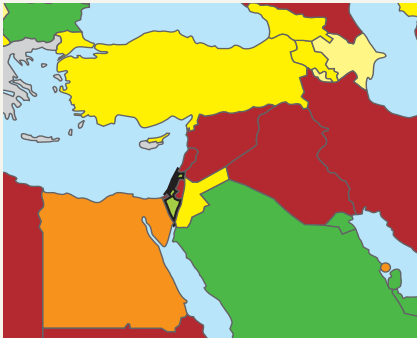


Basic facts (2025)

Population: 10 million

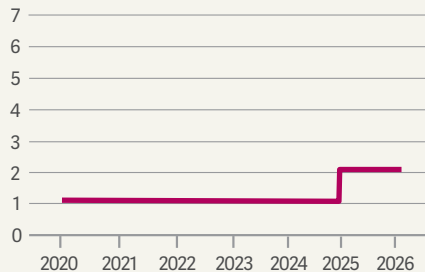
GDP, nominal: USD 611 billion

GDP/capita: USD 60 009



The country risk categories are arranged on a scale from 0 to 7. The lower the figure, the better the country's creditworthiness

Country classification history



Source: EKN

Strengths

- + Diversified and advanced economy
- + Sustainable public finances and external balance
- + Strong and well-functioning institutions

Weaknesses

- Geopolitical tensions and security risks
- Small domestic market and reliance on exports

Robust economy in a turbulent region

Israel's strengths include an open and competitive economy in which the export sector accounts for just under 30 per cent of GDP (compared with 44 per cent in Sweden). Between 2015 and 2024, GDP growth averaged 3.6 per cent, which is significantly higher than the average of 2.0 per cent for developed industrial economies in general.

Growth is partly driven by a high-technology sector that accounts for around 15 per cent of GDP and contributes roughly half of the country's export revenues. The sector has benefited from research and development spending that is among the highest within the OECD, while a strong entrepreneurial culture and access to domestic venture capital have supported a high degree of commercialisation of innovation.

Economic performance is also supported by a strong external position, persistent current account surpluses and substantial foreign exchange reserves, which have enabled the country to absorb both domestic and external shocks in the past. At the end of 2025, for example, the central bank's foreign exchange reserves amounted to around 45 per cent of GDP. In addition, the economy benefits from natural gas discoveries in the Mediterranean, as well as activity in biotechnology, tourism and agriculture.

Despite its well-developed economy, public finances have periodically been under pressure. Budget deficits have been common, reflecting among other factors high spending on security and defence as well as unstable government coalitions that have often prioritised political consensus over fiscal discipline. Security and defence spending is expected to decline from its peak of eight per cent of GDP in 2024 but remain higher than before the Gaza war.

The IMF projects that public debt will reach 71 per cent of GDP by 2027, an increase of 13 percentage points compared with the assessment before the outbreak of the war. At the same time, the composition of public debt is considered favourable, as more than 80 per cent is held by domestic investors in local currency and the average maturity is nine years.

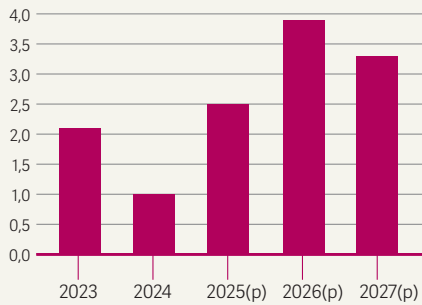
Total external debt is low, at just under 30 per cent of GDP. Israel's external balance is assessed as very strong. Continuous current account surpluses over several decades – the most recent deficit occurred in 2012 – have made the country one of the larger net creditor economies (assets exceeding liabilities) among non-commodity-exporting economies relative to GDP.

Possible government change in 2026

The ceasefire agreed between Israel and Hamas in October 2025 is expected largely to hold and allow for a reduction in military confrontation. At the same time, temporary violations and renewed clashes may occur, and the path towards a lasting settlement is expected to be long. The lower level of military conflict will ease earlier supply constraints, and the Israeli economy is therefore expected to expand by 3.9 and 3.3 per cent in 2026 and 2027 respectively, according to the IMF.

Despite the improved security situation, long-term growth is expected to be

**Real GDP growth
(constant prices, % per annum)**



Source: IMF WEO, Macrobond

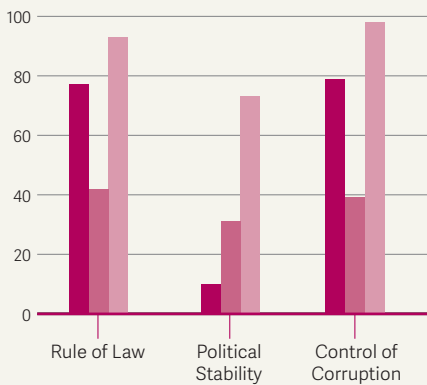
lower than before the war. This reflects a reduced labour supply, as more people are expected to remain mobilised for longer periods than before the war, while Palestinian workers are only partly replaced.

Although the intensity of the conflict decreased during early 2024, its economic effects are expected to be long-lasting. Higher costs for security arrangements and reconstruction of destroyed infrastructure will weigh on public finances over the longer term. The supply of Palestinian labour is also expected to remain lower, which will constrain sectors such as construction and agriculture where workers from both the West Bank and Gaza have historically played an important role.

Political instability is expected to continue shaping the political landscape, and Prime Minister Benjamin Netanyahu is likely to face increasing difficulties in managing differing positions within the current coalition. The handling of exemptions from mandatory military service for ultra-Orthodox groups may heighten tensions within the coalition and could ultimately trigger a change of government. An early election in the first half of 2026 could subsequently alter the conditions for government formation. Political fragmentation and shifting alliances will likely make it difficult for future governments to complete their full terms in office.

Demographic changes affecting the balance between secular Jews and other population groups – with the former generally having higher education levels and labour market participation – may over time lead to lower productivity and higher taxation to maintain the current public finance structure. The positive developments in recent years, with improved relations between Israel and several countries in the Arab world, are expected to resume once the war has ended.

Business environment



■ Israel
■ The Middle east and North Africa
■ Sweden

Ranking from 0 (worst) to 100 (best)

Source: The World Bank, Macrobond

Business environment

The World Bank's Ease of Doing Business index ranked Israel 35th out of 190 countries in 2020 (note that the World Bank has discontinued the Ease of Doing Business series and that 2020 is the latest available year), which is broadly in line with several OECD countries. In Transparency International's Corruption Perceptions Index, Israel ranks 30th out of 180 countries, which is among the better positions in the region, second only to the United Arab Emirates. The ranking represents an improvement compared with earlier years and is broadly consistent with the level observed over the past decade.

The World Bank's Governance Indicators (WGI), which include measures of institutional quality and the regulatory environment, place the country above the average for the MENA region, reflecting stable and well-functioning institutions. In terms of political stability and security conditions, Israel is assessed as being below the regional average.

Israel's banking sector is developed, diversified and well capitalised. Banks have demonstrated resilience during periods of weaker market conditions. Asset quality has historically been strong and stable, and although capital ratios are generally lower than in some comparable markets, the central bank's conservative risk-weighting approach means that banks maintain a strong capacity to absorb losses. The share of non-performing loans is low (below one per cent) and banks are generally well positioned to manage credit losses.

**Swedish export to
Israel**

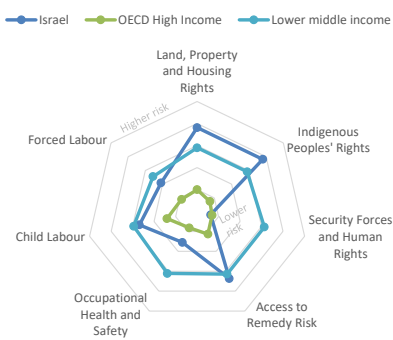
	MSEK
2025	n/a
2024	3 495
2023	4 271
2022	4 121
2021	3 002

Source: SCB

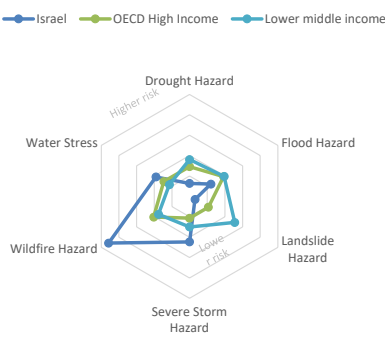
EKN:s exposure

	MSEK
Guarantees	959
Offers	593

Risk profile Human Rights



Risk profile climate risks and natural disasters



The foregoing chart information was obtained from Verisk Maplecroft*

Indicators of asset quality and profitability have remained at sound levels despite weaker global conditions linked to changing trade policy dynamics, as well as domestic economic effects of the ongoing conflict.

In EKN's business assessment, account is taken of the risk of adverse impacts on human rights. EKN focuses on the potential impact of the activities in which the exported goods will be used. In this context, issues such as working conditions, child and forced labour, excessive use of force by security services, indigenous peoples' rights and land rights are of particular importance.

In Israel, risks related to child labour and access to remedy are comparable with those in other OECD high-income countries. At the same time, risks within the sub-indices covering security forces and human rights as well as land rights are assessed as higher than in both OECD high-income countries and lower-middle-income countries.

EKN's policy

Israel is a high-income country and a member of the OECD, which means that it is not included in the OECD country risk classification system. EKN downgraded Israel to country risk category 2 in 2024. For longer credit tenors, market references must be obtained. Normal risk assessment applies to all buyer categories. No risk coverage is provided for transactions relating to occupied territories. These areas include the West Bank, including East Jerusalem, Gaza and the Golan Heights, which were occupied in 1967.

EKN's commitment and experience

During the period 2020–2024, EKN issued guarantees in 30 transactions with a total value of just over SEK 13.9 billion for Swedish companies exporting to Israel. In terms of value, the exposure is dominated by the transport sector, which accounts for 98 per cent of guarantees. EKN's payment experience is good. Arrears are rare, there are currently no outstanding claims, and the most recent indemnification took place in 2016.

* The data and information provided by Verisk Maplecroft should not be interpreted as advice and you should not rely on it for any purpose. You may not copy or use this data and information except as expressly permitted by Verisk Maplecroft in writing. To the fullest extent permitted by law, Verisk Maplecroft accepts no responsibility for your use of this data and information except as specified in a written agreement you have entered into with Verisk Maplecroft for the provision of such of such data and information