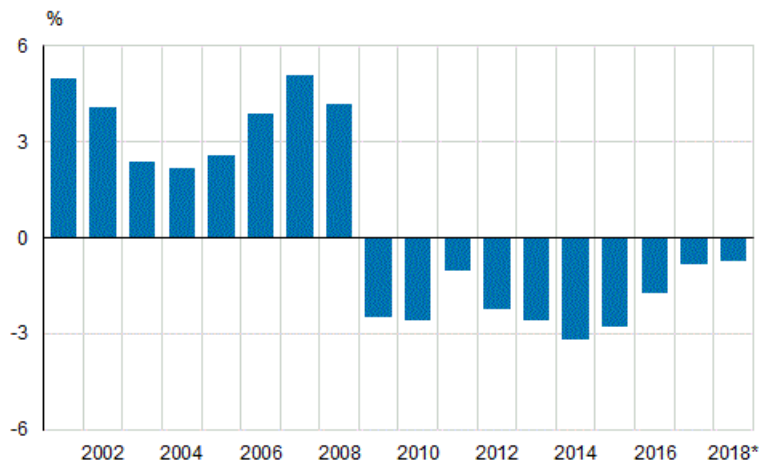


General government deficit and debt 2018

General government deficit 0.7 per cent and debt 58.9 per cent relative to GDP in 2018

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 2018. 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 58.9 per cent at the end of 2018 relative to gross domestic product. The ratio of debt to GDP is now below the reference value of 60 per cent.

General government EDP deficit (-), relative to GDP

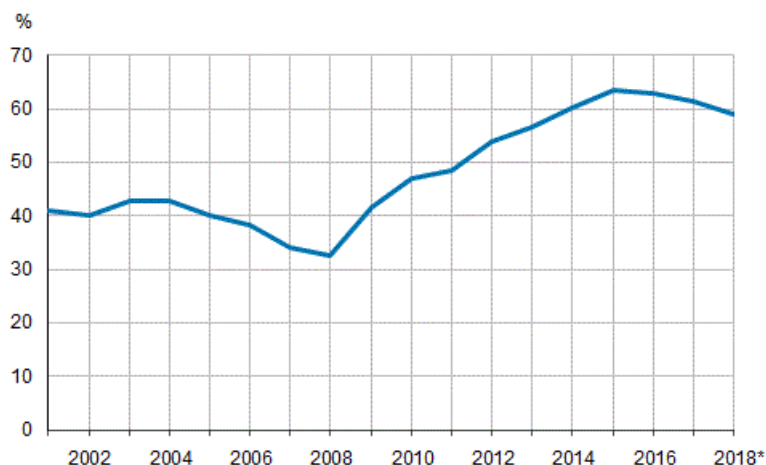


In 2018, general government deficit, or net borrowing according to national accounts, was EUR 1.6 billion. The financial position of general government improved by EUR 0.3 billion from the previous year. The central government’s financial position improved most, by EUR 1.3 billion compared with 2017, and it was particularly due to the significant growth in tax revenue. However, the central government remained clearly in deficit, its deficit being EUR 2.7 billion in 2018.

The local government sector’s deficit, or net borrowing was EUR 1.9 billion in 2018, which is EUR 1.5 billion more than one year earlier. Social security funds are divided into employment pension schemes and other social security funds. The sector’s surplus was EUR 3.1 billion in 2018, or EUR 0.4 billion more than in the previous year.

Compared to the preliminary data released in mid-March, the deficit of general government was revised to EUR 207 million higher. Of general government subsectors, the biggest updates concerned employment pension schemes where surplus decreased compared to March by EUR 115 million to EUR 2,372 million.

General government EDP debt relative to GDP



Consolidated general government gross debt (EDP debt) amounted to EUR 137.5 billion at the end of 2018. The debt grew by EUR 0.3 billion in 2018. Central government debt decreased by EUR 1.2 billion and local government debt grew by EUR 0.9 billion. The debt of social security funds decreased by EUR 0.6 billion. The decrease in consolidated items between general government by EUR 1.2 per cent contributed to the debt of the entire general government sector growing by said EUR 0.3 billion in 2018. 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 with the preliminary data published in March, the ratio of debt to GDP remained the same.

Eurostat will publish preliminary data on Members States on 23 April 2019.

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 2018, Finland's general government debt includes EUR 3,401 million of debt granted by the EFSF to beneficiary countries. At the end of 2017, 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 2018, the State Treasury's central government debt EUR 105.0 billion + conceptual differences of the debt EUR 6.9 billion + differences caused by the sector delimitation EUR 3.9 billion = central government gross debt EUR 115.8 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 2008-2018 ¹⁾

Year	Million EUR				Ratio to GDP, %			
	Central government	Local government	Social security funds	Total	Central government	Local government	Social security funds	Total
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	1 926	-5 783	-3,0	-0,7	0,9	-2,8
2016	-5 746	-907	2 939	-3 714	-2,7	-0,4	1,4	-1,7
2017*	-4 081	-429	2 699	-1 811	-1,8	-0,2	1,2	-0,8
2018*	-2 733	-1911	3 090	-1 554	-1,2	-0,8	1,3	-0,7

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

Appendix table 2. General government EDP debt 2008-2018

Year	Million EUR				Ratio to GDP, %			
	Central government	Local government	Social security funds	Total	Central government	Local government	Social security funds	Total
2008	54 550	8703	1	63 254	28,2	4,5	0,0	32,7
2009	65 510	9970	2	75 482	36,2	5,5	0,0	41,7
2010	77 573	10 586	1	88 160	41,5	5,7	0,0	41,1
2011	84 061	11 428	1	95 490	42,7	5,8	0,0	48,5
2012	92 775	13 007	1926	107 708	46,4	6,5	1,0	53,9
2013	98 003	14 911	1887	114 801	48,2	7,3	0,9	56,5
2014	104 678	16 846	2172	123 696	50,9	8,2	1,1	60,2
2015	112 078	17 992	3136	133 206	53,4	8,6	1,5	63,4
2016	114 882	18 957	2311	136 150	53,2	8,8	1,1	63,0
2017*	115 304	19 212	2762	137 278	51,5	8,6	1,2	61,3
2018*	115 282	20 081	2182	137 545	49,4	8,6	0,9	58,9

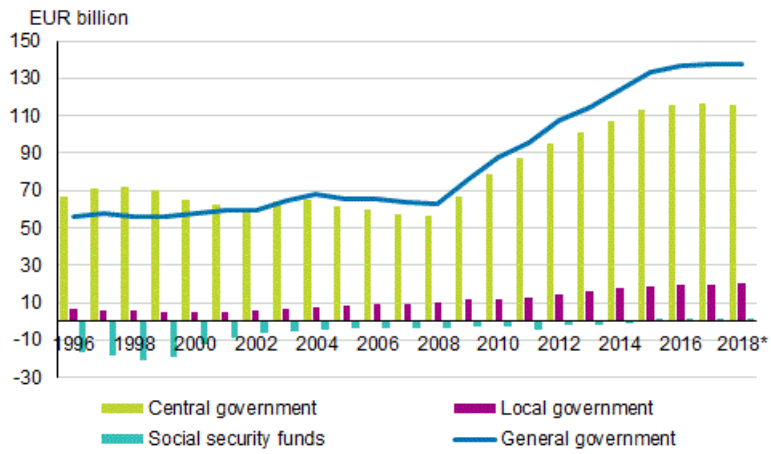
Appendix table 3. Revision of general government EDP deficit and debt

General government deficit/debt relative to GDP, %	Deficit ¹⁾				Debt			
	2014	2015	2016	2017	2014	2015	2016	2017
Year								
Release of September 2018	-3,2	-2,8	-1,7	-0,7	60,2	63,6	63,0	61,3
Release of April 2019	-3,2	-2,8	-1,7	-0,8	60,2	63,4	63,0	61,3
Revision, percentage points	0,00	0,00	0,01	-0,12	0,00	-0,11	0,01	-0,01
— of which: revision of deficit/debt	0,00	0,00	0,01	-0,12	0,00	0,00	0,00	0,00
— of which: revision of GDP	0,00	0,00	0,00	0,00	0,00	-0,11	0,01	-0,01

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, 1996 to 2018



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	-5 783	-5 696	-87
	2016	-3 714	-4 100	386
	2017	-1 811	-1 279	-532
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