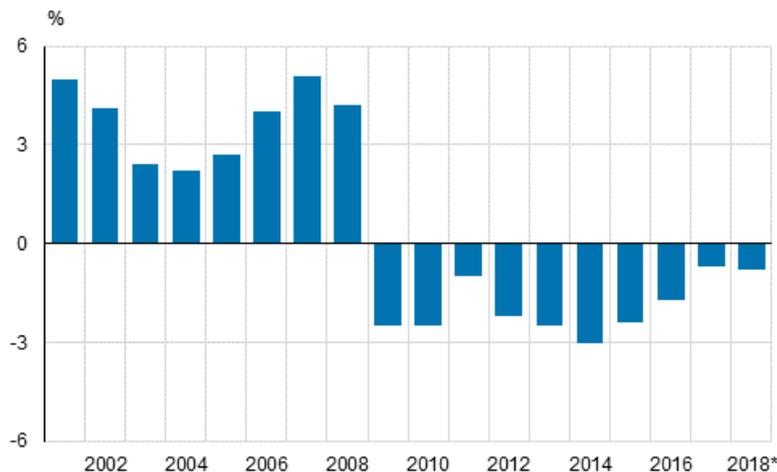


General government deficit and debt 2018

General government deficit 0.8 per cent and debt 59 per cent relative to gross domestic product in 2018

According to the revised preliminary data reported by Statistics Finland to Eurostat, general government deficit was 0.8 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 59 per cent at the end of 2018 relative to gross domestic product. The ratio of debt to GDP is below the reference value of 60 per cent.

General government EDP deficit (-) relative to GDP



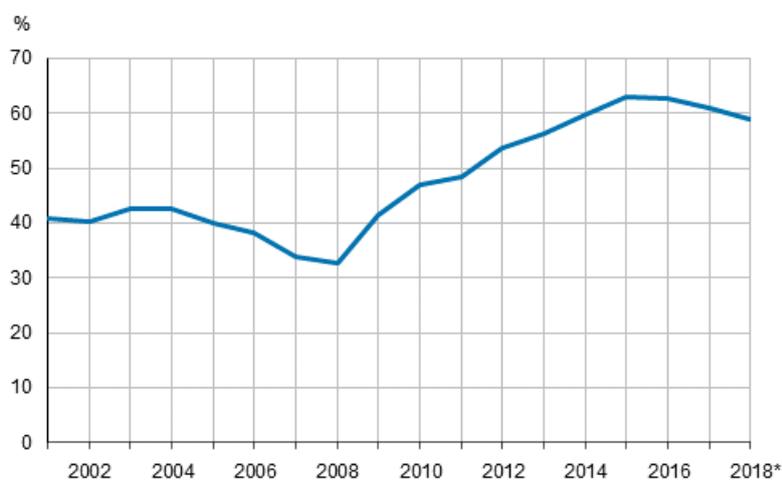
In 2018, general government deficit, or net borrowing according to national accounts, was EUR 1.9 billion. The financial position of general government weakened by around EUR 400 million from the year before. The financial position of local government weakened most, by EUR 1.6 billion compared to 2017. This was particularly due to considerable growth in the sector’s consumption expenditure and investments. In 2018, local government deficit, or net borrowing, was EUR 2.1 billion.

The deficit of central government declined by EUR 1.2 billion from 2017 but remained, however, clearly in deficit. The deficit of central government stood at EUR 2.8 billion in 2018.

Social security funds are divided into employment pension schemes and other social security funds. The surplus of employment pension schemes was EUR 2.2 billion in 2018, which was roughly the same as in the previous year. The surplus of other social security funds was EUR 0.7 billion in 2018.

Compared to the preliminary data released in April, the deficit of general government for 2018 was revised to EUR 400 million more. Of general government subsectors, the biggest updates concerned the local government sector where the deficit grew compared to April by EUR 157 million.

General government EDP debt relative to GDP



Consolidated general government gross debt (EDP debt) amounted to EUR 138.4 billion at the end of 2018. The debt grew by around EUR one billion in 2018. Central government debt decreased by EUR 1.2 billion and local government debt grew by EUR 1.6 billion. The debt of social security funds shrunk by EUR 0.5 billion. The decrease in consolidated items between general government by EUR 1.1 per cent contributed to the debt of the entire general government sector growing by EUR one 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 April, the ratio of debt to GDP increased by 0.1 percentage points.

In connection with the October EDP notification, the time series for general government debt by quarter has become slightly revised starting from 2010. [The statistics on General government debt by quarter](#) has been revised in connection with the release on General government deficit and debt.

Eurostat will publish preliminary data on Member States on 21 October 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) and 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	-763	7,880	8,114	0.5	-0.4	4.1	4.2
2009	-8,256	-1,134	4,875	-4,515	-4.5	-0.6	2.7	-2.5
2010	-9,932	-406	5,571	-4,767	-5.3	-0.2	3.0	-2.5
2011	-6,381	-1,055	5,418	-2,018	-3.2	-0.5	2.7	-1.0
2012	-7,383	-2,123	5,172	-4,334	-3.7	-1.1	2.6	-2.2
2013	-7,546	-1,447	3,834	-5,159	-3.7	-0.7	1.9	-2.5
2014	-7,731	-1,514	3,064	-6,181	-3.7	-0.7	1.5	-3.0
2015	-6,307	-1,321	2,501	-5,127	-3.0	-0.6	1.2	-2.4
2016	-5,716	-898	2,859	-3,755	-2.6	-0.4	1.3	-1.7
2017*	-4,043	-451	2,944	-1,550	-1.8	-0.2	1.3	-0.7
2018*	-2,807	-2,068	2,940	-1,935	-1.2	-0.9	1.3	-0.8

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	57,659	10,214	1	63,254	29.7	5.3	0.0	32.6
2009	68,053	11,560	2	75,482	37.4	6.4	0.0	41.5
2010	80,055	12,027	1	88,248	42.6	6.4	0.0	46.9
2011	88,133	12,738	1	95,576	44.5	6.4	0.0	48.3
2012	96,085	14,327	1,947	107,801	47.8	7.1	1.0	53.6
2013	101,298	16,237	1,907	114,888	49.6	7.9	0.9	56.2
2014	107,471	17,675	2,192	123,778	51.9	8.5	1.1	59.8
2015	113,384	18,754	3,156	133,287	53.6	8.9	1.5	63.0
2016	115,819	19,625	2,352	136,249	53.3	9.0	1.1	62.6
2017*	117,049	19,767	2,826	137,391	51.8	8.8	1.3	60.9
2018*	115,899	21,333	2,283	138,412	49.4	9.1	1.0	59.0

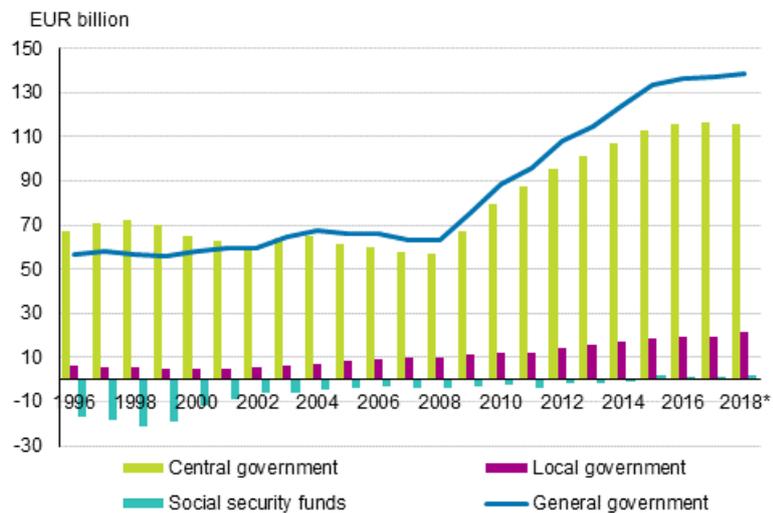
Appendix table 3. Revision of general government EDP deficit and debt

General government deficit/debt relative to GDP, %	Deficit ¹⁾				Debt			
	2015	2016	2017	2018	2015	2016	2017	2018
Year								
Release of April 2019	-2.8	-1.7	-0.8	-0.7	63.4	63.0	61.3	58.9
Release of October 2019	-2.4	-1.7	-0.7	-0.8	63.0	62.6	60.9	59.0
Revision, percentage points	0.33	-0.01	0.12	-0.16	-0.43	-0.36	-0.46	0.14
of which: revision of deficit/debt	0.31	-0.02	0.12	-0.16	0.04	0.05	0.05	0.37
of which: revision of GDP	0.02	0.01	0.01	0.00	-0.47	-0.41	-0.51	-0.23

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 2015–2018, million EUR

	Statistical year	Latest release	1. release ¹⁾	Revision, latest minus first
Deficit	2015	-5,127	-5,696	569
	2016	-3,755	-4,100	345
	2017	-1,550	-1,279	-271
	2018	-1,935	-1,347	-588
Debt	2015	133,287	130,746	2,541
	2016	136,249	136,054	195
	2017	137,391	137,286	105
	2018	138,412	137,545	867

1) 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. The year 2018: deficit: National accounts 15 March 2019. The year 2018: debt: General government debt by quarter 15 March 2019.

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Source: General government deficit and debt. Statistics Finland