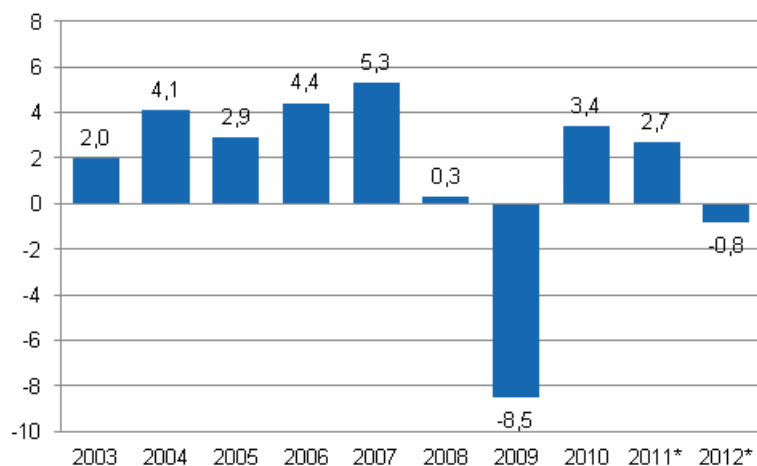


National Accounts 2012

Gross domestic product fell by 0.8 per cent in 2012

According to Statistics Finland's revised preliminary data, the volume of Finland's GDP contracted by 0.8 per cent in 2012. According to the initial preliminary data released in March, the decrease was 0.2 per cent. The GDP became revised downwards as new data on intermediate consumption in manufacturing and other industries became available. The preliminary data published in March were mainly based on turnover data.

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



Statistics Finland has also reviewed national accounts for the years 2010 to 2011. The volume of GDP grew by 3.4 per cent in 2010 (was 3.3 per cent) and by 2.7 per cent in 2011 (was 2.8 per cent).

Households' adjusted disposable income describing their economic well-being grew by 0.1 per cent in real terms last year. 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.

Demand items in the national economy remained at previous year's level. The volume of consumption expenditure grew only by 0.3 per cent. The volume of investments decreased by one per cent. The growth in inventories was considerably lower than the year before. The volume of exports shrunk by 0.2 per cent and that of imports by one per cent.

Share of manufacturing exceptionally low

Development of total output worked in two directions last year. Value added in manufacturing decreased considerably. Especially value added in the electronics industry diminished. Value added grew in some industries like pharmaceutical products and pharmaceutical preparations, and energy supply. The share of total manufacturing of the added value of the whole national economy was exceptionally low at 19 per cent.

Value added grew in most service sectors. Measured by volume, most growth was seen in business activities, financial intermediation, telecommunications, and transport.

Non-financial corporations' profits diminished

Non-financial corporations' operating surplus describing profits from their actual operations contracted by 7.5 per cent from the previous year. Non-financial corporations' net lending, or financial position, showed a surplus of EUR three billion, as against EUR 2.3 billion in the previous year. The financial position weakened considerably compared to the preliminary data because profits were lower than estimated and more assets than estimated were used for capital formation.

The deficit of the current account was EUR 3.6 billion in 2012, while one year before it was EUR 2.7 billion.

General government deficit grew

Last year, the financial position of central government showed a notable deficit for the fourth successive year. The deficit (net borrowing) was EUR 7.3 billion, while one year before it was EUR 6.4 billion. The deficit increased because current transfers paid grew more than tax revenues.

The deficit of local government was EUR 2.1 billion, having been EUR one billion in the year before. The financial position of employment pension funds weakened as well from last year. The surplus was now EUR 4.8 billion, while one year before it was EUR 5.4 billion. Holding gains in assets are not taken into consideration in the financial position.

The total financial position, or net lending, of general government showed a deficit of EUR 4.2 billion (2.2 per cent of GDP), while the deficit in the previous year was EUR 1.9 billion.

Households' real income did not grow

Households' disposable income grew by three per cent in nominal terms but remained on level with the previous year in real terms. Households' final consumption expenditure increased by 3.2 per cent. Money spent on housing, food and health grew the most. Less money than before was spent on car purchases and telecommunications.

Households' consumption expenditure was lower than disposable income, so the savings ratio, or savings relative to disposable income, was, unlike indicated by the preliminary data, positive. Households' financial position showed a deficit of EUR 4.1 billion. Households' indebtedness continued growing and was 117.3 per cent, in other words, it grew by 2.3 percentage points over the year.

[National Accounts 2003-2012, Tables, PDF](#)

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1. Gross domestic product contracted by 0.8 per cent last year

According to Statistics Finland's revised preliminary data, the volume of Finland's GDP contracted by 0.8 per cent in 2012. According to the initial preliminary data released in March, the decrease was 0.2 per cent. The GDP became revised downwards as new data on intermediate consumption in manufacturing and other industries became available.

Gross domestic product, or the value added created in the production of goods and services, amounted to EUR 193 billion. It was almost EUR 2 billion less than indicated by the initial preliminary data released in March.

Households' adjusted disposable income describing their economic well-being grew by 0.1 per cent in real terms last year. 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 2010 and 2011. The volume of GDP grew by 3.4 per cent in 2010 (was 3.3 per cent) and by 2.7 per cent in 2011 (was 2.8 per cent). National Accounts for 2010 are now based on the balancing of product-specific supply and use. The data for 2011 and 2012 are still preliminary.

1.1. Value added in the electronics industry contracted considerably

Development of total output worked in two directions last year. Value added in manufacturing decreased considerably. Especially value added in the electronics industry diminished also compared to previous estimates. Now data on intermediate consumption in manufacturing was also available, while the preliminary data published in March were mainly based on turnover data.

Value added also decreased in manufacture of chemicals and of basic metals. Value added in the paper industry diminished moderately but its volume grew. Value added grew in some industries like pharmaceutical products and pharmaceutical preparations, and energy supply. The share of total manufacturing of the added value of the whole national economy was exceptionally low at 19 per cent.

Value added grew in most service sectors. Calculated at current prices it grew most in human health and social work activities, and real estate and business activities. Value added in construction grew marginally but decreased in volume.

In terms of volume, value added grew most in business activities, financial intermediation, telecommunications, transport, energy supply, and pharmaceutical products and pharmaceutical preparations.

1.2. Demand did not generate growth

Demand items in the national economy remained at previous year's level. The volume of consumption expenditure grew only by 0.3 per cent, the volume of both private and public consumption expenditure grew only a little.

The volume of investments decreased by one per cent. Investments in buildings diminished in real terms by over five per cent but investments in machinery and equipment grew by 14 per cent. The investment rate was 19.6 per cent. The growth in inventories was considerably lower than the year before.

The volume of exports shrunk by 0.2 per cent and that of imports by one per cent. Goods imports diminished but imports of services increased. In exports, exports of goods decrease a bit but service exports grew.

1.3. Work input unchanged last year

According to the National Accounts, the number of employed persons remained at the same level last year as in the year before, and so did the hours worked. Job vacancies increased most in human health and

social work activities and in business activities, and decreased most in manufacturing and public administration. Last year had two working days less than 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 weakened by 1.1 per cent last year.

1.4. Price level went up by some three per cent

The economy's overall price level is estimated to have risen by 2.9 per cent last year as measured by the GDP price index.

The Consumer Price Index went up by 2.8 per cent, and the price index of household consumption expenditure in National Accounts by 3.0 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 1.2 per cent, because import prices rose by more than export prices.

1.5. National income contracted by 2.1 per cent in real terms

Net national income grew by 1.1 per cent in nominal terms, but contracted by 2.1 per cent in real terms last year, and was EUR 29,700 per capita. Finland's gross national income amounted to EUR 192 billion last year. It also diminished in real terms last year.

Households' wage and salary income increased by 3.1 per cent and employers' social insurance contributions by 3.9 per cent. In all, the share of compensation of employees of national income grew to 62.1 per cent. The respective proportion in the previous year was 60.7 per cent. Property and entrepreneurial income in the national economy decreased by six per cent and their share of national income stood at 22.4 per cent. The respective proportion in the previous year was 24.1 per cent.

1.6. Non-financial corporations' profits diminished

Non-financial corporations' operating surplus describing profits from their actual operations contracted by 7.5 per cent from the previous year. Their entrepreneurial income decreased by 0.8 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 13 per cent less direct taxes and eight per cent less dividends than in the year before.

Non-financial corporations' net lending, or financial position, showed a surplus of EUR three billion, as against EUR 2.3 billion in the previous year. The financial position weakened considerably compared to the preliminary data because profits were lower than estimated and more assets than estimated were used for capital formation. Enterprises fixed investments in Finland grew by 4.1 per cent in nominal terms last year.

Financial corporations' interest income (financial intermediation services indirectly measured) remained at the previous level, but commission income increased. The credit and deposit stock continued to rise but the level of interest rates was lower than in the year before. The financial position of insurance and financial corporations showed a surplus of EUR 0.9 billion.

1.7. General government deficit EUR 4.2 billion

Last year, the financial position of central government showed a notable deficit for the fourth successive year. The deficit (net borrowing) was EUR 7.3 billion, while one year before it was EUR 6.4 billion. The deficit increased because current transfers paid grew more than tax revenues.

State revenues from taxes grew only by two per cent. Revenues from indirect taxes, for instance from value added tax, grew most. By contrast, revenues from direct taxes decreased. Corporation tax revenue in particular fell because profits diminished and the corporation tax rate was lowered.

Income transfers to local government (incl. repayments of value added tax) went up by 3.4 per cent and those to social security funds, for example, to the the Social Insurance Institution of Finland by 6.6 per cent. Central government's final consumption expenditure grew by 3.9 per cent in nominal terms but investments were at the previous year's level.

The deficit of local government was EUR 2.1 billion, having been EUR one billion in the year before. Tax revenues received by municipalities grew only by one per cent because corporation tax revenue decreased. In nominal terms, final consumption expenditure grew by five per cent and investments by 6.7 per cent.

The financial position of employment pension funds weakened as well from last year. The surplus was now EUR 4.8 billion, while one year before it was EUR 5.4 billion. Holding gains in assets are not taken into consideration in the financial position. Revenues from pension contributions grew by 6.2 per cent and paid employment pensions by a little more, 7.4 per cent. The surplus of other social security funds amounted to EUR 0.4 billion.

The total financial position, or net lending, of general government showed a deficit of EUR 4.2 billion (2.2 per cent of GDP), while the deficit in the previous year was EUR 1.9 billion. The proportion of public expenditure to GDP grew to 56.6 per cent. In the previous year the figure was 55.2 per cent.

The tax rate, or the proportion of taxes and statutory social security contributions of GDP, was 44.1 per cent last year, having been 43.7 per cent in the previous year.

1.8. Growth in households' real income has stopped

Households' disposable income grew by three per cent in nominal terms but remained on level with the previous year in real terms. Households' adjusted disposable income increased by 3.4 per cent in nominal terms and by 0.1 per cent in real terms. Income growth was low for the second year in a row. Adjusted income 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 3.1 per cent and received social benefits by 6.1 per cent. Property and entrepreneurial income decreased by 0.3 per cent. Households paid 3.4 per cent more direct taxes than in the previous year.

In nominal terms, households' final consumption expenditure increased by 3.2 per cent. Money spent on housing, food and health grew the most. Less money than before was spent on car purchases and telecommunications.

Consumption expenditure was lower than disposable income, so the savings ratio, or savings relative to disposable income, was, unlike indicated by the preliminary data, one per cent in the positive. Households' fixed investments grew by one-half of a per cent in nominal terms but decreased in real terms as residential building decreased. Households' financial position showed a deficit of EUR 4.1 billion.

Households' indebtedness continued growing and was 117.3 per cent, in other words, it grew by 2.3 percentage points over the year. The indebtedness rate expresses the ratio between the loans and annual disposable net income in accordance with financial accounts. Debts also include the households' share of the debts of housing companies.

1.9. Current account shows a deficit for the second year in a row

The deficit of the current account was EUR 3.6 billion in 2012, while one year before it was EUR 2.7 billion. When imports are also valued at FOB price (at the border of the export country) and not at CIF price (at the border of the import country), as is done in the foreign trade statistics of Finnish Customs, the goods trade showed a marginal surplus unlike in the previous year.

However, the balance of services trade showed a deficit of EUR 1.8 billion. Data on the exports and imports of services were revised upwards by nearly EUR one billion because Statistics Finland's statistics on international trade in services was based on an annual inquiry, whereas in March they were based on quarterly data obtained from the largest enterprises engaged in services trade. Property expenditure to the rest of the world was also higher than property income received from the rest of the world.

1.10. Next revision in January 2014

National Accounts for 2011 and 2012 will next be revised in January 2014. In July 2014, the new ESA 2010 accordant national accounts will be adopted and the time series will be revised backwards.

These revised preliminary data are based on the information on economic development that was available by 5 July 2013. More information on the national accounts methods 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 1975-2012*

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	178 724	156 965	3,7	3,4	0,3	33 323
2011	188 679	161 244	5,6	2,7	2,8	35 022
2012	192 541	159 911	2,0	-0,8	2,9	35 571

Revisions on these statistics

Revision of annual volume change, %

		2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Gross domestic product	1. release	1,9	3,7	2,1	5,5	4,4	0,9	-7,8	3,1	2,9	-0,2
	Previous release	2,0	4,1	2,9	4,4	5,3	0,3	-8,5	3,3	2,8	-0,2
	Latest release	2,0	4,1	2,9	4,4	5,3	0,3	-8,5	3,4	2,7	-0,8
	Revision, %-points (latest minus first)	0,1	0,4	0,8	-1,1	0,9	-0,6	-0,7	0,3	-0,2	-0,6
Imports	1. release	0,9	4,8	10,3	5,4	4,1	-1,3	-22,3	2,6	0,1	-3,7
	Previous release	3,2	7,4	11,4	7,9	7,0	7,5	-17,2	6,9	6,1	-3,7
	Latest release	3,2	7,4	11,4	7,9	7,0	7,5	-17,2	6,8	6,2	-1,0
	Revision, %-points (latest minus first)	2,3	2,6	1,1	2,5	2,9	8,8	5,1	4,2	6,1	2,7
Exports	1. release	1,3	3,5	7,0	10,7	4,8	-1,1	-24,3	5,1	-0,8	-1,4
	Previous release	-1,9	8,2	7,0	12,2	8,2	5,8	-21,3	7,5	2,9	-1,4
	Latest release	-1,9	8,2	7,0	12,2	8,2	5,8	-21,3	7,9	2,7	-0,2
	Revision, %-points (latest minus first)	-3,2	4,7	0,0	1,5	3,4	6,9	3,0	2,8	3,5	1,2
Final consumption expenditure	1. release	2,7	2,9	2,9	2,3	2,8	1,9	-1,3	1,9	2,6	1,4
	Previous release	3,8	2,9	2,8	3,1	2,7	1,9	-1,7	2,1	1,7	1,4
	Latest release	3,8	2,9	2,8	3,1	2,7	1,9	-1,7	2,1	1,9	0,3
	Revision, %-points (latest minus first)	1,1	0,0	-0,1	0,8	-0,1	0,0	-0,4	0,2	-0,7	-1,1
Gross fixed capital formation	1. release	-2,3	4,6	1,7	5,1	7,6	1,0	-13,4	0,8	4,6	-2,9
	Previous release	3,0	4,9	3,6	1,9	10,7	-0,6	-13,2	1,9	7,1	-2,9
	Latest release	3,0	4,9	3,6	1,9	10,7	-0,6	-13,2	1,6	5,7	-1,0
	Revision, %-points (latest minus first)	5,3	0,3	1,9	-3,2	3,1	-1,6	0,2	0,8	1,1	1,9

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