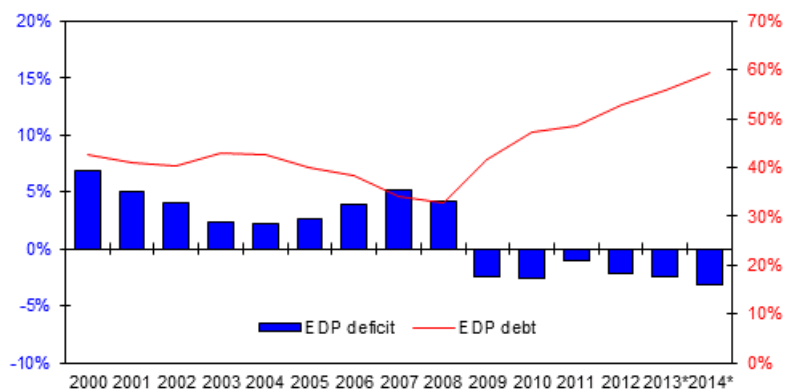


General government deficit and debt 2014

General government deficit 3.2 per cent and debt 59.3 per cent relative to GDP in 2014

According to the preliminary data reported by Statistics Finland to Eurostat, general government deficit was 3.2 per cent relative to gross domestic product in 2014. According to preliminary data, deficit thus exceeded the reference values of the European Union's Stability and Growth Pact, which is three per cent relative to gross domestic product. In contrast, general government EDP debt, or consolidated gross debt, remained below the reference value of 60 per cent, and was 59.3 per cent relative to GDP in 2014.

Finland's general government deficit (-) and debt, ratio to GDP



In 2014, general government deficit, or net borrowing according to national accounts, was EUR 6.4 billion. General government deficit in 2014 got revised EUR 535 million lower compared to the preliminary national accounts data released at the beginning of March. EUR 406 million of the revision concerned central government data and EUR 129 million local government data. For central government, the biggest changes were in tax revenue and EU budgetary contributions. The value added tax revenue grew by EUR 191 million compared to the preliminary data as the accrual data were completed. The contributions paid by the state to the EU in turn diminished by EUR 149 million. Local government deficit in 2014 (net

borrowing) went down as the effects of incorporations of polytechnics and municipal enterprises were revised.

Compared to 2013, general government deficit grew last year by EUR 1.3 billion. From the year before, central government deficit increased by EUR 173 million and local government deficit by EUR 279 million. Social security funds are divided into employment pension schemes and other social security funds. As in the previous years, the surplus of employment pension schemes decreased, now by EUR 252 million. Other social security funds showed a deficit for the first time since 2009. Their financial position weakened by EUR 609 million from the year before and was EUR -584 million in 2014. This was mainly due to growth in unemployment expenditure.

Consolidated general government gross debt (EDP debt) amounted to EUR 121.1 billion at the end of 2014. The debt figures were not revised from the data of the statistics on general government debt by quarter released at the beginning of March. In 2013, the EDP debt amounted to EUR 112.7 billion, that is, the debt grew by EUR 8.4 billion in 2014. Central government accounted for EUR 6.6 billion of the growth in consolidated debt, local government for EUR 1.5 billion and social security funds for EUR 0.3 billion.

The debt figures will be next revised in June in connection with the release of the statistics on general government debt by quarter, and the deficit figures will become next revised in July in connection with the release of national accounts.

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

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 total 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 2014, EUR 3,611 million were recorded in Finland's general government debt as debt based on loans granted by the EFSF and the corresponding amount at the end of 2013 was EUR 3,426 million. 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 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 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 3), i.e. in 2014, the State Treasury's central government debt EUR 95.1 billion + conceptual differences of the debt EUR 9.6 billion + differences caused by the sector delimitation EUR 3.7 billion = central government non-consolidated gross debt EUR 108.4 billion. The valuation principle for both debt concepts is the nominal value, where the effect of currency swaps is taken into account.

A list of units belonging to general government can be found at:

http://www.stat.fi/meta/luokitukset/_linkki/julkisyhteisot.html. Decisions on major sector classification cases 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 2005-2014¹⁾

	Million EUR				Ratio to GDP, %			
	Central government	Local government	Social security funds	Total	Central government	Local government	Social security funds	Total
2005	68	-1 187	5 379	4 260	0.0	-0.7	3.3	2.6
2006	-312	-565	7 658	6 781	-0.2	-0.3	4.4	3.9
2007	1 736	-332	8 166	9 570	0.9	-0.2	4.4	5.1
2008	997	-750	7 843	8 090	0.5	-0.4	4.0	4.2
2009	-8 256	-1 130	4 803	-4 583	-4.6	-0.6	2.7	-2.5
2010	-9 951	-407	5 454	-4 904	-5.3	-0.2	2.9	-2.6
2011	-6 365	-1 057	5 423	-1 999	-3.2	-0.5	2.8	-1.0
2012	-7 279	-2 134	5 173	-4 240	-3.6	-1.1	2.6	-2.1
2013*	-7 425	-1 458	3 761	-5 122	-3.7	-0.7	1.9	-2.5
2014*	-7 598	-1 737	2 900	-6 435	-3.7	-0.9	1.4	-3.2

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

Appendix table 2. General government EDP debt 2005-2014

	Million EUR				Ratio to GDP, %			
	Central government	Local government	Social security funds	Total	Central government	Local government	Social security funds	Total
2005	58 565	7 193	1	65 759	35.6	4.4	0.0	40.0
2006	57 934	7 959	1	65 894	33.6	4.6	0.0	38.2
2007	55 058	8 366	1	63 425	29.5	4.5	0.0	34.0
2008	54 550	8 703	1	63 254	28.2	4.5	0.0	32.7
2009	65 510	9 970	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	47.1
2011	84 061	11 428	1	95 490	42.7	5.8	0.0	48.5
2012	92 658	13 007	2	105 667	46.4	6.5	0.0	52.9
2013*	97 795	14 886	1	112 682	48.4	7.4	0.0	55.8
2014*	104 400	16 393	257	121 050	51.2	8.0	0.1	59.3

Appendix table 3. General government non-consolidated gross debt and EDP debt 2005-2014, billion EUR

	2005	2006	2007	2008	2009	2010	2011	2012	2013*	2014*
A. General government non-consolidated gross debt:	71.1	70.4	68.3	68.2	80.1	92.6	101.9	111.3	118.3	126.1
- Central government	62.5	61.1	58.6	57.9	68.5	80.5	89.1	96.9	101.9	108.4
- Local government	8.5	9.3	9.7	10.3	11.6	12.1	12.8	14.5	16.3	17.4
- Social security funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3
B. General government internal debt	5.3	4.6	4.9	5.0	4.6	4.4	6.4	5.7	5.6	5.0
A-B. General government consolidated EDP-debt:	65.8	65.9	63.4	63.3	75.5	88.2	95.5	105.7	112.7	121.1
- Central government	58.6	57.9	55.1	54.6	65.5	77.6	84.1	92.7	97.8	104.4
- Local government	7.2	8.0	8.4	8.7	10.0	10.6	11.4	13.0	14.9	16.4
- Social security funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3

Revisions in these statistics

Revision of general government EDP-deficit and debt 2011-2014, million EUR

		Latest release	1. release ¹⁾	Revision, latest minus first
Deficit	2011	-1 999	-1 999	0
	2012	-4 240	-4 186	-54
	2013	-5 122	-4 868	-254
	2014	-6 435	-6 970	535
Debt	2011	95 490	95 490	0
	2012	105 667	105 541	126
	2013	112 682	112 664	18
	2014	121 050	121 050	0

1) The years 2011 to 2013: 30 September 2014, when data according to ESA 2010 were published in the statistics.
The year 2014, deficit: National accounts 2 March 2015.
The year 2014, debt: General government debt by quarter 2 March 2015.

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Source: General government deficit and debt. Statistics Finland