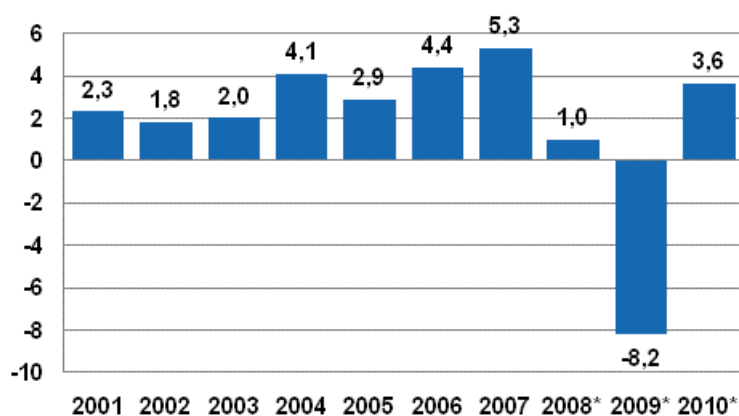


# National Accounts 2010

## Gross domestic product grew by 3.6 per cent, households' income by 1.9 per cent last year

According to Statistics Finland's revised preliminary data, Finland's gross domestic product grew by 3.6 per cent last year. According to the initial preliminary data released in March, the growth amounted to 3.1 per cent. The rate of growth became revised upwards 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 180 billion.

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



After the record plunge in the year before, the volume of value added went up in most economic activities in 2010. Output was still around five per cent lower than in 2008.

Output was increased by growth in all demand items. Especially exports increased after the previous year's slump in exports. The volume of exports grew by 8.6 per cent and that of imports by 7.4 per cent. The volume of private consumption expenditure grew by 2.7 per cent and that of public consumption expenditure by 0.6 per cent. Investments grew by 2.8 per cent.

Households' adjusted disposable income describing their economic well-being grew by 1.9 per cent in real terms last year. In addition to net income, adjusted income also takes into consideration the individual

services which the public sector and organisations produce for households, such as educational, health and social services.

After a year of economic downturn, entrepreneurial income describing non-financial corporations' profits grew by 21 per cent. Non-financial corporations' financial position showed a surplus of EUR 10 billion. By contrast, the financial position of general government was in deficit for the second successive year, by EUR 5 billion.

The revised standard industrial classification TOL 2008 has now been adopted in National Accounts. In the same context, revisions have been made to the time series starting from 1975 (See: Revisions in these statistics).

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# ***1. Gross domestic product grew by 3.6 per cent, households' income by 1.9 per cent last year***

According to Statistics Finland's revised preliminary data, Finland's gross domestic product grew by 3.6 per cent last year. According to the initial preliminary data released in March, the growth amounted to 3.1 per cent. The rate of growth became revised upwards 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 180 billion.

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Statistics Finland has now adopted the revised standard industrial classification TOL 2008 also in National Accounts. In the same context, revisions have been made to the time series starting from 1975 (See: Revisions in these statistics).

## ***1.1. Output by industry***

After the record plunge in the year before, the volume of value added went up in most economic activities in 2010. Output was still around five per cent lower than in 2008 but exceeded the 2006 level.

In primary production, the volume of value added grew by 1.7 per cent. Value added in agriculture fell by 8 per cent due to poor grain crop. By contrast, value added went up by just short of 7 per cent in forestry because fellings increased from the previous year.

The volume of value added in secondary production, that is manufacturing and construction, grew by 10 per cent. Value added increased most, by 33 per cent, in the wood and paper industry. In the metal industry, value added grew by 12 per cent and in the chemical industry by 10 per cent. In construction, value added went up by 15 per cent in building construction but fell by over 7 per cent in civil engineering.

In services, the volume of value added grew by 1.4 per cent. Value added went up most in transport and trade: by 7.5 and just under five per cent, respectively. Value added decreased in insurance activities, real estate activities, public administration, professional, scientific and technical activities, and activities of membership organisations.

## ***1.2. Foreign trade increased clearly***

Output was increased by growth in all demand items. Especially exports increased after the previous year's slump in exports.

The volume of exports grew by 8.6 per cent and that of imports by 7.4 per cent. The volumes of exports and imports of goods grew by more than the volumes of exports and imports of services despite the fact that the figures on exports and imports of services became considerably revised upwards from the preliminary data released in March. Starting from 2008, an estimate for the purchases made by private persons via the web from abroad has been added to imports, as most of these are not captured by customs statistics.

The volume of private consumption expenditure grew by 2.7 per cent and that of public consumption expenditure by 0.6 per cent last year. Consumption expenditure on health, transport and telecommunications increased most.

The volume of investments grew by 2.8 per cent last year. Despite this, the investment rate fell to under 19 per cent. Investments in residential buildings went up by one-quarter. By contrast, investments in other buildings, civil engineering, machinery and equipment, and in intangible fixed assets decreased.

### ***1.3. Employment situation still deteriorated***

The number of employed persons fell by 1.4 per cent and that of hours worked by 0.2 per cent last year. Last year had one working day more than the preceding year. According to Statistics Finland's Labour Force Survey, the rate of unemployment stood at 8.4 per cent and the rate of employment at 67.8 per cent. 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 four per cent last year.

### ***1.4. Prices rose moderately***

The economy's overall price level is estimated to have risen by 0.4 per cent last year as measured by the GDP price index.

The Consumer Price Index went up by 1.2 per cent, but the price index of household consumption expenditure in National Accounts by 1.9 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 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 by 2.3 per cent because import prices rose by more than export prices.

### ***1.5. National income grew by 3.1 per cent in real terms***

Net national income grew by 5.1 per cent in nominal terms last year, and stood at EUR 28,800 per capita. Finland's gross national income amounted to EUR 183 billion last year. It was higher than GDP, because more property income was received from the rest of the world than was paid to it. Gross and net national income went up in real terms, by 2.7 and 3.1 per cent, respectively.

Households' wage and salary income increased by 2.1 per cent and employers' social insurance contributions by 1.9 per cent. The overall share of compensations of employees of national income fell to 60 per cent. The respective proportion in the previous year was 61.8 per cent. Property and entrepreneurial income increased by 15 per cent and their share of national income stood at 26.3 per cent. The respective proportion in the previous year was 24.2 per cent.

### ***1.6. Non-financial corporations' profits grew further***

After a year of economic downturn, non-financial corporations' operating surplus, or operating profit, grew by 20 per cent in nominal terms from the previous year. Their entrepreneurial income grew by 21 per cent. Entrepreneurial income also takes into consideration property income and paid interests, and corresponds roughly with profit before payment of taxes and dividends.

Last year, non-financial corporations paid 35 per cent more direct taxes than in the previous year but 9 per cent less dividends because of the previous year's weak performance.

Non-financial corporations' fixed investments in Finland diminished by 7 per cent in nominal terms last year. Non-financial corporations also reduced their inventories. Due to the contracted investments and inventories, non-financial corporations' net lending, or financial position, showed a surplus of EUR 10 billion, while the surplus in the previous year was under EUR 8 billion.

Financial corporations' commission income went up but interest income (financial intermediation services indirectly measured) fell. The credit and deposit stock continued to increase slightly and the year's average level of interest rates was lower than in the year before. The financial position of financial and insurance corporations showed a surplus of good EUR one billion.

### ***1.7. General government deficit 2.5 per cent of gross domestic product***

The financial position of central government weakened further last year, showing a deficit of EUR 10 billion. State revenues from indirect taxes grew by over three per cent but those from direct taxes fell by good one per cent. Income transfers to local government (incl. repayments of value added tax) went up by six per cent and those to social security funds, especially to the Social Insurance Institution of Finland, by 13 per cent. Final consumption expenditure of central government grew by one-half of a per cent in nominal terms whereas investments decreased by four per cent.

The deficit of local government was EUR half-a-billion. Tax revenues received by municipalities grew by over five per cent. In nominal terms, final consumption expenditure grew by three and investments by good four per cent.

The financial surplus of employment pension funds was good EUR five billion. Paid pensions increased by just short of five per cent and revenues from pension contributions by just under three per cent. Property income remained on level with the previous year. 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 5.1 billion. The so-called EDP deficit of general government deviates slightly from the general government net lending in National Accounts, and it stood at EUR 4.6 billion, or 2.5 per cent of GDP. General government's EDP debt relative to GDP grew by five percentage points in the year and was 48.4 per cent.

The proportion of public expenditure of gross domestic product fell slightly to 55.3 per cent. In the previous year, the ratio was 55.9 per cent. The tax rate, or the proportion of taxes and compulsory social security contributions of GDP, was 42.1 per cent last year, or one-half of a percentage point lower than in the previous year.

### ***1.8. Households' real income grew by 2.1 per cent***

Households' disposable income grew by 4.1 per cent in nominal terms and by 2.1 per cent in real terms. Households' adjusted disposable income increased by 3.9 per cent in nominal terms and by 1.9 per cent in real terms. Adjusted income also takes into consideration the private services which 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 2.1 per cent and received social benefits by 4.3 per cent. Entrepreneurial income grew by 17 per cent, and especially imputed income from owner-occupied dwellings grew in consequence of the fallen level of interest rates. Entrepreneurial income also grew from forestry after the previous year's drop. Households paid one-and-a-half per cent less direct taxes than in the previous year, as taxation was lightened.

In nominal terms, households' final consumption expenditure increased by 4.7 per cent. Consumption expenditure was lower than disposable income, so the savings ratio, or savings relative to disposable income, was 4.4 per cent in the positive. Households' fixed investments went up by 16 per cent due to the recovery of investments in housing. Households' financial position showed a deficit of just under EUR one billion.

Households' indebtedness rate went up again and was 113.7 per cent, in other words higher than ever before. The indebtedness rate expresses the ratio between the credit stock and annual disposable income in accordance with financial accounts. Debts also include the share of households of the debts of housing corporations.

### ***1.9. Next revision in January 2012***

National Accounts for the 2008 - 2010 period will next be revised in January 2012.

These revised preliminary data are based on the information on economic development that was available by 8 July 2011. Methodological descriptions of National Accounts can be found on Statistics Finland's website at: [http://tilastokeskus.fi/til/vtp/men\\_en.html](http://tilastokeskus.fi/til/vtp/men_en.html)

## Appendix tables

### Gross domestic product (GDP) at market prices 1975-2010\*

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*	185 651	167 177	3,2	1,0	2,2	34 940
2009*	173 267	153 423	-6,7	-8,2	1,7	32 454
2010*	180 253	159 013	4,0	3,6	0,4	33 608

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Suomen virallinen tilasto  
Finlands officiella statistik  
Official Statistics of Finland

Annual national accounts 2011

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Source: National Accounts, Statistics Finland