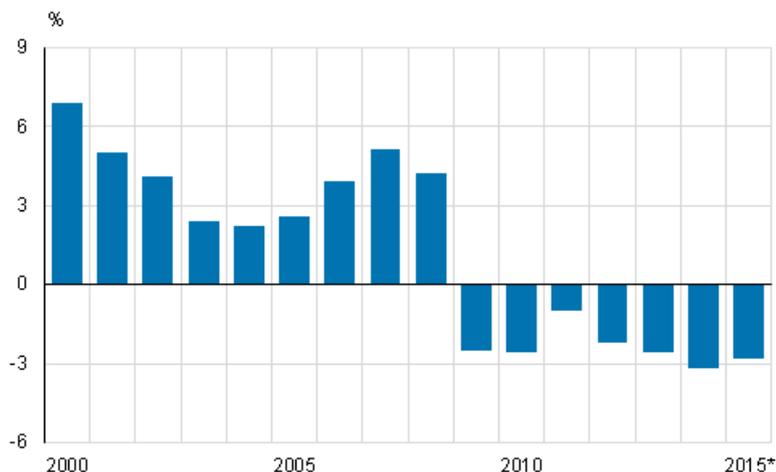


General government deficit and debt 2015

General government deficit 2.8 per cent and debt 63.6 per cent relative to GDP in 2015

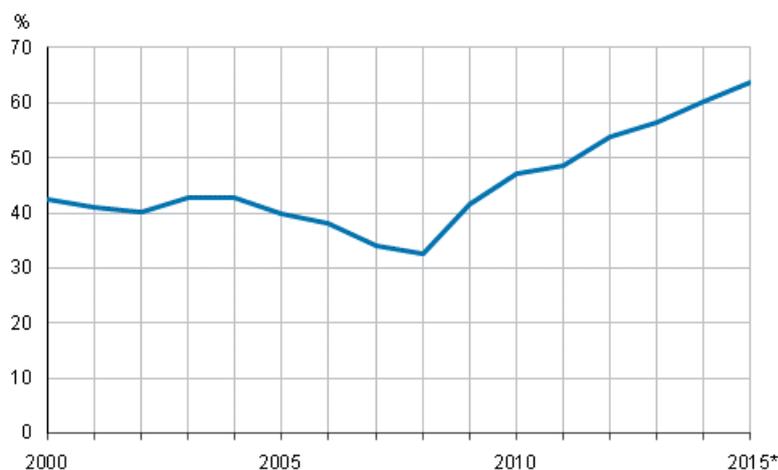
According to revised preliminary data reported by Statistics Finland to Eurostat, general government deficit was 2.8 per cent relative to gross domestic product in 2015. Thus, the deficit was below the reference values of the European Union's Stability and Growth Pact, which is three per cent relative to gross domestic product. General government EDP debt, or consolidated debt at nominal prices, was 63.6 per cent at the end of 2015 relative to gross domestic product, that is, over the reference value of 60 per cent.

General government EDP deficit (-), ratio to GDP



In 2015, general government deficit, or net borrowing according to national accounts, was EUR 5.8 billion. Compared to 2014, general government deficit diminished by EUR 0.7 billion. From the year before, central government deficit decreased by EUR 1,349 million and local government deficit by EUR 247 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 689 million from the year before. Other social security funds showed a deficit for the second year in a row. Their financial position weakened by EUR 164 million from the year before and was EUR -819 million in 2015.

General government EDP debt, ratio to GDP



Consolidated general government gross debt (EDP debt) amounted to EUR 133.1 billion at the end of 2015. The debt grew by EUR 9.4 billion in 2015. Central government accounted for EUR 6.0 billion of the growth in debt, local government for EUR 0.8 billion and social security funds for EUR 1.0 billion. In addition, the decrease in consolidation within general government increased the debt by EUR 1.6 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.

Social security funds' EDP debt now includes for the first time received cash collateral related to employment pension schemes' derivative contracts and securities lending. At this point, they are added to the data for 2012 to 2015 because the general government deficit and debt reporting submitted to Eurostat covers these years. Specified information has been obtained on cash collateral related to employment pension schemes' derivative contracts and securities lending for the first time from the new data collection on employment pension schemes' assets and liabilities at the beginning of 2016. Previously, the items in question were included in other accounts payable, which is excluded from the definition of the EDP debt.

The revision made to the employment pension schemes' debt increased general government debt in 2012 to 2015 by 0.9 to 1.0 percentage points relative to gross domestic product. As a result of the revision, general government debt exceeded the 60 per cent reference value already in 2014, in which case, according to the new data, general government debt is 60.2 per cent relative to gross domestic product. Information on the revision can also be found in the [news](#) published today.

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 October, 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 total revenue and 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 2015, EUR 3,401 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 2014 was EUR 3,611 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 collateral 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 2015, the State Treasury's central government debt of the budget and financial economy EUR 99.5 billion + conceptual differences of the debt EUR 11.5 billion + differences caused by the sector delimitation EUR 3.6 billion = central government non-consolidated gross debt EUR 114.6 billion. The valuation principle for both debt concepts is the nominal value, where the effect of interest rate swaps and currency swaps is taken into account.

A list of units belonging to general government (only in Finnish) can be found at http://www.stat.fi/meta/luokitukset/_linkki/julkisyhteisot.html. Decisions on major sector classification cases (only in Finnish) are available at http://www.stat.fi/meta/luokitukset/_linkki/soveltamisp.html.

Contents

Tables

Appendix tables

| | |
|-----------------------------------------------------------------------------------------------------------|---|
| Appendix table 1. General government EDP deficit 2006–2015..... | 5 |
| Appendix table 2. General government EDP debt 2006–2015..... | 6 |
| Appendix table 3. General government non-consolidated gross debt and EDP debt 2006–2015, billion EUR..... | 6 |
| Revisions in these statistics..... | 7 |

Appendix tables

Appendix table 1. General government EDP deficit 2006–2015¹⁾

| | Million EUR | | | | Ratio to GDP, % | | | |
|-------|--------------------|------------------|-----------------------|--------|--------------------|------------------|-----------------------|-------|
| | Central government | Local government | Social security funds | Total | Central government | Local government | Social security funds | Total |
| 2006 | -312 | -565 | 7 663 | 6 786 | -0.2 | -0.3 | 4.4 | 3.9 |
| 2007 | 1 736 | -332 | 8 173 | 9 577 | 0.9 | -0.2 | 4.4 | 5.1 |
| 2008 | 997 | -750 | 7 851 | 8 098 | 0.5 | -0.4 | 4.1 | 4.2 |
| 2009 | -8 256 | -1 130 | 4 809 | -4 577 | -4.6 | -0.6 | 2.7 | -2.5 |
| 2010 | -9 951 | -407 | 5 475 | -4 883 | -5.3 | -0.2 | 2.9 | -2.6 |
| 2011 | -6 402 | -1 057 | 5 403 | -2 056 | -3.3 | -0.5 | 2.7 | -1.0 |
| 2012 | -7 401 | -2 134 | 5 173 | -4 362 | -3.7 | -1.1 | 2.6 | -2.2 |
| 2013 | -7 579 | -1 467 | 3 731 | -5 315 | -3.7 | -0.7 | 1.8 | -2.6 |
| 2014* | -7 659 | -1 573 | 2 737 | -6 495 | -3.7 | -0.8 | 1.3 | -3.2 |
| 2015* | -6 310 | -1 326 | 1 884 | -5 752 | -3.0 | -0.6 | 0.9 | -2.8 |

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

Appendix table 2. General government EDP debt 2006–2015

| | Million EUR | | | | Ratio to GDP, % | | | |
|-------|--------------------|------------------|-----------------------|---------|--------------------|------------------|-----------------------|-------|
| | Central government | Local government | Social security funds | Total | Central government | Local government | Social security funds | Total |
| 2006 | 60 958 | 9 159 | 1 | 65 894 | 35.3 | 5.3 | 0.0 | 38.2 |
| 2007 | 58 358 | 9 673 | 1 | 63 425 | 31.3 | 5.2 | 0.0 | 34.0 |
| 2008 | 57 659 | 10 214 | 1 | 63 254 | 29.8 | 5.3 | 0.0 | 32.7 |
| 2009 | 68 053 | 11 560 | 2 | 75 482 | 37.6 | 6.4 | 0.0 | 41.7 |
| 2010 | 79 967 | 12 027 | 1 | 88 160 | 42.7 | 6.4 | 0.0 | 47.1 |
| 2011 | 88 047 | 12 738 | 1 | 95 490 | 44.7 | 6.5 | 0.0 | 48.5 |
| 2012 | 96 012 | 14 327 | 1 926 | 107 708 | 48.1 | 7.2 | 1.0 | 53.9 |
| 2013 | 101 231 | 16 237 | 1 887 | 114 801 | 49.8 | 8.0 | 0.9 | 56.5 |
| 2014* | 107 409 | 17 675 | 2 172 | 123 696 | 52.3 | 8.6 | 1.1 | 60.2 |
| 2015* | 113 399 | 18 512 | 3 149 | 133 111 | 54.2 | 8.9 | 1.5 | 63.6 |

Appendix table 3. General government non-consolidated gross debt and EDP debt 2006–2015, billion EUR

| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014* | 2015* |
|----------------------------------------------------|------|------|------|------|------|-------|-------|-------|-------|-------|
| A. General government non-consolidated gross debt: | 70.4 | 68.3 | 68.2 | 80.1 | 92.6 | 101.9 | 113.4 | 120.4 | 128.3 | 136.5 |
| - Central government | 61.1 | 58.6 | 57.9 | 68.5 | 80.5 | 89.1 | 97.0 | 102.1 | 108.4 | 114.6 |
| - Local government | 9.3 | 9.7 | 10.3 | 11.6 | 12.1 | 12.8 | 14.5 | 16.4 | 17.8 | 18.7 |
| - Social security funds | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 1.9 | 1.9 | 2.2 | 3.2 |
| B. General government internal debt | 4.6 | 4.9 | 5.0 | 4.6 | 4.4 | 6.4 | 5.7 | 5.6 | 4.6 | 3.4 |
| A-B. General government consolidated EDP-debt: | 65.9 | 63.4 | 63.3 | 75.5 | 88.2 | 95.5 | 107.7 | 114.8 | 123.7 | 133.1 |
| - Central government | 57.9 | 55.1 | 54.6 | 65.5 | 77.6 | 84.1 | 92.8 | 98.0 | 104.7 | 112.2 |
| - Local government | 8.0 | 8.4 | 8.7 | 10.0 | 10.6 | 11.4 | 13.0 | 14.9 | 16.8 | 17.8 |
| - Social security funds | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 1.9 | 1.9 | 2.2 | 3.1 |

Revisions in these statistics

Revision of general government EDP-deficit and debt 2012–2015, million EUR

| | Statistical year | Latest release | 1. release ¹⁾ | Revision, latest minus first |
|---------|------------------|----------------|--------------------------|------------------------------|
| Deficit | 2012 | -4 362 | -4 186 | -176 |
| | 2013 | -5 315 | -4 868 | -447 |
| | 2014 | -6 495 | -6 970 | 475 |
| | 2015 | -5 752 | -5 696 | -56 |
| Debt | 2012 | 107 708 | 105 541 | 2 167 |
| | 2013 | 114 801 | 112 664 | 2 137 |
| | 2014 | 123 696 | 121 050 | 2 646 |
| | 2015 | 133 111 | 130 746 | 2 365 |

1) The years 2012 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. The year 2015: deficit: National accounts 16 March 2016. The year 2015: debt: General government debt by quarter 16 March 2016

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Source: General government deficit and debt. Statistics Finland