

Kingdom of Belgium

Rating report

Rating rationale

Wealthy, competitive, and diversified economy: Belgium benefits from its wealthy, competitive and highly diversified economy, supported by high value-added sectors. This underpins resilience to shocks and shields Belgium's open economy from adverse external developments.

Favourable debt profile and strong market access: Debt affordability of Belgium's government is anchored by a resilient debt profile, including a long average maturity, a favourable refinancing profile and limited exposure to interest rate and foreign currency risk. A robust debt profile combined with strong market access partially mitigate risks stemming from high public debt and gradually rising net interest payments.

Sound external position: A robust creditor position, a diversified geographic export base across Europe and competitive exporting industries largely offset external risks. Euro-area membership further mitigates external risks. However, Belgium is deeply integrated into European trade and indirectly exposed to international tensions.

Rating challenges: i) high and rising public debt given wide budget deficits amid uncertainties about fiscal consolidation plans and structural spending pressures; ii) persistent governance challenges, including institutional rigidities and high political fragmentation and polarisation at the federal and regional levels; and iii) structural economic challenges given slowing productivity growth and labour market bottlenecks.

Figure 1: Belgium's sovereign-rating drivers

Risk pillars		Quantitative		Reserve currency*	Political risk**	Qualitative****	Final rating
		Weight	Indicative rating	Notches	Notches	Notches	
Domestic economic risk		35%	aaa	EUR	Belgium	0	AA-
Public finance risk		20%	bb			0	
External economic risk		10%	bbb+			0	
Financial stability risk		10%	aaa			0	
ESG risk	Environmental factors	5%	bbb-	[+1]	[-0]	0	
	Social factors	7.5%	ccc			0	
	Governance factors	12.5%	aaa			-1/3	
Sovereign Quantitative Model***		aa-				0	
Additional considerations						0	

*The reserve-currency quantitative adjustment applies to currencies in the IMF's Special Drawing Rights (SDR) basket.

**The political-risk quantitative adjustment is based on the World Bank's Political Stability & Absence of Violence/Terrorism index.

***The Rating Committee approved an indicative SQM rating of 'aa-'.

****The qualitative scorecard analyst adjustments, capped at one notch per rating pillar, are weighted equally with an aggregate adjustment rounded to the nearest integer. For details, please see Scope's [Sovereign Rating Methodology](#). Source: Scope Ratings.

Foreign currency

Long-term issuer rating/Outlook

AA-/Negative

Senior unsecured debt

AA-/Negative

Short-term issuer rating/Outlook

S-1+/Stable

Local currency

Long-term issuer rating/Outlook

AA-/Negative

Senior unsecured debt

AA-/Negative

Short-term issuer rating/Outlook

S-1+/Stable

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Credit strengths and challenges

Credit strengths

- Wealthy, competitive, and diversified economy
- Favourable debt profile and strong market access
- Strong external position

Credit challenges

- High and rising public debt; wide budget deficits amid structural spending pressures
- Institutional rigidities and political fragmentation
- Slow productivity growth and labour market rigidities

Outlook and rating triggers

The Negative Outlook reflects Scope's view that risks to the ratings are tilted to the downside.

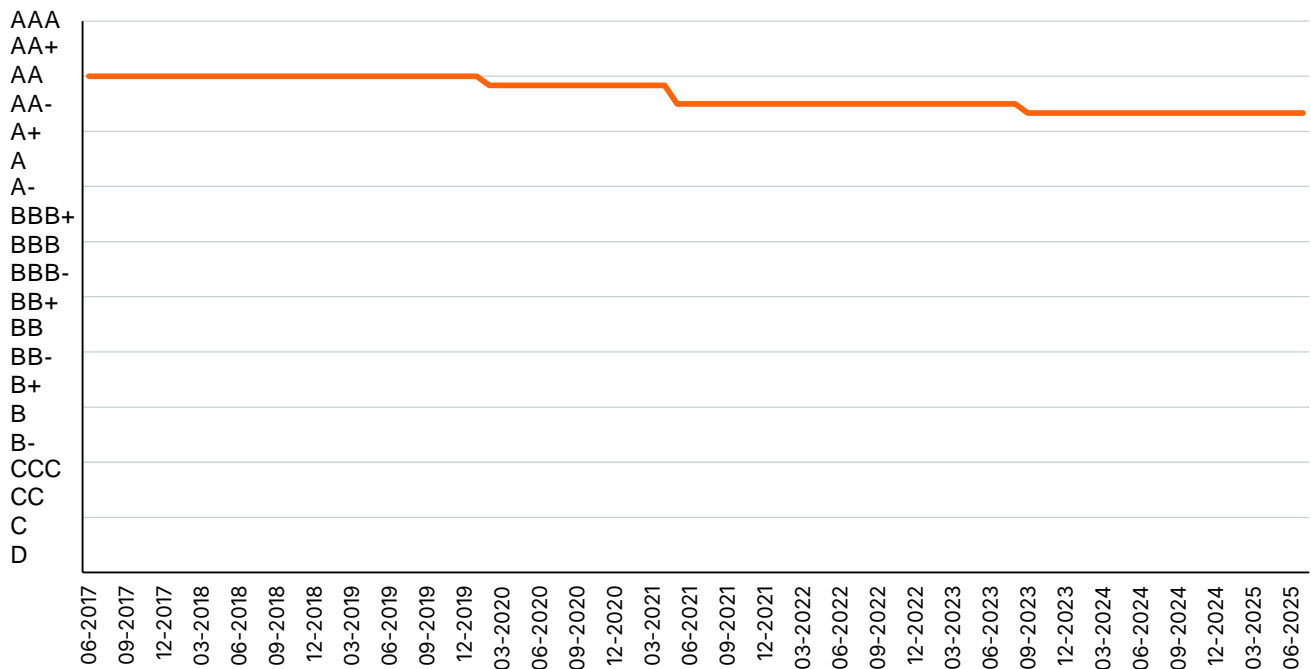
Positive rating-change drivers

- Greater confidence in reform implementation, stabilising the government debt-to-GDP ratio
- Structural reforms raise the medium-term growth outlook

Negative rating-change drivers

- Weaker confidence in reform implementation, leading a sustained increase in the government debt-to-GDP ratio
- Weaker growth outlook
- Political instability worsened, further weighing on governance and the government's capacity to implement credit-enhancing reforms

Figure 2: Rating history



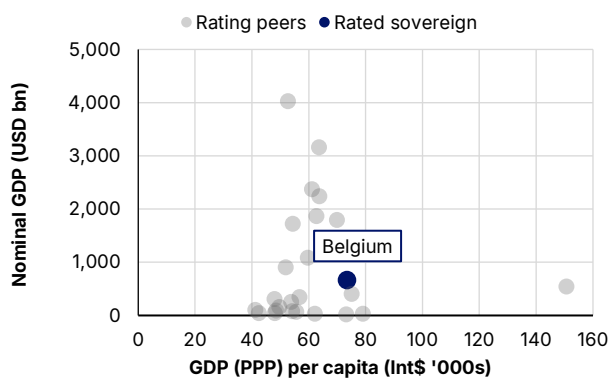
Foreign-currency long-term issuer rating. Positive/Negative Outlooks are treated with a +/-0.33-notch adjustment. Credit Watch positive/negative with a +/-0.67-notch adjustment. Source: Scope Ratings.

Domestic economic risk

Overview of Scope's assessments of Belgium's Domestic Economic Risk

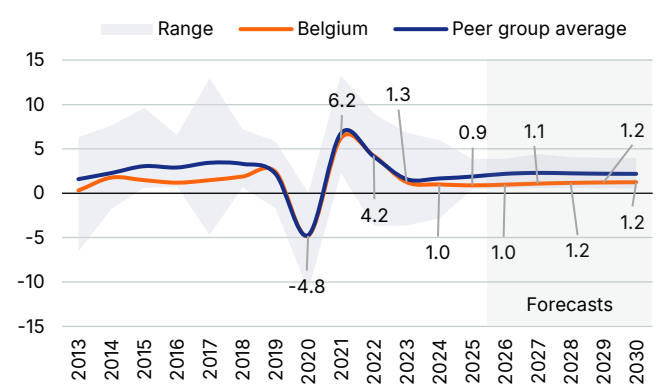
SQM ¹ indicative rating	Analytical component	Assessment	Notch adjustment	Rationale
aaa	Growth potential and outlook	Weak	-1/3	Low and declining growth potential in the long run poses policy challenges
	Monetary policy framework	Neutral	0	ECB is a highly credible and effective central bank; effective policy framework and transmission over the cycle
	Macroeconomic stability and sustainability	Strong	+1/3	Diversified, high-value added economy supports economic resilience

Figure 3: Nominal GDP and GDP per capita



Source: IMF World Economic Outlook (WEO), Scope Ratings

Figure 4: Real GDP growth, %



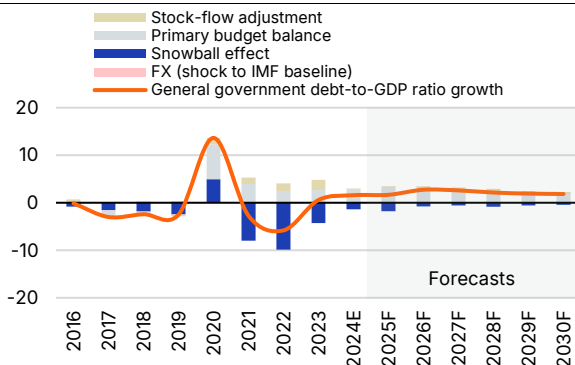
Source: IMF WEO, Scope Ratings forecasts

Public finance risk

Overview of Scope's assessments of Belgium's Public Finance Risk

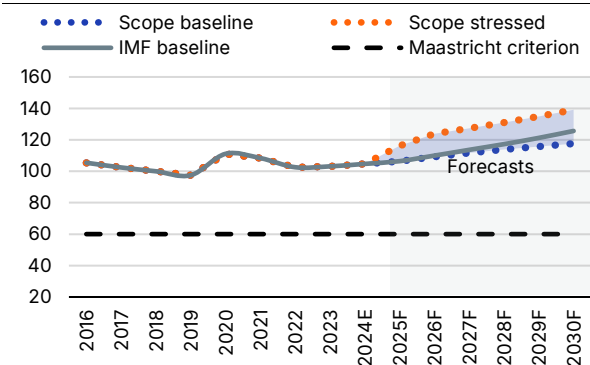
SQM indicative rating	Analytical component	Assessment	Notch adjustment	Rationale
bb	Fiscal policy framework	Neutral	0	High fiscal deficits; budgeting process challenged by coordination across different government levels
	Long-term debt trajectory	Weak	-1/3	High and increasing public-debt levels, set to remain on an upward trajectory
	Debt profile and market access	Strong	+1/3	Moderate interest-payment burden, high average debt maturity, strong market access

Figure 5: Contributions to change in debt levels, pps of GDP



Source: IMF WEO, Scope Ratings forecasts

Figure 6: Debt-to-GDP forecasts, % of GDP



Source: IMF WEO, Scope Ratings forecasts

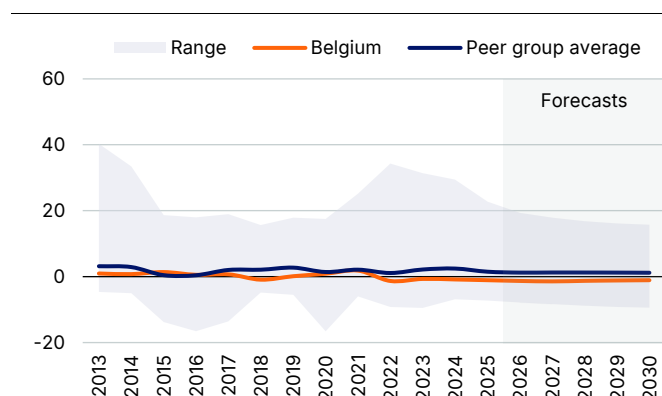
¹ Sovereign Quantitative Model

External economic risk

Overview of Scope's assessments of Belgium's *External Economic Risk*

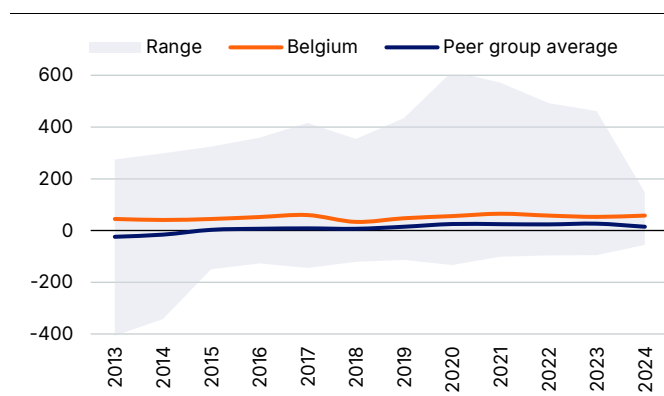
SQM indicative rating	Analytical component	Assessment	Notch adjustment	Rationale
bbb+	Current account resilience	Neutral	0	Moderate current-account deficits reflecting near-term competitiveness challenges; diversified export base
	External debt structure	Neutral	0	Comfortable positive net international investment position; debt structure in line with peers
	Resilience to short-term external shocks	Neutral	0	Euro-area membership; vulnerability to international tensions due to high dependence on EU trade, externally oriented sectors, and re-export activities

Figure 7: Current-account balance, % of GDP



Source: IMF WEO forecasts, Scope Ratings

Figure 8: Net international investment position (NIIP), % GDP



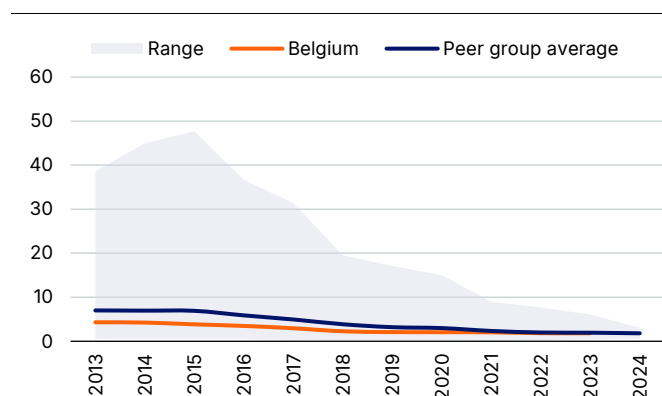
Source: IMF, Scope Ratings

Financial stability risk

Overview of Scope's assessments of Belgium's *Financial Stability Risk*

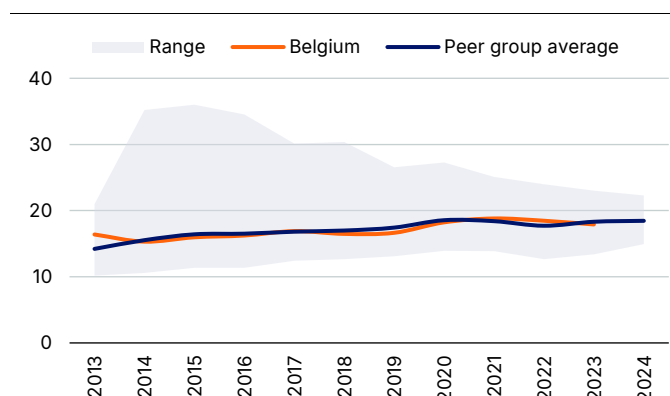
SQM indicative rating	Analytical component	Assessment	Notch adjustment	Rationale
aaa	Banking sector performance	Neutral	0	Solid fundamentals in line with peers; profitability supported by higher interest income; economic slowdown could moderately weigh on asset quality
	Financial sector oversight and governance	Neutral	0	Robust oversight under the National Bank of Belgium and the ECB as part of Banking Union
	Financial imbalances	Neutral	0	Elevated private debt levels and persistent housing market vulnerabilities; high household financial wealth

Figure 9: Non-performing loans (NPLs), % of total loans



Source: World Bank (WB), Scope Ratings

Figure 10: Tier 1 capital, % of risk-weighted assets



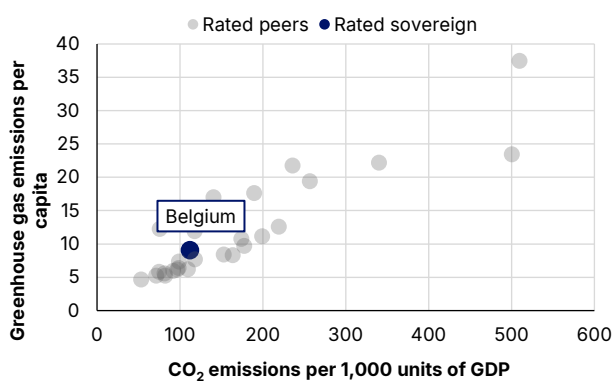
Source: IMF, Scope Ratings

Environmental, Social and Governance (ESG) risk

Overview of Scope's assessments of Belgium's ESG Risk

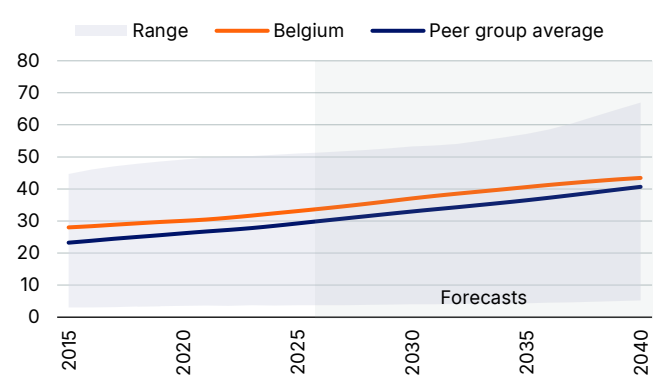
SQM indicative rating	Analytical component	Assessment	Notch adjustment	Rationale
a	Environmental factors	Neutral	0	High reliance on fossil fuel imports, slow progress towards climate neutrality objectives, meaningful transition risks
	Social factors	Neutral	0	Strong social safety nets; skills mismatches and persistent regional inequalities
	Governance factors	Weak	-1/3	Political fragmentation and polarisation constrain effective policymaking; record of policy inertia in recent years in forming a government coalition

Figure 11: CO₂ emissions per GDP, mtCO₂e



Source: European Commission (EC), Scope Ratings

Figure 12: Old-age dependency ratio, %



Source: United Nations (UN), Scope Ratings

Reserve-currency adjustment

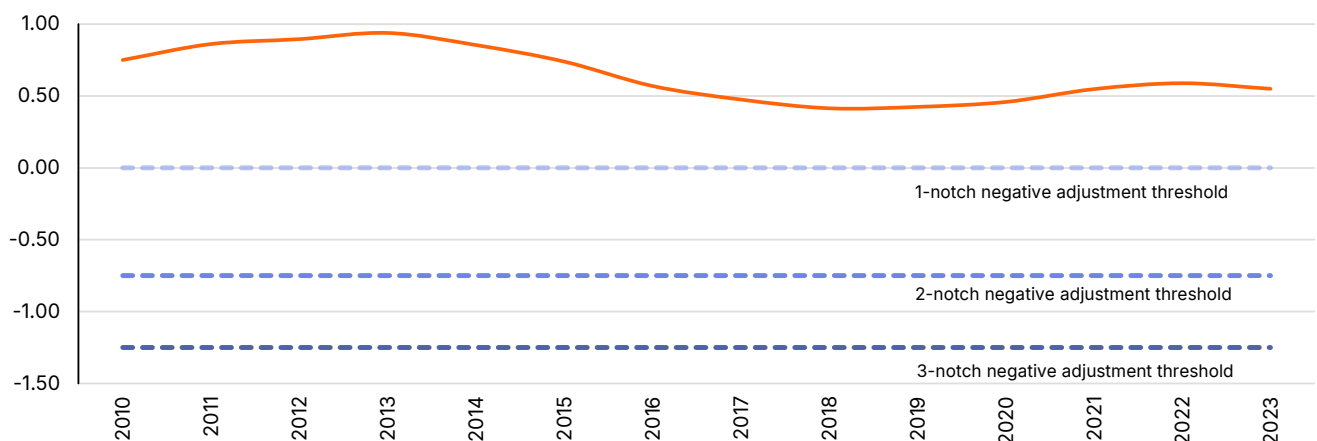
IMF SDR basket and Scope reserve-currency adjustment

Currency	U.S. dollar	Euro	Chinese yuan	Japanese yen	Pound sterling	Other
IMF SDR basket weights, %	43.4	29.3	12.3	7.6	7.4	0.0
Positive adjustment, notches	3	1	1	1	1	0

Source: IMF, Scope Ratings

Political-risk adjustment

Figure 13: WB Political Stability & Absence of Violence/Terrorism index, Belgium, 3-year moving average



Source: WB, Scope Ratings

Additional considerations

No adjustment was applied to the rating from additional considerations.

Appendix 1. Sovereign default history

Sovereign default history, USD m



Depicted private-debt defaults may not always constitute a credit event under [Scope's credit-rating definitions](#).
Source: [Bank of Canada–Bank of England Sovereign Default Database](#), Scope Ratings.

Appendix 2. Rating peers

Rating peers are related to sovereigns with an indicative rating in the same rating category or adjacent categories, as assigned by Scope's sovereign quantitative model after accounting for methodological reserve-currency and political-risk adjustments.

Peer group*
France
Italy
Portugal
Spain

*Select publicly-rated sovereigns only; the full sample of sovereign-rating peers may be larger.

Appendix 3. Economic development and default indicators

IMF Development Classification	Advanced economy
5y USD CDS spread (bp) as of 2 July 2025	23.7

Appendix 4. Statistical table for selected SQM indicators

This table presents a selection of the indicators (24 out of 30 – with the governance indicator reflecting a composite of five indicators) used in Scope's quantitative model, in line with Scope's Sovereign Rating Methodology. The metrics and sources for the data presented here ensure comparability across global country peers and may therefore differ from data from national and other select international statistical series.

Pillar	Core variable	Source	2019	2020	2021	2022	2023	2024
Domestic Economic	GDP per capita (PPP), Int\$ '000s	IMF	56.9	56.2	62.0	68.9	71.5	73.5
	Nominal GDP, USD bn	IMF	536.8	529.3	598.9	593.9	645.0	665.0
	Real growth, %	IMF	2.4	-4.8	6.2	4.2	1.3	1.0
	CPI inflation, %	IMF	1.3	0.4	3.2	10.3	2.3	4.3
	Unemployment rate, %	WB	5.4	5.5	6.2	5.6	5.5	-
Public Finance	Public debt, % of GDP	IMF	97.5	111.1	108.4	102.6	103.1	104.5
	Net interest payment, % of government revenue	IMF	3.5	3.5	2.9	2.7	3.1	3.4
	Primary balance, % of GDP	IMF	-0.3	-7.3	-3.9	-2.3	-2.7	-2.7
External Economic	Current-account balance, % of GDP	IMF	0.1	0.9	1.8	-1.3	-0.7	-0.9
	Total reserves, months of imports	WB	0.7	0.9	0.9	0.8	0.8	-
	NIIP, % of GDP	IMF	47.3	55.8	64.8	57.6	52.7	57.7
Financial Stability	NPL ratio, % of total loans	IMF	2.1	2.1	2.0	1.8	1.8	-
	Tier 1 ratio, % of risk-weighted assets	IMF	16.0	16.5	18.1	17.9	18.1	17.1
	Credit to the private sector, % of GDP	WB	69.4	76.1	74.8	72.3	70.0	-
ESG	CO ₂ per EUR 1,000 of GDP, mtCO ₂ e	EC	140.5	137.1	133.7	121.0	112.2	-
	Income share of bottom 50%, %	WID	-	-	-	-	-	-
	Labour-force participation rate, %	WB	69.0	68.6	69.7	70.5	70.6	70.8
	Old-age dependency ratio, %	UN	29.7	30.0	30.5	31.0	31.7	32.4
	Composite governance indicators*	WB	1.3	1.3	1.3	1.3	1.2	-
	Political stability, index	WB	0.4	0.5	0.5	0.6	0.5	-

*Average of the following five World Bank Worldwide Governance Indicators: Control of Corruption, Voice and Accountability, Rule of Law, Government Effectiveness, Regulatory Quality.

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Applied methodology

[Sovereign Rating Methodology](#), January 2025

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