

National Accounts 2008

Gross domestic product grew by one per cent last year

According to Statistics Finland's revised preliminary data, the volume of Finland's GDP grew by 1.0 per cent in 2008. According to the initial preliminary data released in February, the growth amounted to 0.9 per cent. Gross domestic product, or the value added created in the production of the goods and services, amounted to EUR 185 billion last year.

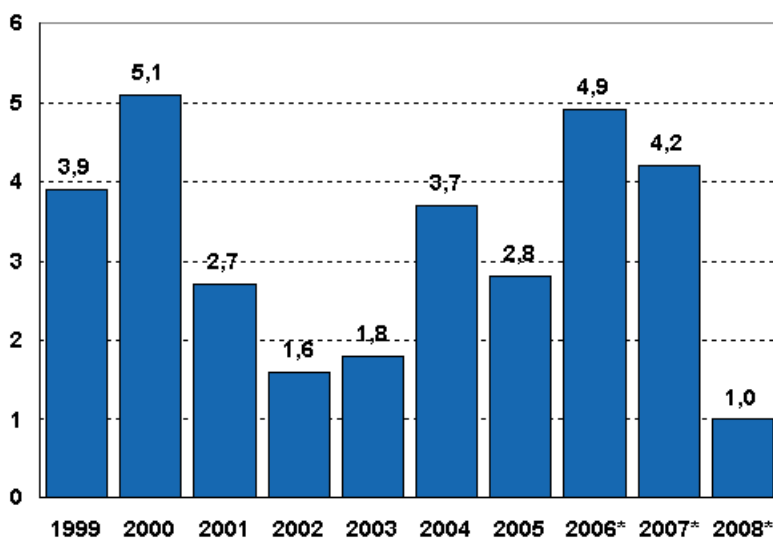
Volume of output grew significantly only in the manufacture of electric machinery and trade. Output volume decreased most in financial intermediation and insurance activities.

Growth in output was mostly export-driven. The volume of exports grew by 7.3 per cent and that of imports by 7 per cent. In particular the export and import of services increased. The volume of consumption grew by 1.9 per cent and investments grew by 0.3 per cent.

Non-financial corporations' operating surplus, or operating profit, decreased by 6.9 per cent on account of the recession which started in 2008 but investments continued to grow. Non-financial corporations' financial surplus diminished to EUR 0.9 billion. General government still showed a surplus of nearly EUR 8.1 billion last year.

Households' real income grew by 2 per cent on the average. Wage income went up by 6.8 per cent in nominal terms and social benefits by 4.8 per cent, whereas entrepreneurial income fell by 9.6 per cent. Households' financial deficit stood at EUR 4.7 billion.

Annual change in the volume of gross domestic product, per cent



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Gross domestic product still grew by one per cent last year

According to Statistics Finland's revised preliminary data, Finland's GDP grew by 1.0 per cent last year. The initial preliminary data released in February put the growth at 0.9 per cent. Gross domestic product, or the value added created in the production of goods and services amounted to EUR 185 billion last year.

Output by industry

In primary production, the volume of value added grew by 0.3 per cent. Value added in agriculture contracted by one-and-a-half per cent. Output diminished in crop production but remained at its former level in livestock production. In forestry, value added grew by one per cent. Fellings diminished significantly but the net increment of forests was respectively greater than in previous years.

The volume of value added in secondary production, that is manufacturing and construction, grew by 0.1 per cent. In all manufacturing value added was also 0.1 per cent higher than one year earlier. In the wood and paper industry value added turned to a four per cent decline last year. In the metal industry value added increased by over five per cent thanks to the electronics industry's growth of nearly 12 per cent. Value added in other manufacturing decreased by 8 per cent. In construction, the volume of value added grew by 0.3 per cent from one year back.

The volume of service industries grew by one-and-a-half per cent. Value added in trade went up by four per cent primarily thanks to the livened motor vehicle trade and to wholesale trade. In transport, value added increased by one-and-a-half per cent mainly due to growth in supporting and auxiliary transport activities. Real estate activities grew by over three per cent and business activities by just short of two per cent. The volume of value added in financial intermediation and insurance activities fell by 10 per cent. Public administration and educational services remained on level with the year before, but the volume of health and social work grew by one per cent.

Imports and exports grew clearly, consumption and investments less so

Foreign trade still grew clearly last year. In both imports and exports volume grew by approximately 7 per cent. The volume of goods exports increased by nearly three per cent and that of goods imports by over four per cent, but particularly large growth was recorded in foreign trade in services.

The volume of exports of services grew by 25 per cent and that of imports of services by 16 per cent. The figures became considerably revised upwards from the preliminary data released in February. The growth came especially from increased financial transactions of international groups and concentration of group activities into Finland from abroad.

Both private and public consumption expenditure grew by approximately two per cent in volume last year. Purchases of durable consumer goods showed the largest growth of approximately 9 per cent, whereas the consumption of non-durable consumer goods remained on level with the year before.

The volume of investments only grew by 0.3 last year. Investments in residential buildings, civil engineering investments and investments in software diminished clearly. By contrast, investments in business premises, and in machinery and equipment grew considerably last year.

Employment improved

The number of employed persons, as well as the number of hours worked, still grew by one-and-a-half per cent last year. Business activities, trade and construction showed the largest growth. According to Statistics Finland's Labour Force Survey, the rate of unemployment was 6.4 per cent and the rate of employment 70.6 per cent.

The productivity of labour decreased by 0.3 per cent in the total economy.

Prices rose moderately

The economy's overall price level is estimated to have risen by 1.8 per cent last year as measured by the GDP price index. It was pushed up especially by construction costs.

The year-on-year rise in the Consumer Price Index was 4.1 per cent, but the price index of household consumption expenditure in National Accounts stood at 3.3 per cent. In National Accounts, the prices of housing services are measured with changes in market rents only, whereas the Consumer Price Index also takes into consideration expenditure of owner-occupied housing. The methods used in National Accounts and in the Consumer Price Index for measuring development in the prices of insurance and financial intermediation services also deviate from each other.

The terms of trade weakened further by 3.3 per cent as import prices rose by nearly two per cent but export prices fell by one-and-a-half per cent.

National income contracted by 1.3 per cent in real terms

Net national income grew by 2.8 per cent in nominal terms last year, and stood at EUR 29,500 per capita. Finland's gross national income was slightly lower than gross domestic product last year, i.e. EUR 185 billion, as the property income paid to the rest of the world exceeded property income received from the rest of the world. Due to the weakened terms of trade, gross and net national incomes contracted respectively by 0.9 and 1.1 per cent in real terms.

Households' wage and salary income went up by 7.1 per cent and employers' social insurance contributions by 5.5 per cent. Compensations of employees increased by a total of 6.8 per cent and their share of the national income rose to 58.4 per cent. The respective proportion in the previous year was 56.2 per cent. Property and entrepreneurial income decreased by 4.2 per cent and their share of the national income stood at 28.0 per cent. The respective proportion in the previous year was 30.0 per cent.

Non-financial corporations' profits diminished

Non-financial corporations' operating surplus, or operating profit, contracted by 7 per cent in nominal terms from the previous year. Their entrepreneurial income diminished by 12 per cent. Entrepreneurial income also takes into consideration property income and paid interest and corresponds roughly with profit before payment of taxes and dividends.

Non-financial corporations paid seven per cent less direct taxes and six per cent less dividends than in the year before.

Non-financial corporations' fixed investments in Finland grew by 9 per cent in nominal terms last year, especially due to the growth in construction investments. Fixed investments were higher than ever before. Non-financial corporations' net lending, or financial position, showed a surplus of just under of EUR one billion, while the surplus in the previous year was EUR four billion.

Financial corporations' commission income fell by three per cent but interest margin (financial intermediation services indirectly measured) grew by 10 per cent from the year before. The credit and deposit stock continued to grow and the average annual level of interest rates was higher than in the previous year. The financial position of insurance and financial corporations showed as surplus of good EUR one billion.

General government surplus still exceeded EUR 8 billion

The financial position of central government still showed a surplus of EUR 1.6 billion last year. State revenues from indirect taxes grew by two per cent but one-and-a-half per cent less than in the previous year was accrued from direct taxes due to fallen corporate tax revenues. Income transfers to local government (incl. repayments of value added tax) increased by 10 per cent and those to social security funds by 7 per cent.

In nominal terms, central government's final consumption expenditure grew by nearly 8 per cent and investments by approximately 11 per cent.

The financial position of local government was nearly in balance, showing a deficit of EUR 0.4 billion. Tax revenues received by municipalities grew by over six per cent. In nominal terms, final consumption expenditure grew by 7 per cent and investments by almost 12 per cent.

The financial surplus of employment pension funds rose to a new record amount of nearly EUR 7 billion last year, thanks to the collected employment pension contributions.

The total financial position, or net lending, of general government was EUR 8.1 billion in surplus. The EMU surplus deviates slightly from the general government net lending of National Accounts, and it stood at EUR 8.2 billion, or 4.5 per cent of GDP. The surplus was slightly smaller than in the previous year when it amounted to 5.2 per cent of GDP. General government's so-called EMU debt contracted to 34.2 per cent of GDP.

The proportion of public expenditure of GDP (excluding internal transfers) went up to 49 per cent. In the previous year the ratio was 47.3 per cent.

The tax ratio, or the proportion of taxes and statutory social security contributions of GDP, rose to 43.1 per cent last year. In the previous year the tax ratio was 43 per cent.

Households' real income grew by two per cent

Households' disposable income grew again last year, in nominal terms by 5.4 per cent and per cent and in real terms by two per cent.

The biggest contribution to the growth in gross income came from nearly 7 per cent growth in the wage sum, which was due above all to risen level of earnings, although employment also improved compared to the year before. Social security benefits received by households went up by just under five per cent. Entrepreneurial income from agriculture and forestry fell by 14 per cent, and imputed income from owner-occupied housing by 20 per cent due to risen interest expenditure. Other entrepreneurial income diminished by half-a-per cent. Entrepreneurial income diminished by nearly 10 per cent in total. Direct taxes paid by households increased by good five per cent.

In nominal terms, households' final consumption expenditure increased by 5.3 per cent. Consumption expenditure exceeded disposable income, which resulted in a savings ratio, or savings relative to disposable income, of -1.4 per cent. In other words, households' regular income could not quite cover their consumption expenditure. Households' fixed investments decreased by four per cent in nominal terms as investments in housing diminished. The financial position of households showed a deficit of nearly EUR five billion.

Households' indebtedness rate was 104 per cent, or higher than ever before. The indebtedness rate expresses the ratio between the end-of-year credit stock and annual disposable income.

Next revision in January 2010

National Accounts data concerning 2008 will next be revised in January 2010, when the entire time series starting from 1975 will also be revised.

These revised preliminary data are based on the information on economic development that was available on 3 July 2009.

Methodological descriptions of National Accounts can be found on Statistics Finland's website at: http://tilastokeskus.fi/til/vtp/men_en.html.

Appendix tables

Gross domestic product (GDP) at market prices 1975-2008*¹⁾

Year	At current prices, million EUR	At reference year 2000 prices, million EUR	Change in value, %	Change in volume, %	Change in prices, %	GDP per capita, EUR
1975	18 045	69 431	.	.	.	3 830
1976	20 474	69 616	13,5	0,3	13,2	4 332
1977	22 527	69 847	10,0	0,3	9,7	4 754
1978	24 882	71 664	10,5	2,6	7,7	5 235
1979	28 864	76 667	16,0	7,0	8,4	6 058
1980	33 322	80 590	15,4	5,1	9,8	6 971
1981	37 665	81 613	13,0	1,3	11,6	7 847
1982	42 368	84 081	12,5	3,0	9,2	8 777
1983	47 216	86 559	11,4	2,9	8,3	9 723
1984	52 824	89 194	11,9	3,0	8,6	10 820
1985	57 499	92 120	8,9	3,3	5,4	11 730
1986	61 864	94 539	7,6	2,6	4,8	12 579
1987	66 814	97 903	8,0	3,6	4,3	13 547
1988	75 712	102 897	13,3	5,1	7,8	15 308
1989	84 780	108 469	12,0	5,4	6,2	17 079
1990	89 747	108 558	5,9	0,1	5,8	18 000
1991	85 698	101 780	-4,5	-6,2	1,8	17 092
1992	83 041	97 978	-3,1	-3,7	0,7	16 470
1993	83 924	97 076	1,1	-0,9	2,0	16 566
1994	88 103	100 545	5,0	3,6	1,4	17 312
1995	95 912	104 490	8,9	3,9	4,8	18 777
1996	99 259	108 356	3,5	3,7	-0,2	19 368
1997	107 576	115 074	8,4	6,2	2,1	20 929
1998	117 058	121 087	8,8	5,2	3,4	22 716
1999	122 685	125 835	4,8	3,9	0,9	23 753
2000	132 198	132 198	7,8	5,1	2,6	25 541
2001	139 789	135 774	5,7	2,7	3,0	26 945
2002	143 808	137 910	2,9	1,6	1,3	27 650
2003	145 795	140 407	1,4	1,8	-0,4	27 968
2004	152 151	145 597	4,4	3,7	0,6	29 107
2005	157 070	149 627	3,2	2,8	0,5	29 946
2006*	167 009	156 993	6,3	4,9	1,3	31 713
2007*	179 659	163 591	7,6	4,2	3,2	33 970
2008*	184 728	165 294	2,8	1,0	1,8	34 769

1) *Preliminary data. Time series will be reviewed during year 2010. Time series from 1975 onwards can be retrieved from database tables.

National balance of supply and demand 2007*-2008*¹⁾

Transaction	At current prices, million EUR		At reference year 2000 prices, million EUR		Change in value, %		Change in prices, %		Change in volume, %	
	2007*	2008*	2007*	2008*	2007*	2008*	2007*	2008*	2007*	2008*
Gross domestic product, at market prices	179 659	184 728	163 591	165 294	7,6	2,8	3,2	1,8	4,2	1,0
Imports of goods and services	73 056	79 582	67 043	71 709	8,7	8,9	2,1	1,8	6,5	7,0
Total supply	252 715	264 310	230 046	236 377	7,9	4,6	2,9	1,8	4,9	2,8
Exports of goods and services	82 127	86 761	83 340	89 444	8,8	5,6	0,7	-1,6	8,1	7,3
Final consumption expenditure	129 123	136 847	112 017	114 181	5,5	6,0	2,9	4,0	2,5	1,9
Private consumption expenditure	90 685	95 574	82 304	83 876	5,6	5,4	2,3	3,4	3,3	1,9
Government consumption expenditure	38 438	41 273	29 942	30 535	5,1	7,4	4,3	5,3	0,8	2,0
Gross fixed capital formation	36 566	38 098	32 857	32 965	13,6	4,2	4,5	3,8	8,7	0,3
Private gross fixed capital formation	32 047	33 327	29 105	29 226	13,8	4,0	4,4	3,6	9,0	0,4
Government gross fixed capital formation	4 519	4 771	3 809	3 799	12,6	5,6	5,4	5,9	6,8	-0,3
Changes in inventories, acquisition of valuables	3 465	1 964	.	.	.	.	.	.	.	.
Total demand	251 281	263 670	230 310	236 945	8,1	4,9	2,4	2,0	5,5	2,9
Statistical discrepancy	1 434	640	.	.	.	.	.	.	.	.

1) *Preliminary data. Time series will be reviewed during year 2010. Time series from 1975 onwards can be retrieved from database tables.

National income 2007*-2008*¹⁾

Transaction	EUR mil.		Proportion, %		Change, %	
	2007*	2008*	2007*	2008*	2007*	2008*
Wages and salaries	68 729	73 381	45,1	47,1	5,9	6,8
Employers' social contributions	16 919	18 096	11,1	11,6	5,2	7,0
Property and entrepreneurial income, net	45 749	42 772	30,0	27,5	8,1	-6,5
Non-financial corporations	19 154	14 828	12,6	9,5	3,2	-22,6
Housing corporations	-384	-466	-0,3	-0,3	102,1	21,4
Financial and insurance corporations	1 262	1 429	0,8	0,9	-16,0	13,2
General government	5 175	6 443	3,4	4,1	33,3	24,5
Households	19 806	19 685	13,0	12,6	10,9	-0,6
of which entrepreneurial income from agriculture	1 029	783	0,7	0,5	10,6	-23,9
entrepreneurial income from forestry	1 803	1 661	1,2	1,1	51,1	-7,9
imputed rent of owner-occupiers	2 429	1 949	1,6	1,3	-26,7	-19,8
other entrepreneurial income	4 074	4 050	2,7	2,6	4,4	-0,6
Non-profit institutions serving households	736	853	0,5	0,5	6,7	15,9
Taxes on production and imports received by genera	21 110	21 460	13,8	13,8	3,4	1,7
National income	152 507	155 709	100,0	100,0	6,1	2,1
Consumption of fixed capital	27 066	28 602	.	.	8,5	5,7
Gross national income	179 573	184 311	.	.	6,5	2,6

1) *Preliminary data. Time series will be reviewed during year 2010. Time series from 1975 onwards can be retrieved from database tables.

Net lending 2007*-2008*¹⁾

Sector	EUR mil.	
	2007*	2008*
Total economy	7 396	4 980
Non-financial corporations	4 061	920
Housing corporations	-298	-296
Financial and insurance corpor	744	1 094
General government	9 406	8 145
Central government	3 803	1 635
Local government	-269	-351
Social security funds	5 872	6 861
Employment pension schem	5 355	6 757
Other social security fu	517	104
Households	-5 471	-4 716
Non-profit institutions servin	388	473
Undivided between sectors	-1 434	-640
Rest of the world	-7 396	-4 980

1) *Preliminary data. Time series will be reviewed during year 2010. Time series from 1975 onwards can be retrieved from database tables.

Suomen virallinen tilasto
Finlands officiella statistik
Official Statistics of Finland

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