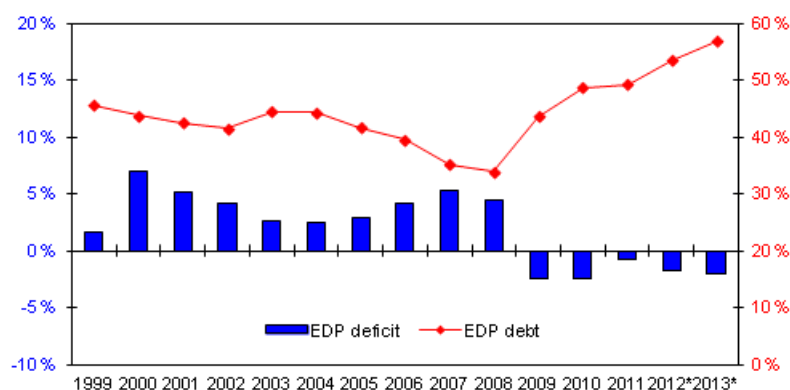


General government deficit and debt 2013

Preliminary data released on general government deficit and debt in 2013 became slightly revised

According to Statistics Finland's preliminary data, the general government deficit and debt figures were revised a little compared to data released in early March. The revision was based on up-to-date data on state revenues from taxes, income transfers between the state and municipalities, and debt accumulated in 2013, due to which the deficit increased by EUR 195 million and the debt grew by EUR 35 million. The figures derive from the data reported by Statistics Finland to Eurostat.

Finland's general government deficit (-) and debt, percentage of GDP



During 2013, consolidated general government EDP debt, or consolidated gross debt, grew by EUR 7 billion to EUR 110.2 billion. The GDP share of the debt rose from the previous year's 53.6 per cent to 57 per cent. General government deficit relative to GDP went up to 2.1 per cent from the previous year's 1.8 per cent. According to the preliminary data, public deficit and debt remained below the reference values of the European Union's Growth and Stability Pact.

In 2013, the financial position of general government was EUR 4.1 billion in deficit. The central government sector's deficit remained almost unchanged, amounting to EUR 6.5 billion. The local government sector's deficit decreased by EUR 0.5 billion to EUR 1.7 billion. This was caused by the fact that tax revenues grew and the growth in expenditure slowed down. Employment pension funds and other social security funds accumulated a surplus of EUR 4.1 billion which was EUR 1.1 billion lower than in 2012. This was mainly affected by the fact that paid pensions grew by more than pension income.

In 2013, general government's unconsolidated gross debt increased by EUR 7.2 billion from the year before. Central government debt rose by EUR 5.0 billion whereas local government debt grew by EUR 2.2 billion. Internal general government debt increased by EUR 0.2 billion. 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. The central government sector's EDP debt has been slightly revised for 2009 to 2012 due to Eurostat's instructions to record the EU Commission's deposits as deposit liabilities. Previously they were recorded in the other debts item that is not included in EDP debt.

In general government accounts, the European Financial Stability Facility EFSF is, based on Eurostat's decision, handled so that 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 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 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 EFSF is calculated by dividing the loan granted to the beneficiary country by the contribution key (based on the share in ECB's capital of each country participating in the support operations).

For 2013, EUR 3 426 million has been recorded as debt granted by EFSF to beneficiary countries in Finland's general government debt, the amount at the end of 2012 was EUR 2 702 million. Corresponding treatment does not apply to the European Stability Mechanism (ESM).

The public deficit concept used in these statistics complies with the Excessive Deficit Procedure (EDP) of the European Union's Growth and Stability Pact. This so-called EDP deficit corresponds with the net lending of the general government sector account in national accounts (ESA95), except for the interest flows relating to swap and forward rate agreements, which are entered as interest expenses in the EDP deficit report but as changes in derivative debt in national accounts. In 2013, the impact from the difference between the methods amounted to 0.3 per cent of GDP, and, according to preliminary data, the net lending of the sector accounts compliant with ESA95 was -2.5 per cent of GDP.

EDP debt of general government differs conceptionally to some extent, for example in the case of central government, from the central government debt published by the State Treasury. Central government's EDP debt includes loans granted to beneficiary counties by the European Financial Stability Facility EFSF (as explained above), received cash collaterals 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 budget economy, in addition to which it includes, for example, universities, Solidium and Yleisradio (the Finnish Broadcasting Company). When these differences are taken into consideration we reach the central government non-consolidated gross debt in accordance with the EDP concept (Appendix table 3), i.e. in 2013, the State Treasury's central government debt EUR 89.7 billion + conceptual differences of the debt EUR 9.1 billion + differences caused by the sector delimitation EUR 0.7 billion = central government non-consolidated gross debt EUR 99.5 billion. The valuation principle for both debt concepts is the nominal value, where the effect of currency swaps are taken into account.

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 23 April, on the same day that Eurostat will publish the data.

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Appendix tables

Appendix table 1. General government EDP deficit 1998-2013¹⁾

	Central government	Local government	Social security funds	Total	Central government	Local government	Social security funds	Total
1998	-1 745	-313	3 997	1 939	-1.5	-0.3	3.4	1.7
1999	-1 445	-243	3 794	2 106	-1.2	-0.2	3.1	1.7
2000	3 502	204	5 573	9 279	2.6	0.2	4.2	7.0
2001	2 015	-661	5 784	7 138	1.4	-0.5	4.2	5.1
2002	1 348	-587	5 231	5 992	0.9	-0.4	3.6	4.2
2003	322	-1 069	4 603	3 856	0.2	-0.7	3.2	2.6
2004	205	-1 262	4 813	3 756	0.1	-0.8	3.2	2.5
2005	368	-1 230	5 396	4 534	0.2	-0.8	3.4	2.9
2006	-130	-611	7 685	6 944	-0.1	-0.4	4.6	4.2
2007	1 736	-326	8 190	9 600	1.0	-0.2	4.6	5.3
2008	1 091	-789	7 858	8 160	0.6	-0.4	4.2	4.4
2009	-7 826	-1 181	4 757	-4 250	-4.5	-0.7	2.8	-2.5
2010	-9 522	-354	5 421	-4 455	-5.3	-0.2	3.0	-2.5
2011	-5 764	-1 038	5 446	-1 356	-3.1	-0.5	2.9	-0.7
2012*	-6 576	-2 168	5 232	-3 512	-3.4	-1.1	2.7	-1.8
2013*	-6 502	-1 712	4 128	-4 086	-3.4	-0.9	2.1	-2.1

1) * Preliminary

Appendix table 2. General government EDP debt 1998-2013¹⁾

	Central government	Local government	Social security funds	Total	Central government	Local government	Social security funds	Total
1998	53 125	3 263	27	56 414	45.5	2.8	0.0	48.4
1999	52 771	3 073	43	55 887	43.1	2.5	0.0	45.7
2000	54 469	3 414	9	57 892	41.2	2.6	0.0	43.8
2001	55 575	3 556	10	59 142	39.9	2.6	0.0	42.5
2002	55 458	4 061	48	59 567	38.6	2.8	0.0	41.5
2003	59 713	5 017	48	64 778	41.0	3.4	0.0	44.5
2004	61 676	5 896	15	67 587	40.5	3.9	0.0	44.4
2005	58 565	7 086	1	65 652	37.2	4.5	0.0	41.7
2006	57 934	7 761	1	65 696	34.9	4.7	0.0	39.6
2007	55 058	8 166	1	63 225	30.6	4.5	0.0	35.2
2008	54 550	8 464	1	63 015	29.4	4.6	0.0	33.9
2009	65 510	9 702	2	75 214	38.0	5.6	0.0	43.6
2010	76 912	10 228	1	87 141	43.0	5.7	0.0	48.8
2011	82 112	11 000	1	93 113	43.5	5.8	0.0	49.3
2012*	90 663	12 505	2	103 170	47.1	6.5	0.0	53.6
2013*	95 677	14 515	1	110 193	49.5	7.5	0.0	57.0

1) * Preliminary

Appendix table 3. General government non-consolidated gross debt and EDP debt 2000-2013, billion EUR¹⁾

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012*	2013*
A. General government non-consolidated gross debt:	73.4	71.4	70.4	72.1	73.3	71.0	70.3	68.1	68.0	79.8	91.6	99.0	108.4	115.6
- Central government	67.9	65.9	64.6	65.5	65.9	62.5	61.1	58.6	57.9	68.5	79.8	86.6	94.4	99.5
- Local government	5.4	5.4	5.7	6.5	7.4	8.4	9.1	9.5	10.1	11.3	11.8	12.4	14.0	16.2
- Social security funds	0.0	0.0	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
B. General government internal debt	15.5	12.2	10.8	7.3	5.7	5.3	4.6	4.9	5.0	4.6	4.4	5.9	5.2	5.5
A-B. General government consolidated EDP-debt:	57.9	59.1	59.6	64.8	67.6	65.7	65.7	63.2	63.0	75.2	87.1	93.1	103.2	110.2
- Central government	54.5	55.6	55.5	59.7	61.7	58.6	57.9	55.1	54.6	65.5	76.9	82.1	90.7	95.7
- Local government	3.4	3.6	4.1	5.0	5.9	7.1	7.8	8.2	8.5	9.7	10.2	11.0	12.5	14.5
- Social security funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

1) * Preliminary

Revisions in these statistics

Revision of general government EDP-deficit and debt 2010-2013, million EUR

	Statistical year	Latest release	1. release	Revision, latest minus first
Deficit	2010	-4 455	-4 427	-28
	2011	-1 356	-937	-419
	2012	-3 512	-3 714	202
	2013	-4 086	-3 891	-195
Debt	2010	87 141	87 216	-75
	2011	93 113	93 030	83
	2012	103 170	103 131	39
	2013	110 193	110 158	35

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Source: General government deficit and debt. Statistics Finland