

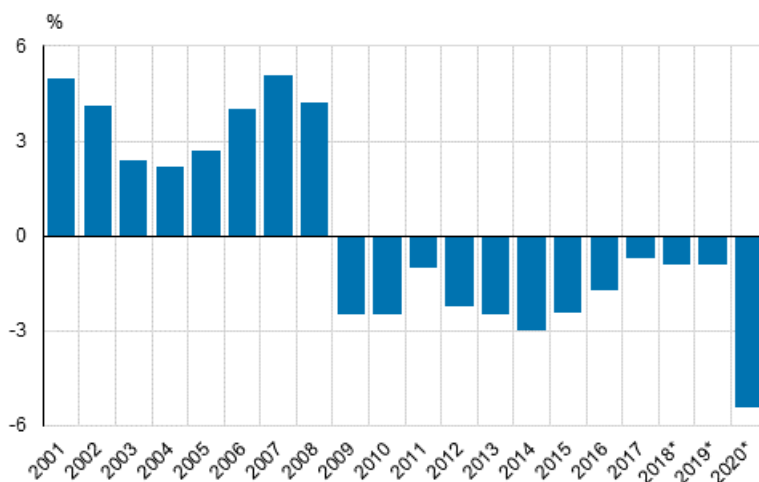
General government deficit and debt 2020, preliminary data

General government deficit 5.4 per cent and debt 69.2 per cent relative to GDP in 2020

Corrected 26 April 2021: The last sentence containing an erroneous interpretation was deleted from the introduction.

According to the revised data reported by Statistics Finland to Eurostat, general government deficit was 5.4 per cent relative to gross domestic product in 2020. The deficit exceeded the reference values 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 69.2 per cent relative to gross domestic product at the end of 2020. The ratio of debt to GDP exceeded the reference value of 60 per cent.

General government EDP deficit (-), relative to GDP

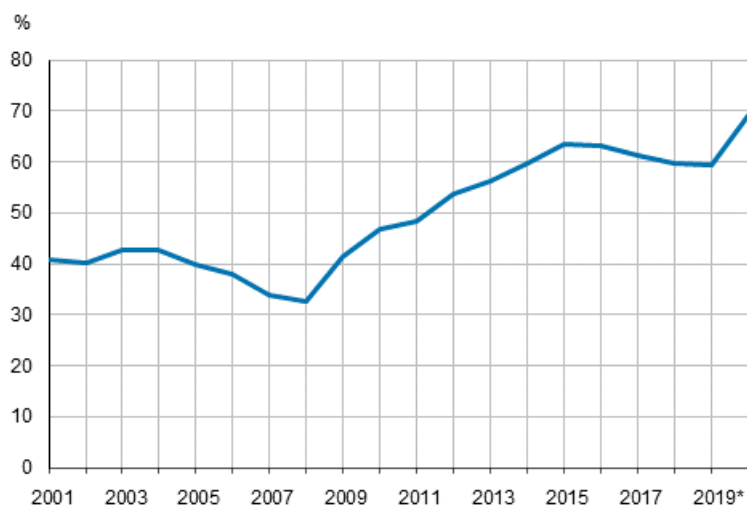


In 2020, general government deficit, or net borrowing according to national accounts, was EUR 12.9 billion. The financial position of general government weakened by good EUR 10 billion from the year before. Compared to 2019, the financial position of central government weakened most, by around EUR 10.8 billion, being EUR 13.4 billion in deficit in 2020. Central government's total revenue decreased by EUR 3.2 billion and total expenditure grew by EUR 7.6 billion. The growth in total expenditure was

particularly caused by the increase in income transfers to other sectors. According to preliminary data, the local government sector's deficit changed to a surplus of EUR 175 million in 2020.

Social security funds are divided into employment pension schemes and other social security funds. The surplus of social security funds decreased due to a fall in dividend income to around EUR 270 million in 2020, that is, it decreased by around EUR three billion from the previous year. The surplus of employment pension schemes decreased to around EUR 430 million and the financial position of other social security funds changed from being in surplus to being around EUR 160 million in deficit in 2020.

General government EDP debt relative to GDP



Consolidated general government gross debt (EDP debt) amounted to EUR 164.3 billion at the end of 2020. The debt grew by EUR 21.4 billion in 2020. Central government debt grew by EUR 17.6 billion and local government debt by EUR 1.7 billion. The debt of social security funds grew by EUR 2.2 billion. The increase in consolidated items between general government by EUR 96 million contributed to the debt of the entire general government sector growing by said EUR 21.4 billion in 2020. 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.

Eurostat will publish preliminary data on Member States on 22 April 2021.

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 2020, Finland's general government debt includes EUR 3.4 billion of debt granted by the EFSF to beneficiary countries. 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 (http://www.stat.fi/meta/luokitukset/_linkki/soveltamisp.html) (only in Finnish). However, the State Pension Fund is classified as a social security fund. The valuation principle for both debt concepts is the nominal value, where the effect of currency swaps is taken into account. 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 2020, the State Treasury's central government debt EUR 124.8 billion + conceptual differences of the debt EUR 6.4 billion + differences caused by the sector delimitation EUR 4.6 billion = central government gross debt EUR 135.9 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 and decisions on major sector classification cases (only in Finnish) can be found at https://www.stat.fi/meta/luokitukset/_linkki/soveltamisp.html

Finland updated the EDP inventory concerning the compilation of deficit and debt data in connection with the release. A new updated methodological description can be found at: https://stat.fi/til/jali/men_en.html

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Appendix tables

Appendix table 1. General government EDP deficit 2008-2020¹⁾

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	-5 713	-898	2 917	-3 694	-2.6	-0.4	1.3	-1.7
2017*	-4 039	-452	3 011	-1 480	-1.8	-0.2	1.3	-0.7
2018*	-2 937	-2 041	2 986	-1 992	-1.3	-0.9	1.3	-0.9
2019*	-2 589	-3 013	3 323	-2 279	-1.1	-1.3	1.4	-0.9
2020*	-13 370	175	271	-12 924	-5.6	0.1	0.1	-5.4

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

Appendix table 2. General government EDP debt 2008-2020

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	114 626	18 754	3 156	134 529	54.2	8.9	1.5	63.6
2016	116 990	19 625	2 352	137 420	53.8	9.0	1.1	63.2
2017*	118 080	19 767	2 826	138 422	52.2	8.7	1.2	61.2
2018*	116 767	21 617	2 283	139 564	50.0	9.3	1.0	59.7
2019*	118 283	24 512	1 426	142 874	49.2	10.2	0.6	59.5
2020*	135 874	26 181	3 603	164 266	57.2	11.0	1.5	69.2

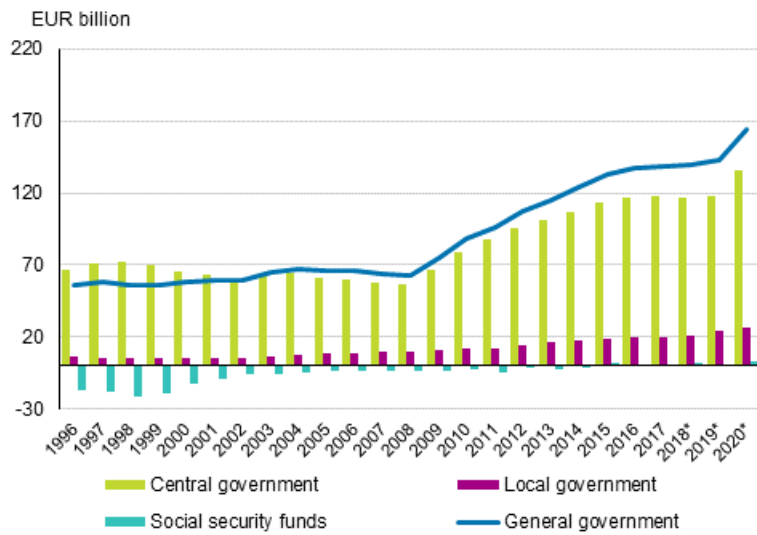
Appendix table 3. Revision of general government EDP deficit and debt

General government deficit/debt relative to GDP, %	Deficit ¹⁾				Debt			
	2016	2017	2018	2019	2016	2017	2018	2019
Year								
Release of October 2020	-1.7	-0.7	-0.9	-1.0	63.2	61.3	59.6	59.3
Release of April 2021	-1.7	-0.7	-0.9	-0.9	63.2	61.2	59.7	59.5
Revision, percentage points	0.00	0.00	0.01	0.01	0.00	-0.10	0.09	0.21
of which: revision of deficit/debt	0.00	0.00	0.01	0.01	0.00	0.00	0.10	0.14
of which: revision of GDP	0.00	0.00	0.00	0.00	0.00	-0.10	-0.01	0.07

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 2020*



Revisions in these statistics

Revision of general government EDP-deficit and debt 2016–2019, million EUR

	Statistical year	Latest release	1. release ¹⁾	Revision, latest minus first
Deficit	2016	-3 694	-4 100	406
	2017	-1 480	-1 279	-201
	2018	- 1 992	-1 347	-645
	2019	-2 279	-2 735	456
Debt	2016	137 420	136 054	1 366
	2017	138 422	137 286	1 136
	2018	139 564	137 545	2 019
	2019	142 874	142 507	367

1) 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. The year 2019: deficit: National accounts 16 March 2020. The year 2019: debt: General government debt by quarter 16 March 2020.

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Source: General government deficit and debt. Statistics Finland