Canton of Basel-City

November 2, 2026

This report does not constitute a rating action.

Ratings Score Snapshot

Institutional framework	Individual credit profile	Issuer credit rating
Extremely predictable and supportive	Economy	**AAA/Stable/A-1+**
Very predictable and well-balanced	Financial management	
Evolving but balanced	Budgetary performance	
Evolving but unbalanced	Liquidity	
Volatile and unbalanced	Debt burden	
Very volatile and underfunded	1 2 3 4 5 (Strongest … Weakest)	

Credit Highlights

Overview

Credit context and assumptions	Base-case expectations
Basel-City benefits from institutional and economic strengths that provide stability and predictability for its finances.	Operating surpluses of 9.6% in 2026 on the back of exceptionally strong corporate taxes receipts should normalize to an average of 5.7% through 2028 on slower growth and rising operating costs.
Large investment programs in affordable housing, green infrastructure, and healthcare keep capital expenditure high.	Investments and growing borrowing by canton-owned entities will see tax-supported debt rise to 68% of consolidated operating revenue by 2028.
Highly productive sectors and strong autonomy over tax rates provide significant fiscal flexibility to raise revenue if needed.	The canton is well-positioned to absorb sector-specific risks and liquidity needs comfortably given its committed credit facility and conservative debt profile.

Basel-City's exceptionally dynamic economy are fueling the expansion of its resources, specifically the world-leading pharmaceutical and life sciences cluster. This sector remains a primary driver of regional growth and high-value-added economic output.

While the canton has implemented tax adjustments, the revenue base has proven remarkably resilient. Corporate tax receipts, bolstered by the OECD minimum tax reforms, effectively offset rising spending pressures.

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Basel-City's deep market reach is demonstrated by its ability to access diverse funding streams, including traditional debt and specialized instruments such as social, digital, and green bonds. This broad market access, combined with a robust liquidity buffer, supports our assessment of the canton's liquidity position as exceptional.

Outlook

The stable outlook reflects our expectation that Basel-City will maintain sound operating performance over the coming years, while navigating rising trade tensions and geopolitical risks. We anticipate that the canton's financial management will contain deficits after capital accounts and maintain moderate debt levels, adjusting the scope of investment programs in case of revenue shortfalls.

Downside scenario

We could lower the rating if the canton's management fails to maintain budgetary discipline commensurate with revenue developments, and this leads to a deterioration of its balance after capital accounts and materially higher debt levels. For example, this could result from larger-than-anticipated revenue shortfalls or substantially higher capital investment, either due to greater support for canton-owned entities than currently assumed or further ramp-up in real estate purchases for affordable housing development.

Rationale

Our ratings on Basel-City reflect its strong institutional framework, prudent financial oversight, and an economy anchored in the resilient pharmaceutical industry cluster. We expect the canton's location attractiveness to be further strengthened as it leverages new revenue from the Organisation for Economic Cooperation and Development (OECD) minimum tax reform to bolster local competitiveness. Despite short-term pressure on capital balances due to significant planned investments, Basel-City's excellent market access and liquidity provide a strong buffer, allowing for strategic growth while keeping debt levels moderate.

Strong economic foundations and proactive fiscal management support long-term stability

S&P Global Ratings forecasts that the Swiss economy will grow with a real GDP increase of 1.9% in 2026, before moderating to 1.2% in 2027 and 1.6% in 2028. Within this context, we expect Basel-City to consistently outperform the national average, driven by the dynamism of its local economy. The canton boasts a GDP per capita of approximately Swiss franc (CHF) 214,000 ($258,000), significantly exceeding the Swiss national average of CHF96,460, largely due to a high concentration of high-value-added sectors and industry leaders.

Notably, the pharmaceutical cluster drives roughly 50% of Basel-City's total value added and accounts for a vast majority of its exports. On a national scale, the canton is alone responsible for approximately 37% of total Swiss exports. This economic dynamism translates directly into robust fiscal capacity. Basel-City's fiscal flexibility and strong revenue-generating potential continue to provide significant buffers against prevailing geopolitical risks and rising expenditures in critical areas such as education, social welfare, and healthcare. Moreover, this capacity allows the canton to continue investing heavily in the modernization and maintenance of its infrastructure, which in turn enhances standards of living and further strengthens its attractiveness as a location for both residents and businesses.

Basel-City's fiscal profile is characterized by a proactive approach to revenue management and a high degree of tax-setting autonomy. The successful implementation of the "Basel Package", in alignment with the 15% OECD minimum tax regime, demonstrates the canton's ability to generate new revenue through minor rate calibrations. We expect the introduction of a temporary second-rate tax tier for high-profit corporates to generate substantial additional annual revenue of more than CHF400 million per year. This enhanced capacity provides the canton with the fiscal flexibility to fund strategic budgetary vehicles targeting socio-economic development, research and development, and infrastructure modernization. We view this ability to proactively manage the tax base to support both economic competitiveness and long-term fiscal resilience as a core credit strength.

Basel-City continues to pursue ambitious investment plans, including infrastructure upgrades, the expansion of its affordable housing portfolio, and additions to its healthcare infrastructure. While these initiatives have led to record-high investment levels in 2026, the canton has demonstrated pragmatic financial management by optimizing the timing and structure of its commitments. We believe this ability to reallocate capital and adjust project timing ensures that Basel-City maintains overall fiscal and debt sustainability despite high capital expenditure.

Generally, Basel-City benefits from the robust institutional framework under which Swiss cantons operate. This framework is characterized by strong fiscal autonomy, predictable governance, and a stable regulatory environment. In our view, this framework supports the flexible tax policy, prudent financial management, and resilience to shocks observed in the canton, enabling it to manage sector-specific risks and large-scale infrastructure transitions effectively, despite external pressures.

Robust short-term fiscal strength provides buffer for ambitious investment and structural transitions

We project substantially above-budget corporate tax receipts will enable Basel-City's operating balance to reach about 9.6% of adjusted operating revenue (CHF546 million) in 2026. This will comfortably compensate for slippage in certain expenditure items related to education and social welfare. While the proceeds of the OECD minimum tax reform continue to be sizable, receipts ran below budget in 2025. We view this as a transitional effect from restructuring and deferral rather than a structural shortfall, noting positively that the canton has maintained its funding commitments to the newly created local development funds despite the fiscal receipt mismatch. Revenue will also likely be bolstered by higher-than-anticipated dividends within the canton's portfolio and increased profit distributions from the Swiss National Bank.

An important component of the canton's investment figures is the optimization of its onlending for 2026, which is expected to increase by CHF240 million relative to budgeted figures. This shift is largely driven by University Hospital Basel's (USB's) acquisition of Claraspital in 2025. Basel-City repurposed a planned CHF150 million loan originally intended for the construction of Klinikum 3 (K3) to avoid redundant infrastructure spending. Additionally, the canton accelerated the disbursement of approximately CHF110 million from an existing Klinikum 2 (K2) loan to enable USB to reduce interest costs on bridge financing. We believe this ability to reallocate capital and adjust timing ensures that Basel-City maintains overall fiscal and debt sustainability despite high levels of planned capital expenditure.

We expect operating surpluses will moderate to an average of 5.7% of adjusted operating revenue across 2027 and 2028. This reduction reflects downward revisions to Swiss real GDP growth assumptions and subsequently, less dynamic tax revenue growth coinciding with rising structural expenditure commitments. Key drivers include rising personnel costs, continued

elevated financial equalization payments currently at about 4% of total revenue, and dynamic transfers and subsidies in areas such as education, social welfare, and healthcare. The cantonal administration has proactively mandated saving measures and implemented internal budgetary upper limits from the 2027 budget cycle to ensure fiscal discipline. There are also related efforts to reprioritize capital expenditure projects with the goal of reducing external financing needs in the coming years. Nonetheless, Basel-City's persistent high investments in infrastructure modernization, public transportation, and affordable housing are expected to push the transition into 2027 and 2028 into small negative balances after capital accounts. We apply a 10% haircut to budgeted capital expenditure to reflect historical under-execution trends and add CHF100 million payments annually for the construction and purchase of affordable housing units, which the canton reports separately from its capital expenditure budget.

Basel-City maintains a highly conservative debt profile with all direct market debt denominated in Swiss francs and held at fixed rates. While the canton's average maturity is shorter than its peer group, its deep-rooted market access and premier investor reputation ensure unencumbered refinancing capabilities. We project the consolidated debt burden to expand moderately, with tax-supported debt (TSD) expected to settle at about 68% range of adjusted operating revenue through 2028. This upward trajectory is primarily driven by the small recurring deficits after capital accounts and the inclusion of borrowing by key government-related entities, most notably the University of Basel, the University Children's Hospital, and USB within our TSD metric.

Basel-City's liquidity position is exceptionally resilient, underpinned by a committed CHF900 million credit facility with Basler Kantonalbank (BKB), which provides more than 100% coverage of the next 12 months of debt service. This immediate liquidity buffer, coupled with seamless access to the domestic capital markets, provides the canton with superior flexibility to manage temporary funding gaps, execute strategic capital projects, or refinance debt under favorable market conditions.

The canton's contingent liability landscape is characterized by high-quality, well-capitalized entities, though our assessment of its debt burden remains subject to a one-notch downward revision to account for the inherent size risk of its banking sector. The most significant exposure remains BKB. While BKB's balance sheet is substantial and exceeds 12x the canton's annual operating revenue, the bank's robust 18.8% common equity Tier 1 ratio and consistent profitability provide a significant buffer. Other government-related entity exposures, including EuroAirport, the MCH Group, and the local utility IWB, are managed on a commercial basis and present negligible fiscal risk. Notably, IWB maintains a very high equity ratio and provided CHF53 million in profit distributions to the canton in 2025.

Canton of Basel-City Selected Indicators

Mil. CHF	2023	2024	2025	2026bc	2027bc	2028bc
Operating revenue	4,898	4,747	5,229	5,673	5,711	5,792
Operating expenditure	4,213	4,384	4,678	5,127	5,369	5,480
Operating balance	685	363	551	546	342	312
Operating balance (% of operating revenue)	14.0	7.7	10.5	9.6	6.0	5.4
Capital revenue	10	22	13	11	11	21
Capital expenditure	423	494	497	486	475	514
Balance after capital accounts	273	(109)	67	71	(123)	(181)
Balance after capital accounts (% of total revenue)	5.6	(2.3)	1.3	1.3	(2.2)	(3.1)
Debt repaid	502	350	382	325	605	490

Canton of Basel-City Selected Indicators

Gross borrowings	405	400	500	147	700	700
Balance after borrowings	84	(116)	150	(485)	(123)	(10)
Direct debt (outstanding at year-end)	2,613	2,660	2,776	2,598	2,693	2,903
Direct debt (% of operating revenue)	53.3	56.0	53.1	45.8	47.2	50.1
Tax-supported debt (outstanding at year-end)	2,892	3,013	3,648	3,518	3,663	3,923
Tax-supported debt (% of consolidated operating revenue)	59.0	63.5	69.8	62.0	64.2	67.7
Interest (% of operating revenue)	0.3	0.5	0.5	0.5	0.5	0.7
Local GDP per capita ($)	233,716.1	241,774.9	258,123.8	270,118.6	269,451.6	272,658.1
National GDP per capita ($)	103,962.7	108,036.6	116,181.4	122,541.9	122,117.6	123,702.9

The data and ratios above result in part from S&P Global Ratings' own calculations, drawing on national as well as international sources, reflecting S&P Global Ratings' independent view on the timeliness, coverage, accuracy, credibility, and usability of available information. The main sources are the financial statements and budgets, as provided by the issuer. bc--Base case reflects S&P Global Ratings' expectations of the most likely scenario. CHF--Swiss franc. $--U.S. dollar.

Canton of Basel-City--Rating component scores

Key rating factors	Scores
Institutional framework	1
Economy	1
Financial management	1
Budgetary performance	1
Liquidity	1
Debt burden	4
Stand-alone credit profile	aaa
Issuer credit rating	AAA

S&P Global Ratings bases its ratings on non-U.S. local and regional governments (LRGs) on the six main rating factors in this table. In the "Methodology For Rating Local And Regional Governments Outside Of The U.S.," published on July 15, 2019, we explain the steps we follow to derive the global scale foreign currency rating on each LRG. The institutional framework is assessed on a six-point scale: 1 is the strongest and 6 the weakest score. Our assessments of economy, financial management, budgetary performance, liquidity, and debt burden are on a five-point scale, with 1 being the strongest score and 5 the weakest.

Key Sovereign Statistics

- Sovereign Risk Indicators, Oct. 13, 2026. An interactive version is available at http://www.spratings.com/sri

Related Criteria

- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- Criteria | Governments | International Public Finance: Methodology For Rating Local And Regional Governments Outside Of The U.S., July 15, 2019

- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

Related Research

- Economic Outlook Europe Q4 2026: Resilient Demand Meets Persistent Pressure, Sept.23, 2026
- Switzerland, Aug. 10, 2026
- When Nature Sends The Bill: The Impact Of Extreme Weather Events On Swiss Canton Ratings, Feb. 10, 2026
- Basler Kantonalbank, Nov. 04, 2025
- Subnational Government Brief: What U.S. Tariffs Would Mean For Swiss Cantons, June 10, 2025
- Institutional Framework Assessment: Swiss Cantons Use Fiscal Autonomy To Retain Attractiveness, Jan. 31, 2025

Ratings Detail (as of October 23, 2026)*

Basel-City (Canton of)	
Issuer Credit Rating	AAA/Stable/A-1+
Senior Unsecured	AAA
Issuer Credit Ratings History	
09-Nov-2018	AAA/Stable/A-1+
10-Nov-2017	AA+/Positive/A-1+
16-Jun-2009	AA+/Stable/A-1+

*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.

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