (Long-Term Foreign Currency)

CareEdge AAA/Stable (Unsolicited)

CareEdge Global has reaffirmed the Long-Term Foreign Currency issuer rating of **Kingdom of the Netherlands** at '**CareEdge AAA/Stable**' (Unsolicited).

Rationale

The rating reaffirmation reflects the Netherlands' high-income, diversified, and competitive economy. The credit profile benefits from its strong economic structure, robust external position, strong institutional framework, and stable monetary system. Additionally, the country's fiscal position is sound, supported by low government debt and strong debt affordability.

However, the Netherlands is exposed to risks from an economic slowdown in key European Union (EU) trading partners because of its large trade exposure to the region. These risks are mitigated by high domestic savings and a strong external position. Furthermore, the impact of an ageing population and weak competitiveness on economic growth and public finances is a key monitorable going forward.

The Netherlands is highly dependent on imported energy (69% of its supply), while gas storage capacity—at less than 3% of annual consumption—is limited, increasing vulnerability to elevated energy prices. While a prolonged conflict in the Middle East could keep energy prices high and weigh on growth, the Dutch economy is supported by a strong external balance, easing inflation, limited Middle East exposure, and low Gulf trade.

Outlook: Stable

The stable outlook reflects our expectation that the deficit and debt trajectory are expected to remain broadly stable and well below the Maastricht threshold over the next four years, despite higher spending on defence, climate, and education. Additionally, political fragmentation will be supported by strong institutions and consensus-driven governance.

Downside scenario

The outlook could be revised to negative in the face of headwinds to economic growth, potentially arising from slowing growth in key trading partners, delays in policy implementation related to structural bottlenecks, and demographic challenges. Material deterioration in public finances, though not envisaged in the near term, could also weaken the country's credit profile.

Key rating drivers

Economic structure & resilience

The Netherlands is a large and advanced economy, with a nominal GDP estimated at USD 1.3 trillion in 2025 and a high per capita GDP of USD 72,070 (in constant purchasing power parity terms). The economy is highly competitive, supported by strong institutional quality and deep integration into global trade networks. Economic growth is estimated to have accelerated to 1.7% in 2025, from 1.1% in 2024, driven by strong export momentum, government expenditure growth, and resilient private consumption. Sectoral contributions to growth were led by manufacturing, wholesale and retail trade, healthcare, and public administration. Looking ahead, the International Monetary Fund (IMF) projects GDP growth of 1.2% in 2026, followed by a moderate acceleration to 1.4% in 2027.

The Netherlands' economy is characterised by a relatively high degree of trade openness, with substantial exposure to the European Union. This integration not only supports economic resilience and competitiveness, it also increases sensitivity to cyclical slowdown in key trading partners within the region. In the medium term, an ageing population and losing competitiveness are key structural risks that may constrain labour supply and productivity.

Fiscal strength

The Netherlands has a substantial fiscal buffer, supported by a favourable public debt profile and high affordability. Public debt is predominantly issued in local currency with a lengthy average maturity of about nine years. The fiscal deficit is estimated at 2.1% of GDP in 2025, due to lower dividend tax revenues and tax cuts by the previous government, yet it remains below the Maastricht threshold of 3%.

Under current policy plans, the deficit and debt trajectories are expected to remain broadly stable over the next four years, with government debt rising modestly to ~46.8% of GDP by 2030, driven by higher spending on defence, education, climate, and public safety, though these are partly offset by savings in healthcare and social security. Despite sizable contingent liabilities, mainly linked to government-controlled entities in the financial sector, their declining trend mitigates fiscal risks. Debt affordability remains strong, with interest payments amounting to ~1.5% of revenues in 2024.

External position & linkages

The Netherlands has a long-standing track record of sizable current account surpluses, driven by a strong surplus in goods trade. The current account balance is projected to remain robust, averaging 9.3% of GDP over the next five years. The country also benefits from the euro's status as a global reserve currency and seamless access to international capital markets.

The country's external position is characterised by elevated gross external debt, estimated at 332% of GDP as of end-2024, reflecting the Netherlands' role as a financial centre and a hub for multinational corporations. Notwithstanding the high level of external debt, external solvency indicators are strong, supported by a positive net international investment position

(NIIP) of 59% of GDP as of 2024. These structural features and balance sheet strengths form the foundation of our external sector assessment.

Monetary & financial stability

The Netherlands is a part of the European Economic and Monetary Union and the euro is its official currency. The euro's status as a global reserve currency also benefits the Netherlands' monetary assessment.

On the price front, Harmonised Index of Consumer Prices (HICP) inflation was recorded at 2.3% in February 2026, slightly above the European Central Bank's (ECB) medium-term inflation target of 2%. Current inflationary pressures are driven by elevated services inflation, sustained increase in residential rents, and strong wage growth, while prices of goods continue to decelerate.

Looking ahead, inflation risks are tilted to the upside. The ongoing conflict in the Middle East could push up oil and gas prices, raising fuel and energy costs for households. It also heightens the risks of higher transportation costs and supply chain disruptions. A weaker euro against the US dollar adds to imported energy and commodity price pressures. The ECB has retained the policy rates for the sixth consecutive time since July 2025, citing increased uncertainty and upside inflation risks from the conflict.

The Netherlands' financial sector benefits from a low proportion of non-performing loans to gross loans in the banking sector, at 1.4% as of Q4 2025. Although the banking sector is well capitalised, with CET 1 capital ratio at 17.2% as of Q4 2025, high exposure to the real estate sector as well as elevated household and corporate debt could pose risks. Household debt in the Netherlands is among the highest in Europe, driven by high mortgage borrowing, posing potential long-term risks if housing prices decline. These risks are mitigated by strong net financial wealth, high savings, and the prevalence of long-term fixed-rate mortgages.

Institutions & quality of governance

The Netherlands continues to benefit from a strong institutional framework and a well-established governance system, which supports policy continuity and administrative effectiveness. These strengths underpin the assessment of this pillar and limit the credit impact of recent political developments.

However, political stability has weakened in recent years due to increased fragmentation and repeated cabinet disruptions. In 2025, disagreements within the governing coalition led to the withdrawal of key coalition partners and the resignation of the cabinet, prompting snap general elections in October 2025. The elections resulted in a highly fragmented parliament, with no party securing a clear mandate.

Following prolonged negotiations, a minority government led by Prime Minister Rob Jetten from Democrats 66 (D66) was formed, lacking a parliamentary majority in both the lower and upper houses. As a result, governance is expected to rely on issue-based support from opposition parties, which may reduce policy predictability and slow legislative progress.

The Netherlands' strong institutions, consensus-oriented political culture, and effective system of checks and balances are expected to shield its credit profile from the immediate impact of these political challenges.

Netherlands – Select indicators									
	Unit	2020	2021	2022	2023	2024	2025	2026 F	2027 F
Economic indicators									
Nominal GDP	USD billion	932	1,055	1,047	1,136	1,215	1,321	1,413	1,461
GDP per capita (constant-PPP)	USD	65698	69552	72556	71227	71468	72070	72565	73225
Real GDP growth	%	-3.88	6.28	5.01	-0.60	1.08	1.70	1.22	1.38
GFCF/GDP	%	21.3	20.7	20.5	20.1	19.9	19.7	-	-
Gross domestic savings/GDP	%	27.0	32.4	29.6	29.5	28.8	29.4	29.3	29.3
Exports (G&S)/GDP	%	81.3	86.3	96.2	87.5	82.4	-	-	-
Working age (15-64) population (% share in total)	%	64.9	64.7	64.6	64.3	64.1	63.8	63.4	63.0
Old age (65+) population (% share in total)	%	19.6	19.9	20.2	20.4	20.7	21.1	21.4	21.8
Fiscal indicators – general government									
Fiscal balance/GDP	%	-3.7	-2.3	0.0	-0.4	-0.9	-2.1	-2.8	-2.2
Revenue/GDP	%	44.1	43.6	43.3	43.6	43.5	43.2	43.5	43.8
Expenditure/GDP	%	47.8	45.9	43.3	44.0	44.4	45.3	46.3	46.0
GG gross debt/GDP	%	53.4	50.5	48.4	45.9	43.8	44.0	45.2	45.7
GG external debt (by creditor)/GG gross debt	%	39.9	35.2	33.8	34.3	37.1	-	-	-
Interest/revenue	%	1.9	1.5	1.4	1.6	1.5	-	-	-
External indicators									
Current account balance/GDP	%	5.7	10.2	6.8	9.4	9.1	9.5	9.3	9.2
FDI, net inflows/GDP	%	-23.7	-11.0	1.5	-30.2	-1.4	-	-	-
Outstanding FII liabilities/GDP	%	334.2	303.0	249.2	259.3	236.2	-	-	-
NIIP/GDP	%	94.5	67.8	54.1	54.1	59.0	-	-	-
Foreign exchange reserves	USD billion	53.8	65.0	63.5	69.8	79.1	-	-	-
Import cover	Months	1.0	1.0	0.8	0.9	1.1	-	-	-
External debt/GDP	%	506.4	421.0	400.2	369.9	332.0	-	-	-
Monetary and financial indicators									
CPI inflation	%	1.1	2.8	11.6	4.1	3.2	3.0	2.4	2.4
Exchange rate (average)	LC per USD	0.9	0.8	1.0	0.9	0.9	0.9	-	-
Non-performing loans/total gross loans	%	1.9	1.7	1.6	1.6	1.6	-	-	-
Private debt, loans and debt securities/GDP	%	335.8	321.4	301.2	277.8	264.0	-	-	-

Sources: International Monetary Fund, World Bank, Bank for International Settlements, National Sources, CareEdge Global

Note: F - Forecast; PPP – Purchasing Power Parity; GFCF – Gross Fixed Capital Formation; Exports (G&S) – Exports of Goods and Services; GG – General Government; FDI – Foreign Direct Investment; FII – Foreign Institutional Investment; NIIP – Net International Investment Position; Data refers to fiscal/calendar year and actual/estimate as reported by the source; Where general government data is unavailable, central government data is used; Latest available data for 2024

Solicitation Status

The rating is unsolicited

Rating History

Instrument	Type	Rating	Date
Issuer Rating	Long-Term Foreign Currency (Unsolicited)	CareEdge AAA/Stable	March 27, 2026
Issuer Rating	Long-Term Foreign Currency (Unsolicited)	CareEdge AAA/Stable	April 03, 2025
Issuer Rating	Long-Term Foreign Currency (Unsolicited)	CareEdge AAA	October 03, 2024

Criteria Applied

[CareEdge Sovereign Rating Methodology](#)

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