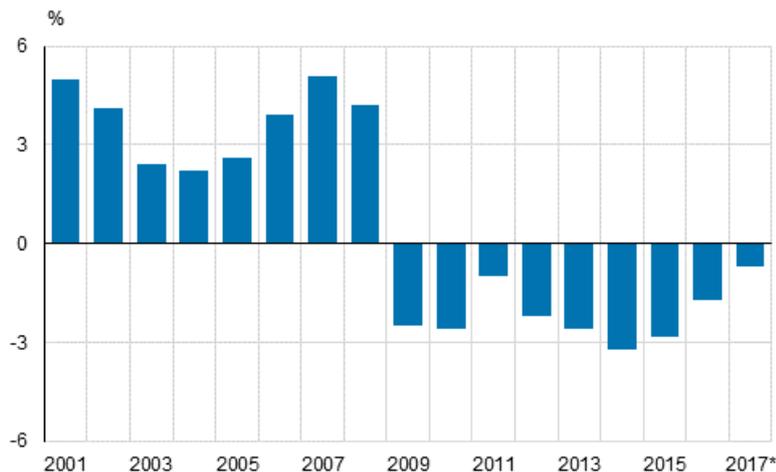


General government deficit and debt 2017

General government deficit 0.7 per cent and debt 61.3 per cent relative to gross domestic product in 2017

According to the revised preliminary data reported by Statistics Finland to Eurostat, general government deficit was 0.7 per cent relative to gross domestic product in 2017. The deficit was clearly below the reference value of the European Union’s Stability and Growth Pact, which is three per cent relative to gross domestic product. General government EDP debt, or consolidated gross debt, was 61.3 per cent at the end of 2017 relative to gross domestic product. The ratio of debt to GDP has now been over the reference value of 60 per cent during four years, but it has fallen in the last two years.

General government EDP deficit (-), relative to GDP

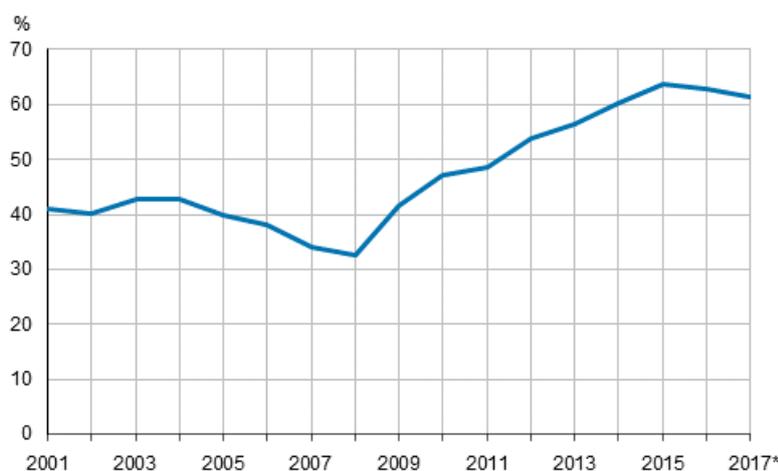


In 2017, general government deficit, or net borrowing according to national accounts, was EUR 1.5 billion. The financial position of general government improved by EUR 2.2 billion from the previous year. The central government's financial position improved most, by EUR 1.8 billion compared with 2016, and it was particularly due to the significant growth in tax revenue. However, the central government remained clearly in deficit, its deficit being EUR 4.0 billion in 2017.

The local government sector's deficit, or net borrowing was EUR 299 million in 2017, which is EUR 621 million less than one year earlier. Social security funds are divided into employment pension schemes and other social security funds. The surplus of employment pension schemes continued to contract. The sector's surplus was EUR 1,996 million in 2017, or EUR 433 million less than in the previous year. Other social security funds were in surplus for the second successive year. Their surplus grew by EUR 208 million from the year before and was EUR 718 million in 2017.

Compared to the preliminary data released at the end of March, the deficit of general government was revised to EUR 263 million more. Of general government subsectors, the biggest updates concerned central government where deficit grew compared to March by EUR 151 million to EUR 3,957 million.

General government EDP debt relative to GDP



Consolidated general government gross debt (EDP debt) amounted to EUR 137.3 billion at the end of 2017. The debt grew by EUR 1.1 billion in 2017. Central government debt increased by EUR 1.2 billion and local government debt by EUR 0.1 billion. The debt of social security funds grew by EUR 0.5 billion, which was caused by an increase in received cash collateral related to employment pension schemes' derivative contracts and securities lending. The increase in consolidated items between general government by EUR 0.7 per cent contributed to the debt of the entire general government sector growing only by said EUR 1.1 billion in 2017. The EDP debt describes general government's debt to the other sectors of the economy and to the rest of the world, and its development is influenced by changes in both the unconsolidated gross debt and the internal general government debt.

Compared to the preliminary data released in March, the ratio of debt to GDP was now updated 0.1 percentage points lower, and was thus 61.3 per cent in 2017. The change was almost entirely caused by the revision of GDP.

Eurostat will verify the deficit and debt figures reported by the Member States over the following weeks. In this process, changes may be made to the figures reported by Statistics Finland. In that case, the updated figures will be released on the pages of these statistics on the same day that Eurostat publishes the data (preliminarily on 22 October).

About the content and concepts of the statistics

General government surplus/deficit refers to net lending/borrowing according to the sector accounts of national accounts, which is the difference between the total revenue and expenditure. For instance, in the case of local government, the concept differs from the surplus/deficit of the accounting period according to the profit and loss accounts of municipalities and joint municipal authorities included in the sector. The key difference concerns investments, which are recorded in national accounts as expenditure as such.

In general government accounts, the European Financial Stability Facility EFSF is, based on Eurostat's decision, handled so that the EFSF's borrowing is recorded as part of the gross government debt of the countries that have provided guarantees. The loan received by the beneficiary country from the EFSF is recorded as if it had been received from the countries in the euro area that have provided guarantees and these countries in turn owe the corresponding amount to the EFSF. As a result, the EDP gross debt of the countries that provided guarantees grows but the net debt remains unchanged because the countries have a similar receivable from the beneficiary country. The gross government debt to be recorded for each country on the loans granted by the EFSF is calculated by dividing the loan granted to the beneficiary country by the contribution key (based on the share in the ECB's capital of each country participating in the support operations).

At the end of 2017, Finland's general government debt includes EUR 3,401 million of debt granted by the EFSF to beneficiary countries. At the end of 2016, the amount was the same. Corresponding treatment does not apply to the European Stability Mechanism (ESM).

Central government's EDP debt differs as a concept from the central government debt published by the State Treasury. Central government's EDP debt includes loans granted to beneficiary countries by the European Financial Stability Facility EFSF, received cash collateral related to derivative contracts, the capital of the Nuclear Waste Management Fund, debts generated from investments in central government's PPP (public-private partnership) projects, and coins that are in circulation. In national accounts, central government is also a broader concept than the budget and financial economy, in addition to which it includes, for example, universities, Solidium, the Finnish Broadcasting Company and Senate Properties. When these differences are taken into consideration, we reach the central government non-consolidated gross debt in accordance with the EDP concept (Appendix table 2). In 2017, the State Treasury's central government debt EUR 105.8 billion + conceptual differences of the debt EUR 7.0 billion + differences caused by the sector delimitation EUR 4.2 billion = central government gross debt EUR 117.0 billion. The valuation principle for both debt concepts is the nominal value, where the effect of interest-rate contracts and currency swaps is taken into account.

A list of units belonging to general government (only in Finnish) can be found at http://www.stat.fi/meta/luokitukset/_linkki/julkisyhteisot.html. Decisions on major sector classification cases (only in Finnish) are available at http://www.stat.fi/meta/luokitukset/_linkki/soveltamisp.html.

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Appendix tables

Appendix table 1. General government EDP deficit 2007-2017 ¹⁾

Year	Million EUR				Ratio to GDP, %			
	Central government	Local government	Social security funds	Total	Central government	Local government	Social security funds	Total
2007	1 736	-332	8 173	9 577	0.9	-0.2	4.4	5.1
2008	997	-750	7 851	8 098	0.5	-0.4	4.1	4.2
2009	-8 256	-1 130	4 809	-4 577	-4.6	-0.6	2.7	-2.5
2010	-9 951	-407	5 475	-4 883	-5.3	-0.2	2.9	-2.6
2011	-6 402	-1 057	5 403	-2 056	-3.3	-0.5	2.7	-1.0
2012	-7 401	-2 134	5 173	-4 362	-3.7	-1.1	2.6	-2.2
2013	-7 579	-1 467	3 731	-5 315	-3.7	-0.7	1.8	-2.6
2014	-7 761	-1 573	2 737	-6 597	-3.8	-0.8	1.3	-3.2
2015	-6 334	-1 375	1 927	-5 782	-3.0	-0.7	0.9	-2.8
2016	-5 746	-920	2 939	-3 727	-2.7	-0.4	1.4	-1.7
2017*	-3 957	-299	2 714	-1 542	-1.8	-0.1	1.2	-0.7

1) A negative value shows deficit, a positive value surplus.

Appendix table 2. General government EDP debt 2007-2017

Year	Million EUR				Ratio to GDP, %			
	Central government	Local government	Social security funds	Total	Central government	Local government	Social security funds	Total
2007	58 358	9 673	1	63 425	31.3	5.2	0.0	34.0
2008	57 659	10 214	1	63 254	29.8	5.3	0.0	32.7
2009	68 053	11 560	2	75 482	37.6	6.4	0.0	41.7
2010	79 967	12 027	1	88 160	42.7	6.4	0.0	47.1
2011	88 047	12 738	1	95 490	44.7	6.5	0.0	48.5
2012	96 012	14 327	1 926	107 708	48.1	7.2	1.0	53.9
2013	101 231	16 237	1 887	114 801	49.8	8.0	0.9	56.5
2014	107 409	17 675	2 172	123 696	52.3	8.6	1.1	60.2
2015	113 323	18 754	3 136	133 206	54.1	8.9	1.5	63.6
2016	115 757	19 625	2 315	136 150	53.6	9.1	1.1	63.0
2017*	116 996	19 767	2 766	137 278	52.3	8.8	1.2	61.3

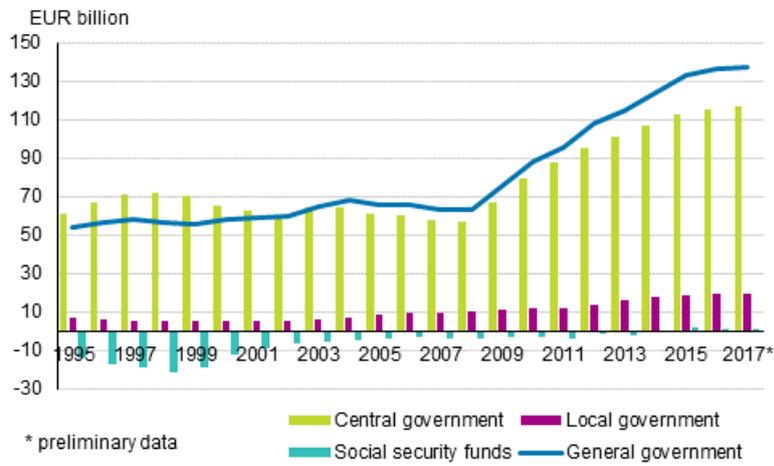
Appendix table 3. Revision of general government EDP deficit and debt

General government deficit/debt relative to GDP, %	Deficit ¹⁾				Debt			
	2014	2015	2016	2017	2014	2015	2016	2017
Year								
Release of March 2018	-3.2	-2.8	-1.8	-0.6	60.2	63.5	63.0	61.4
Release of September 2018	-3.2	-2.8	-1.7	-0.7	60.2	63.6	63.0	61.3
Revision, percentage points	0.00	0.00	0.07	-0.12	0.00	0.01	-0.05	-0.09
— of which: revision of deficit/debt	0.00	0.00	0.06	-0.12	0.00	0.01	0.05	0.00
— of which: revision of GDP	0.00	0.00	0.00	0.00	0.00	0.00	-0.10	-0.09

1) A negative value shows deficit, a positive value surplus.

Appendix figures

Appendix figure 1. Contribution of general government's sub-sectors to general government debt, EUR billion, 1995 to 2017



Revisions in these statistics

Revision of general government EDP-deficit and debt 2014–2017, million EUR

	Statistical year	Latest release	1. release ¹⁾	Revision, latest minus first
Deficit	2014	-6 597	-6 970	373
	2015	-5 782	-5 696	-86
	2016	-3 727	-4 100	373
	2017	-1 542	-1 279	-263
Debt	2014	123 696	121 050	2 646
	2015	133 206	130 746	2 460
	2016	136 150	136 054	96
	2017	137 278	137 286	-8

1) The year 2014: deficit: National accounts 2 March 2015. The year 2014: debt: General government debt by quarter 2 March 2015. The year 2015: deficit: National accounts 16 March 2016. The year 2015: debt: General government debt by quarter 16 March 2016. The year 2016: deficit: National accounts 16 March 2017. The year 2016: debt: General government debt by quarter 16 March 2017. The year 2017: deficit: National accounts 16 March 2018. The year 2017: debt: General government debt by quarter 16 March 2018.

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Source: General government deficit and debt. Statistics Finland