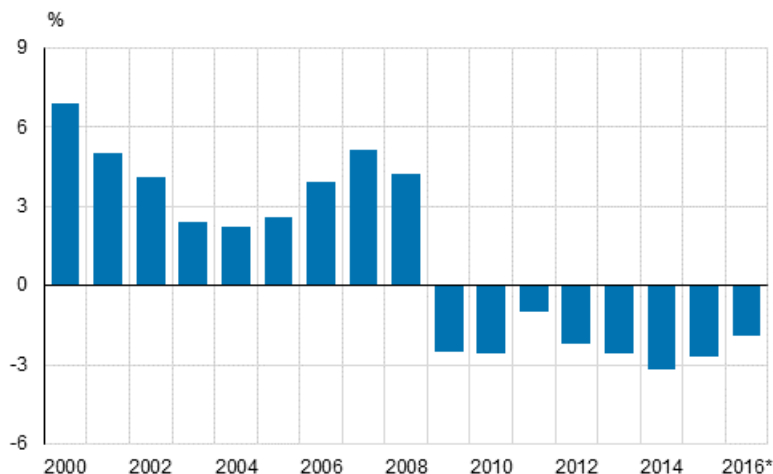


# General government deficit and debt 2016

## General government deficit 1.9 per cent and debt 63.6 per cent relative to GDP in 2016

According to the preliminary data reported by Statistics Finland to Eurostat, general government deficit was 1.9 per cent relative to gross domestic product in 2016. 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 gross debt, was 63.6 per cent at the end of 2016 relative to gross domestic product, that is, over the reference value of 60 per cent.

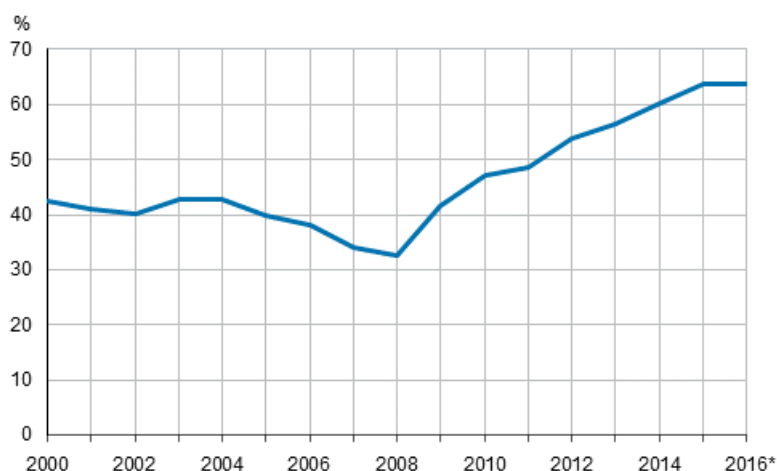
### General government EDP deficit (-), ratio to GDP



In 2016, general government deficit, or net borrowing according to national accounts, was EUR 4.1 billion. Compared to 2015, the financial position of general government improved by EUR 1.6 billion. From the year before, central government deficit decreased by EUR 471 million and amounted to EUR 5.9 billion. Local government deficit was EUR 1.0 billion in 2016 and the deficit decreased by EUR 246 million from the year before. Social security funds are divided into employment pension schemes and other social security funds. Employment pension schemes were EUR 2.3 billion in surplus but their surplus declined similarly to previous years, now by EUR 397 million. Other social security funds showed a surplus after two years in deficit. Their financial position improved by EUR 1,310 million and the surplus for 2016

was EUR 491 million. The improved financial position of other social security funds was caused by a considerable increase in collected unemployment insurance contributions.

### General government EDP debt, ratio to GDP



Consolidated general government gross debt (EDP debt) amounted to EUR 136.1 billion at the end of 2016. The debt grew by EUR 2.7 billion in 2016. Central government accounted for EUR 2.4 billion of the growth in debt, and local government for EUR 0.8 billion. The debt of social security funds decreased by EUR 0.8 billion, which was mainly caused by a decrease in received cash collateral related to employment pension schemes' derivative contracts and securities lending. In addition, the decrease in consolidation within general government increased the debt by EUR 0.3 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.

Preliminary data on general government deficit and debt in 2016 were released for the first time on 16 March 2017 in the National Accounts and statistics on general government debt by quarter. The now published data are the same so no revisions occurred in the data.

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 the same day that Eurostat publishes the data (preliminarily on 24 April).

### 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 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 2016, Finland's general government debt includes EUR 3,401 million of debt granted by the EFSF to beneficiary countries. At the end of 2015, the amount was the same. 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 counties 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 2), i.e. in 2016, the State Treasury's central government debt of the budget and financial economy EUR 102.4 billion + conceptual differences of the debt EUR 9.8 billion + differences caused by the sector delimitation EUR 3.6 billion = central government gross debt EUR 115.8 billion. The valuation principle for both debt concepts is the nominal value, where the effect of interest-rate contracts 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](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](http://www.stat.fi/meta/luokitukset/_linkki/soveltamisp.html).

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# Appendix tables

**Appendix table 1. General government EDP deficit 2007–2016<sup>1)</sup>**

Year	Million EUR				Ratio to GDP, %			
	Central government	Local government	Social security funds	Total	Central government	Local government	Social security funds	Total
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	-6 329	-1 285	1 884	-5 730	-3.0	-0.6	0.9	-2.7
2016*	-5 858	-1 039	2 797	-4 100	-2.7	-0.5	1.3	-1.9

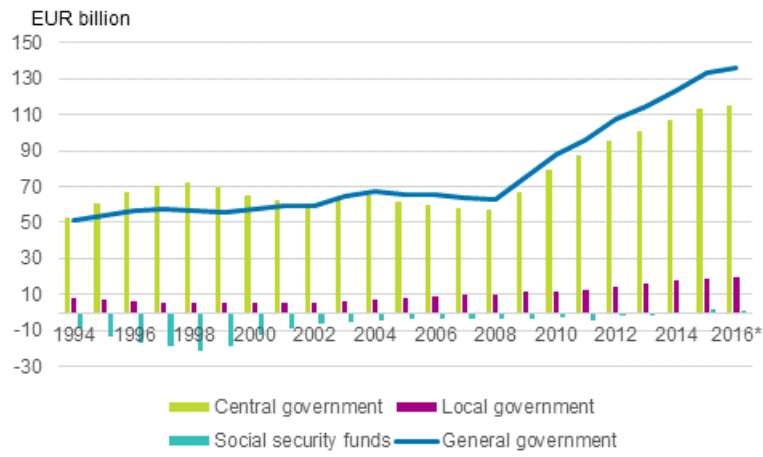
1) A negative value shows deficit, a positive value surplus.

**Appendix table 2. General government EDP debt 2007–2016**

Year	Million EUR				Ratio to GDP, %			
	Central government	Local government	Social security funds	Total	Central government	Local government	Social security funds	Total
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	18 782	3 149	133 381	54.1	9.0	1.5	63.7
2016*	115 782	19 571	2 315	136 054	54.1	9.1	1.1	63.6

# Appendix figures

**Appendix figure 1. Contribution of general government's sub-sectors to general government debt, EUR billion, 1994 to 2016**



# Revisions in these statistics

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

	Statistical year	Latest release	1. release <sup>1)</sup>	Revision, latest minus first
Deficit	2012	-4 362	-4 186	-176
	2013	-5 315	-4 868	-447
	2014	-6 495	-6 970	475
	2015	-5 730	-5 696	-34
Debt	2012	107 708	105 541	2 167
	2013	114 801	112 664	2 137
	2014	123 696	121 050	2 646
	2015	133 381	130 746	2 635

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