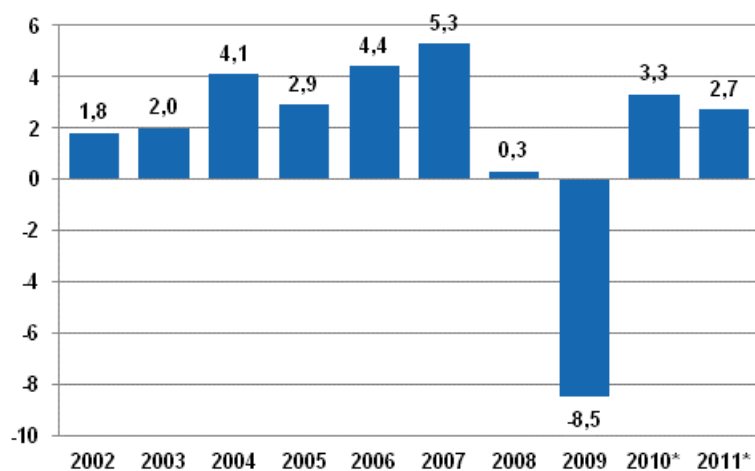


National Accounts 2011

Gross domestic product went up by 2.7 per cent, growth in households' income halted

According to Statistics Finland's revised preliminary data, the volume of Finland's GDP grew by 2.7 per cent in 2011. The initial preliminary data released in March put the rate of growth at 2.9 per cent. Last year, GDP stood at EUR 189 billion. In real terms, GDP was still 3 per cent lower than in 2008. National income describing the income of the national economy went up by one per cent in real terms.

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



After the record plunge of 2009, the volume of value added went up again in most economic activities in 2011. In manufacturing, the growth was boosted most by the chemical industry and certain branches of the metal industry. In the electronics industry, in turn, value added decreased significantly. In services, the growth was boosted most by business activities, human health and social work activities, and real estate activities.

Output was increased by growth in all demand items. The fastest growth of 6.8 per cent was seen in investments. The volume of exports grew by 2.6 per cent and that of imports by 5.7 per cent. The volume of private consumption expenditure grew by 2.5 per cent and that of public consumption expenditure by 0.4 per cent.

Non-financial corporations' operating surplus describing profits from their actual operations grew by 9 per cent in nominal terms but still remained clearly below the peak year of 2007. Non-financial corporations paid 12 per cent more direct taxes and approximately 23 per cent more dividends than in the previous year. The financial position of non-financial corporations showed a surplus of EUR 2.5 billion, or clearly less than in the previous year because investments and inventories increased.

By contrast, the financial position of general government was in deficit for the third successive year, by EUR 1.8 billion. In the previous year, the deficit was EUR 5 billion.

Growth in households' real income halted last year. Households' adjusted real income describing their economic well-being grew by only 0.2 per cent. Besides net income, adjusted income also takes into consideration the individual services that general government and organisations produce for households, such as educational, health and social services. Wage and salary income went up in nominal terms by 4.4 per cent, social security benefits by 3.7 per cent, and property and entrepreneurial income by 4.1 per cent.

[National Accounts 2002](#)

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1. Gross domestic product grew by 2.7 per cent, households' income by 0.2 per cent last year

According to Statistics Finland's revised preliminary data, the volume of Finland's GDP grew by 2.7 per cent last year. The initial preliminary data released in March put the rate of growth at 2.9 per cent. The rate of growth became revised downwards as new data became available, mainly on intermediate consumption in manufacturing.

Gross domestic product, or the value added created in the production of goods and services, amounted to EUR 189 billion. It was good EUR 2 billion less than indicated by the initial preliminary data released in March. In real terms, GDP was still 3 per cent lower than in 2008.

Households' adjusted disposable income describing their economic well-being grew by 0.2 per cent in real terms last year and its prolonged growth practically halted. The initial preliminary data released in March put the rate of growth at 1.3 per cent. The rate of growth became revised downwards as new data became available, mainly on entrepreneurial income. In addition to net income, adjusted income also takes into consideration the individual services that the public sector and organisations produce for households, such as educational, health and social services.

Besides for last year, Statistics Finland has also made revisions to National Accounts for 2009 and 2010. The volume of gross domestic product diminished by 8.5 per cent in 2009 and grew by 3.3 per cent in 2010. National Accounts for 2009 are now based on the balancing of product-specific supply and use.

Minor revisions were also made to sector accounts for the years between 1975 and 2008. The revisions mainly concerned the taxes paid by employment pension funds, banks and non-financial corporations, and the distribution of households' entrepreneurial income between different income sources. The revisions improved slightly the financial position of general government.

1.1. Chemical industry expanded, electronics industry contracted

After the record plunge of 2009, the volume of value added went up again in most economic activities in 2011.

In primary production, the volume of value added grew by 3.3 per cent. Value added went up in both agriculture and forestry.

The volume of value added in secondary production, that is manufacturing and construction, grew by 1.8 per cent. The growth was boosted most by the chemical industry, certain branches of the metal industry and building construction. In the electronics industry, in turn, value added decreased significantly.

In services, the volume of value added grew by 2.3 per cent. The growth was boosted most by business activities, human health and social work activities, trade, and real estate activities. The only significant decrease in the volume of value added was seen in financial and insurance activities.

1.2. Imports exceeded exports

Output was increased by growth in all demand items. The growth was fastest in investments.

The volume of exports grew by 2.6 per cent and that of imports by 5.7 per cent. The figures on service exports and imports were revised considerably upwards, or by good EUR 2 billion, from the preliminary data released in March. The balance of goods and services trade showed a deficit last year for the first time since 1991.

The volume of private consumption expenditure grew by 2.5 per cent and that of public consumption expenditure by 0.4 per cent last year. Consumption expenditure was put up most by housing costs, car purchases, expenditure on telecommunications, and on restaurant services and food.

The volume of investments grew by 6.8 last year. The rate of investments started to show growth and was 19.6 per cent. Investments in machinery and equipment grew by one-fifth and those in buildings by some 6 per cent.

1.3. Employment improved slightly

According to National Accounts, the number of employed persons went up by 1.1 per cent (29,000 persons) and that of hours worked by 1.3 per cent last year. Jobs increased most in business activities. Last year had the same number of working days as the year before it.

The productivity of labour in the whole national economy, i.e. gross value added at constant prices divided by number of hours worked improved by 0.8 per cent last year.

1.4. Rising of prices accelerated

The economy's overall price level is estimated to have risen by 3.1 per cent last year as measured by the GDP price index.

The Consumer Price Index, as well as the price index of household consumption expenditure in National Accounts went up by 3.4 per cent. In National Accounts, the prices of housing services are measured with changes in market rents, whereas the Consumer Price Index also takes into consideration the expenditure on 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, now by 1.9 per cent because import prices rose by more than export prices.

1.5. National income grew by one per cent in real terms

Net national income grew by 5.2 per cent in nominal terms last year, and stood at EUR 29,800 per capita. Finland's gross national income amounted to EUR 190 billion last year. It was good EUR 3 billion lower than in the initial preliminary data released in March because GDP fell and more dividends than was earlier estimated were paid to the rest of the world. Gross and net national income went up by 1.0 per cent in real terms.

Households' wage and salary income increased by 4.4 per cent and employers' social insurance contributions by 5.3 per cent. The overall share of compensations of employees of national income fell slightly to 60.2 per cent. The respective proportion in the previous year was 60.6 per cent. Property and entrepreneurial income in the national economy increased by 2.3 per cent and their share of national income stood at 24.8 per cent. The respective proportion in the previous year was 25.5 per cent.

Employers' (voluntary) social insurance contributions were revised downwards in 2010 by good EUR 600 million due to a detected error.

1.6. Non-financial corporations increased investments

Non-financial corporations' operating surplus, or operating profit, grew by 9 per cent in nominal terms from the previous year. Their entrepreneurial income, in turn, grew by only 2 per cent. Entrepreneurial income also takes into consideration property income and paid interests and corresponds roughly with profit before payment of taxes and dividends.

Non-financial corporations paid 12 per cent more direct taxes and 23 per cent more dividends last year than in the year before.

Their fixed investments in Finland increased by 12 per cent in nominal terms last year. Non-financial corporations also increased their inventories. Due to their grown investments and inventories, non-financial corporations' net lending, or financial position, showed a surplus of only EUR 2.5 billion, while the surplus in the previous year was nearly EUR 9 billion.

Financial corporations' commission income and interest income (financial intermediation services indirectly measured) remained on level with the previous year. The average level of interest rates was higher than

in the previous year. The financial position of financial and insurance corporations showed a surplus of EUR 1.5 billion.

1.7. General government deficit 0.9 per cent of GDP

The financial position of central government showed a deficit of EUR 6.2 billion, while the deficit in the previous year was EUR 10 billion. One of the reasons for the contraction of the deficit was 13 per cent growth in tax revenues. Income transfers to local government (incl. repayments of value added tax) went up by 4 per cent but those to social security funds, including the Social Insurance Institution of Finland remained on level with the year before. Central government's final consumption expenditure grew by 2 per cent in nominal terms but investments decreased by 11 per cent.

The deficit of local government was EUR 0.9 billion, having been EUR 0.4 billion in the year before. Tax revenues received by municipalities grew by 3 per cent. Final consumption expenditure and investments grew by 5 per cent in nominal terms.

The financial surplus of employment pension funds was EUR 5.3 billion, or roughly on level with the two previous years. Revenues from pension contributions grew by 6 per cent and paid pensions by 8 per cent. Property income went up by 13 per cent. The finances of other social security funds were in balance.

The total financial position, or net lending, of general government showed a deficit of EUR 1.8 billion (0.9 per cent of GDP), while the deficit in the previous year was EUR 5 billion. The proportion of public expenditure of gross domestic product fell slightly to 54.8 per cent. In the previous year the figure was 55.8 per cent.

The tax rate, or the proportion of taxes and statutory social security contributions of GDP, was 43.4 per cent last year, having been 42.5 per cent in the previous year.

1.8. Households' real income grew by 0.2 per cent

Households' disposable income grew by 3.4 per cent in nominal terms but remained on level with the previous year in real terms. The prolonged growth in households' income halted. Households' adjusted disposable income increased by 3.7 per cent in nominal terms and by 0.2 per cent in real terms. Adjusted income also takes into consideration the private services that general government and non-profit institutions serving households produce for households, such as educational, health and social services.

Households' wage and salary income went up by 4.4 per cent and received social benefits by 3.7 per cent. Property and entrepreneurial income grew by 4.1 per cent. Households paid 7 per cent more direct taxes than in the previous year because of tightened taxation.

In nominal terms, households' final consumption expenditure increased by 6 per cent. Consumption expenditure was lower than disposable income, so the savings ratio, or savings relative to disposable income, was 1.0 per cent in the positive. Households' fixed investments went up by 9 per cent due to the recovery of investments in housing. Households' financial position weakened further and showed a deficit of EUR 4.5 billion.

Households' indebtedness rate continued to rise and was 115.6 per cent, in other words higher than ever before. The indebtedness rate expresses the ratio between debts and annual disposable income in accordance with financial accounts. Debts also include the share of households of the debts of housing companies.

1.9. Current account turned into deficit

Last year, Finland's current account showed deficit for the first time since 1993. The deficit amounted to EUR 2.2 billion. Most of it was deficit from goods trade.

Data on the exports and imports of services were revised upwards by over EUR 2 billion because Statistics Finland's statistics on international trade in services are now based on an annual inquiry, whereas in March they were still based on quarterly data obtained from the largest enterprises engaged in services trade. Property expenditure to the rest of the world was also revised upwards by over one billion because according

to the preliminary data of the Bank of Finland the amount of dividends paid to the rest of the world went up.

Data on the imports of services in 2010 were revised downwards by approximately EUR 750 million due to a detected error.

1.10. Next revision in January 2013

National Accounts for 2010 and 2011 will next be revised in January 2013.

These revised preliminary data are based on the information on economic development that was available by 6 July 2012. Methodological descriptions of National Accounts can be found on Statistics Finland's website at: http://tilastokeskus.fi/til/vtp/men_en.html

Appendix tables

Appendix table 1. Gross domestic product (GDP) at market prices 1975-2011*

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	18 018	68 238	.	.	.	3 824
1976	20 453	68 473	13,5	0,3	13,1	4 328
1977	22 433	68 637	9,7	0,2	9,4	4 734
1978	24 809	70 641	10,6	2,9	7,5	5 220
1979	28 783	75 672	16,0	7,1	8,3	6 041
1980	33 257	79 750	15,5	5,4	9,6	6 958
1981	37 590	80 776	13,0	1,3	11,6	7 831
1982	42 300	83 239	12,5	3,0	9,2	8 763
1983	47 107	85 756	11,4	3,0	8,1	9 701
1984	52 681	88 421	11,8	3,1	8,5	10 791
1985	57 311	91 341	8,8	3,3	5,3	11 691
1986	61 660	93 754	7,6	2,6	4,8	12 537
1987	66 571	97 026	8,0	3,5	4,3	13 497
1988	75 403	102 093	13,3	5,2	7,6	15 244
1989	84 291	107 277	11,8	5,1	6,4	16 979
1990	89 316	107 819	6,0	0,5	5,4	17 912
1991	85 217	101 350	-4,6	-6,0	1,5	16 997
1992	83 003	97 818	-2,6	-3,5	0,9	16 462
1993	83 914	97 024	1,1	-0,8	1,9	16 563
1994	88 404	100 569	5,4	3,7	1,6	17 374
1995	96 064	104 554	8,7	4,0	4,5	18 807
1996	99 131	108 287	3,2	3,6	-0,4	19 344
1997	107 380	115 007	8,3	6,2	2,0	20 892
1998	116 631	120 792	8,6	5,0	3,4	22 631
1999	122 321	125 513	4,9	3,9	0,9	23 680
2000	132 195	132 195	8,1	5,3	2,6	25 539
2001	139 288	135 214	5,4	2,3	3,0	26 848
2002	143 646	137 694	3,1	1,8	1,3	27 621
2003	145 531	140 465	1,3	2,0	-0,7	27 917
2004	152 266	146 260	4,6	4,1	0,5	29 124
2005	157 429	150 524	3,4	2,9	0,5	30 009
2006	165 765	157 164	5,3	4,4	0,8	31 477
2007	179 830	165 549	8,5	5,3	3,0	34 003
2008	185 670	166 035	3,2	0,3	2,9	34 944
2009	172 318	151 858	-7,2	-8,5	1,5	32 276
2010	178 796	156 905	3,8	3,3	0,4	33 336
2011	189 368	161 206	5,9	2,7	3,1	35 150

Revisions on these statistics

Revision of annual volume change, %

		2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Gross domestic product	1. release	1,6	1,9	3,7	2,1	5,5	4,4	0,9	-7,8	3,1	2,9
	Previous release	1,8	2,0	4,1	2,9	4,4	5,3	0,3	-8,4	3,7	2,9
	Latest release	1,8	2,0	4,1	2,9	4,4	5,3	0,3	-8,5	3,3	2,7
	Revision, %-points (latest minus first)	0,2	0,1	0,4	0,8	-1,1	0,9	-0,6	-0,7	0,2	-0,2
Imports	1. release	1,7	0,9	4,8	10,3	5,4	4,1	-1,3	-22,3	2,6	0,1
	Previous release	3,2	3,2	7,4	11,4	7,9	7,0	7,5	-16,4	7,7	0,1
	Latest release	3,2	3,2	7,4	11,4	7,9	7,0	7,5	-17,2	6,9	5,7
	Revision, %-points (latest minus first)	1,5	2,3	2,6	1,1	2,5	2,9	8,8	5,1	4,3	5,6
Exports	1. release	5,6	1,3	3,5	7,0	10,7	4,8	-1,1	-24,3	5,1	-0,8
	Previous release	3,3	-1,9	8,2	7,0	12,2	8,2	5,8	-21,5	7,8	-0,8
	Latest release	3,3	-1,9	8,2	7,0	12,2	8,2	5,8	-21,3	7,5	2,6
	Revision, %-points (latest minus first)	-2,3	-3,2	4,7	0,0	1,5	3,4	6,9	3,0	2,4	3,4
Final consumption expenditure	1. release	2,7	2,7	2,9	2,9	2,3	2,8	1,9	-1,3	1,9	2,6
	Previous release	2,6	3,8	2,9	2,8	3,1	2,7	1,9	-1,6	2,1	2,6
	Latest release	2,6	3,8	2,9	2,8	3,1	2,7	1,9	-1,7	2,1	1,8
	Revision, %-points (latest minus first)	-0,1	1,1	0,0	-0,1	0,8	-0,1	0,0	-0,4	0,2	-0,8
Gross fixed capital formation	1. release	-1,0	-2,3	4,6	1,7	5,1	7,6	1,0	-13,4	0,8	4,6
	Previous release	-3,7	3,0	4,9	3,6	1,9	10,7	-0,6	-13,3	2,6	4,6
	Latest release	-3,7	3,0	4,9	3,6	1,9	10,7	-0,6	-13,2	1,9	6,8
	Revision, %-points (latest minus first)	-2,7	5,3	0,3	1,9	-3,2	3,1	-1,6	0,2	1,1	2,2

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