

June 26, 2026

12061 Poland	Long-term Rating	A
	Outlook*	Stable
	Short-term Rating	—

*Long-term Rating refers to Long-term Issuer Rating in principle.

▼ Overview

With a nominal GDP of approximately USD1 trillion in 2025 and a population of about 37 million, Poland is the largest country in Central and Eastern Europe. After its systemic transition, the country faced an economic crisis in the early 1990s due to rapid economic reforms but has since pursued structural transformation through economic and fiscal reforms, inflows of foreign capital from EU member countries, and utilization of subsidies from EU funds. It joined NATO in 1999 and the EU in 2004. Even during the global financial crisis in 2008 and the European sovereign debt crisis in 2010, it maintained steady economic growth while the EU economy stagnated. Although it experienced negative growth in 2020 due to the COVID-19 pandemic, it subsequently returned to positive growth. While achieving growth rates higher than the EU average in recent years, fiscal deterioration driven by increased government spending has become a key challenge it faces.

▼ Political and social situation and economic policy

During the process of negotiating its EU accession, Poland carried out reforms in the political, economic, and fiscal systems, leading to the establishment of institutions aligned with EU directives and the development of a stable political and social environment. In the general election held in October 2023, the liberal, pro-EU coalition “Civic Coalition (KO)” defeated the conservative party “Law and Justice (PiS),” resulting in a change of government for the first time in eight years. Consequently, Donald Tusk, leader of the KO, assumed office as Prime Minister.

Under the EU’s 2021–2027 budget and recovery fund framework, an agreement was reached at the end of 2020 allowing for the suspension of budget disbursements to countries that fail to comply with the rule of law. In Poland, judicial reforms implemented by previous Prime Minister Mateusz Morawiecki under the PiS government were

criticized for undermining judicial independence, leading to the freezing of part of EU budget funds and disbursements. The subsequent Tusk administration came out with an action plan to lift the suspension of EU funds and promoted reforms to restore judicial independence, resulting in the unfreezing of funds in 2024.

In the presidential election held in June 2025, Warsaw Mayor Rafał Trzaskowski, the KO candidate, competed against Karol Nawrocki, who was backed by the PiS. After a close race, Nawrocki was elected. President Nawrocki has taken a skeptical stance toward EU policy directions and has opposed initiatives promoted by the Tusk administration, including strengthening the rule of law, climate change measures, and expanding rights for LGBTQ+ individuals and abortion. As a result, a divided government situation has persisted since the days of previous President Duda, with the president exercising veto power over the Tusk administration’s policy initiatives. Since the governing coalition lacks the three-fifths majority required to override presidential vetoes, President Nawrocki has the power to block reforms. However, JCR holds that the likelihood of intensified conflict with the EU is low, given that receiving EU funds is critically important for Poland’s economic growth.

Following Russia’s invasion of Ukraine, Poland has undertaken large-scale rearmament in response to the need to strengthen its defense capabilities. Successive governments have continued to increase defense spending, with the defense budget rising from around 2% of GDP prior to the invasion to 4.7% in 2025, approaching NATO’s new target of 5% by 2035 ahead of other member countries. While increased defense spending contributes to the growth of the domestic defense industry, it has also been a factor behind the fiscal deterioration in recent years.

▼ Economic base

With its GDP per capita (in PPP terms) exceeding USD50,000 in 2025, the Polish economy is relatively well developed. Its industrial structure is centered on manufacturing sectors such as steel, automobiles, and electrical products as well as wholesale and retail trade. More than 70% of exports are destined for the EU, with nearly 30% going to Germany alone, indicating that the country is deeply integrated into the EU supply chain. This has resulted from the constant inflow of foreign capital, primarily from European countries, since the mid-1990s and the deepening of economic ties with these countries through trade and finance. In recent years, foreign companies have been foraging into Poland in search of IT talents with relatively low costs and high English proficiency, and the growth of the domestic IT industry has also become increasingly evident.

As of the end of 2024, Poland's population stood at approximately 37 million, the largest in Central and Eastern Europe, but it has been declining since peaking at the end of 2011 due to falling birth rates. Currently, labor shortages are alleviated by Ukrainian migrants who were actively accepted following Russia's invasion and are employed across a wide range of occupations, from low-skilled service jobs to highly skilled IT positions. However, there is a risk that the end of the war could lead to their returning home, resulting in an outflow of labor and a potential decline in the medium- to long-term growth potential. The Tusk administration has been ramping up measures such as financial support for households with pre-school children to help raise the birth rate.

As an EU member state, Poland receives substantial subsidies from EU funds and is developing infrastructure using these resources. It is the largest net beneficiary of EU funds, which mainly consist of Cohesion Policy (CP) funds and the Recovery and Resilience Facility (RRF). Under CP, Poland has been allocated the largest amount in the bloc, totaling €76.5 billion, of which 15.8% had been disbursed between 2023 and January 2026, with claims allowed through the end of 2030. Under the RRF, it has received €9.5 billion out of €25.3 billion in allocated grants, and utilization is expected to accelerate toward the deadline for disbursement at the end of 2026.

In the energy sector, Poland has significant coal mining areas centered in southern Silesia, making coal a major industry and leaving it as the most coal-dependent country in the EU. Efforts have been made in recent years to reduce this dependence, with coal's share in domestic electricity consumption

declining from 83% in 2015 to a record low of 52.7% in 2025. Renewable energy has increased in the meantime, expanding its share from 13.2% to 31.4%. In its "National Plan in the field of Energy and Climate by 2030" submitted to the EU in February 2024, Poland outlined a policy of gradually phasing out coal-fired power generation and expanding renewable energy and nuclear power over the medium to long term. Specifically, it aims to increase renewable energy such as solar and offshore wind, and construct and bring into operation its first large-scale nuclear power plant between 2030 and 2035. As for natural gas, Poland ended its dependence on Russian supplies in 2023. For oil, its reliance on Russia has been significantly reduced through gradual substitution with imports from Saudi Arabia and Norway. However, with about one-third of crude oil imports now coming from the Middle East, the country's sensitivity to developments in the region has been increasing. If the conflicts there persist and keep oil prices higher, there is a risk that inflation could reaccelerate.

▼ Economic trends

The Polish economy had continued to grow consistently, supported by stable domestic demand, with the average annual growth rate reaching nearly 4% between 2017 and 2024. In 2025, real GDP growth accelerated to 3.6% from 3.2% in 2024, driven by resilient private consumption underpinned by rising real wages amid a robust labor market as well as increased capital investment utilizing EU funds. JCR expects its economic growth in 2026 to remain at the same level as in 2025, with accelerated utilization of the RRF whose disbursement deadline falls at the end of that year making a significant contribution to increased capital investment. The unemployment rate is stabilized at around 3% range.

In terms of monetary policy, the central bank resumed rate cuts in May 2025 for the first time in one year and seven months in keeping with a slowdown of inflation. The policy interest rate declined from its peak-time 6.75% to 3.75% in May 2026. However, since its rate cut in March 2026, the central bank has been keeping it intact, taking a cautious stance toward further easing.

▼ Financial system

The country's financial system remains stable. Except for the largest domestic bank, PKO, most banks came under the umbrella of major European banking groups during the privatization process in the 1990s. The nonperforming loan ratio in the banking sector has continued to decline, standing

low at 4.6% at the end of 2025. Profitability of banks is also stable and their capital adequacy ratio is maintained at a sufficient level, reaching 20.2% as of the end of December 2025. Their losses related to Swiss franc-denominated housing loans may increase in the future. However, banks have already built up their provisions, retaining the capacity to absorb additional costs to some extent through solid earnings. Therefore, JCR considers it unlikely for such risks to significantly undermine the stability of the financial system.

▼ Resilience to external shocks

Poland's current account balance shifted from a surplus of 0.3% of GDP in 2024 to a slight deficit of 0.9% in 2025. Amid the economic stagnation in its trading partners, strong domestic demand led to the growth of imports outpacing that of exports, resulting in a trade deficit, the main factor behind the current account deficit. Capital inflows through foreign direct investment remain robust, and external liquidity continues to be solid. The net international investment position (IIP)-based net external debt and gross external debt ratios to GDP declined to around 30% and 50%, respectively, at the end of 2025. Its foreign exchange (including gold) reserves increased to USD271 billion, enough to cover 6.6 months of imports (goods and services) and 3.4 times of short-term external debt.

▼ Fiscal position

Poland's fiscal situation has continued to deteriorate in recent years due mainly to increasing defense and social security expenditures. The general government fiscal deficit (ESA 2010) widened from 6.4% of GDP in 2024 to 7.3% in 2025. This stemmed from not only higher defense spending but also increases in public-sector wages and child benefits, and a slower tax revenue growth due to moderating inflation. The ratio of interest payments to revenue also rose from 3.2% in 2020 to 5.1% in 2024 and 5.8% in 2025.

While the government expects higher tax revenues from increases in excise taxes and additional corporate taxation on banks in 2026, expenditures, particularly those related to defense, are also projected to rise. As a result, it forecasts the fiscal deficit in the year to remain high at 6.8% of GDP. The government debt-to-GDP ratio reached 59.7% at the end of 2025 and is expected to continue rising, possibly surpassing 70% by 2028. On the other hand, part of the debt is expected to be financed through low-interest, long-term lending programs provided by the EU, such as SAFE (Security Action

for Europe) and RRF loans, which JCR considers will help mitigate the increase in fiscal burdens to some extent. A loan agreement under SAFE was concluded in May 2026, securing up to €43.7 billion in low-interest loans from the EU for Poland, making it the largest beneficiary among the EU member countries. Poland has also been allocated €29.4 billion in RRF loans, of which €12.0 billion remain available.

Poland has been subject to the Excessive Deficit Procedure (EDP) since July 2024 and has been working to improve its fiscal position under EU supervision. Achieving this will hinge not only on a steady implementation of measures to increase tax revenues but also on whether the growth of net expenditure, used as the fiscal policy benchmark under the EDP, can be contained within the levels recommended by the EU Council. At present, the application of the National Escape Clause (NEC) allows for an increase in defense expenditure of up to 1.5% of GDP, which is expected to prevent deviations from the EU's recommended thresholds. However, as the NEC is a temporary measure in effect only until 2028, close attention will be required regarding its compliance over the medium to long term.

▼ Overall assessment

The ratings primarily reflect Poland's relatively developed economic base and solid external liquidity. The economy has continued to grow steadily, driven primarily by domestic demand, and its recent growth rates are relatively high among EU member states. In addition, its resilience to external shocks is strong, supported by the accumulation of foreign exchange reserves and improvements in the structure of external debt. On the other hand, the fiscal deficit has continued to widen due to increases in defense and social security expenditures, with the government debt-to-GDP ratio projected to reach the 70% range by 2028. However, part of the increased debt is expected to be financed through low-interest, long-term loans provided by the EU, which JCR believes will help mitigate the rise in fiscal burdens to some extent.

A significant improvement in the ratios of government debt and fiscal deficit to GDP would be a positive factor for the rating, whereas a deterioration in economic growth prospects or delays in fiscal consolidation would bring downward pressure on the rating.

Atsushi Masuda • Kazuki Nishiwaki

12061 Poland

Selected economic and fiscal indicators

(USD billions)

	2021	2022	2023	2024	2025
Nominal GDP	689	696	813	922	1,041
Population (USD millions)	38	38	38	37	37
Per capita GDP in PPP	39,917	44,871	45,877	48,844	52,532
Real GDP growth rate (%)	6.9	5.3	0.2	3.2	3.6
Consumer price inflation (Eurostat) (%)	5.2	13.2	10.8	3.7	3.3
Unemployment rate (Eurostat) (%)	3.4	2.9	2.8	2.9	3.1
General government revenues/GDP (%)	41.9	39.9	41.7	42.8	43.6
General government expenditures/GDP (%)	43.6	43.2	46.9	49.2	50.9
General government balance/GDP (%)	-1.7	-3.4	-5.2	-6.4	-7.3
General government debts/GDP (%)	53.0	48.8	49.5	54.8	59.7
Current account balance/GDP (%)	-1.3	-2.3	1.5	0.3	-0.9
External debts/GDP (%)	53.2	53.9	52.7	50.3	52.7
Net international investment position (%)	38.6	35.1	34.0	27.5	31.1
External debts/Export G&S (%)	93.5	86.0	90.9	96.4	104.4
Foreign exchange reserves (including gold) /Monthly import G&S (X)	5.4	4.7	5.5	6.1	6.6
Foreign exchange reserves (including gold) /Short-term external debts (X)	2.7	2.5	2.6	2.7	3.4

* Figures for the most recent period could be indicators based on preliminary figures.

(Sources) Eurostat, Statistics Poland, Ministry of Finance, and National Bank of Poland

Ratings

	Rating	Outlook*	Amount	Currency	Rate (%)	Issue Date	Maturity Date	Release
Foreign Currency Long-term Issuer Rating	A	Stable	-	-	-	-	-	2026.03.19
Local Currency Long-term Issuer Rating	A+	Stable	-	-	-	-	-	2026.03.19
No.6 Yen Bonds	A	-	60,000	JPY	2.62	2006.11.14	2026.11.13	2026.03.19
Japanese Yen Bonds-Sixteenth Series (2023)	A	-	66,500	JPY	0.93	2023.11.22	2026.11.20	2026.03.19
No.13 Yen Bonds	A	-	10,000	JPY	2.5	2012.11.08	2027.11.08	2026.03.19
Japanese Yen Bonds-Nineteenth Series (2024)	A	-	66,300	JPY	1.29	2024.11.28	2027.11.26	2026.03.19
Japanese Yen Bonds-Twenty-fourth Series (2026)	A	-	116,900	JPY	1.88	2026.02.13	2029.02.13	2026.03.19
Japanese Yen Bonds-Twentieth Series (2024)	A	-	9,200	JPY	1.48	2024.11.28	2029.11.28	2026.03.19
Japanese Yen Bonds-First Series (2026) (Green Bonds)	A	-	62,700	JPY	2.22	2026.02.13	2031.02.13	2026.03.19
Japanese Yen Bonds-Seventeenth Series (2023)	A	-	10,200	JPY	1.75	2023.11.22	2033.11.22	2026.03.19
Japanese Yen Bonds-Twenty-first Series (2024)	A	-	7,100	JPY	1.96	2024.11.28	2034.11.28	2026.03.19

Japanese Yen Bonds-Twenty-fifth Series (2026)	A	-	11,800	JPY	2.9	2026.02.13	2036.02.13	2026.03.19
No.7 Yen Bonds	A	-	50,000	JPY	2.81	2007.11.16	2037.11.16	2026.03.19
Japanese Yen Bonds-Eighteenth Series (2023)	A	-	8,700	JPY	2.41	2023.11.22	2043.11.20	2026.03.19
Japanese Yen Bonds-Twenty-second Series (2024)	A	-	9,500	JPY	2.73	2024.11.28	2044.11.28	2026.03.19
Japanese Yen Bonds-Twenty-sixth Series (2026)	A	-	20,200	JPY	3.65	2026.02.13	2046.02.13	2026.03.19
Japanese Yen Bonds-Twenty-third Series (2024)	A	-	5,000	JPY	3.05	2024.11.28	2054.11.27	2026.03.19

History of Long-term Issuer Rating (Long-term Issuer Rating or its equivalent)

Date	Rating	Outlook*	Issuer
2002.05.31	BBB+		Poland
2003.05.08	A-	Stable	Poland
2008.02.26	A-	Positive	Poland
2008.12.16	A-	Stable	Poland
2013.03.01	A	Stable	Poland

*Outlook for long-term issuer rating, or direction in case of Credit Monitor

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