

Embargo:

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2ND SUPPLEMENTARY BUDGET OF 2022

SUPPLEMENTARY BUDGET OF 62.0 TRILLION WON PASSED

The second supplementary budget of 2022 worth KRW 62.0 trillion was passed by the National Assembly on May 29. The adjustment of 2.8 trillion won¹ was added to the general expenditure of the government proposal of 36.4 trillion won. The allocation for government debt repayment declined by 1.5 trillion won to 7.5 trillion won from 9.0 trillion won.

1. Key features of the budget passed

(trillion won)

Supplementary budget		
General Expenditure	39.0	
1) Provide Financial support for small business owners and vulnerable groups	(28.7)	- Compensate small businesses for damage caused by the quarantine measures (24.6) - Provide financial assistance for new loans, refinancing and debt restructuring (1.8) - Support for small businesses to recover and build self-reliance (0.2) - Work to stabilize employment and income for vulnerable people including dependent self-employed workers (2.1)
2) Reinforce quarantine measures against the pandemic	(7.1)	- Increase financial support to fight against the pandemic (4.1) - Help transition to the general healthcare system (3.0)
3) Stabilize the prices and people's livelihood	(2.2)	- Support vulnerable groups with emergency relief grants, financial assistance, etc. (1.7) - Work to stabilize the prices of agricultural, livestock, and fisheries products (0.5) - Improve wildfire response capabilities (0.1)
4) Increase the reserve funds	(1.0)	
Expenditure to increase local government subsidies	23.0	
Total	62.0	

2. Adjustments made by the National Assembly (up 2.8 trillion)

- Provide financial support for small business owners and vulnerable groups (up 1.3 trillion won)
- Reinforce quarantine measures against the pandemic (up 1.1 trillion won)
- Stabilize the prices and people's livelihood (up 0.2 trillion won)
- Readjust the budget for projects that used to be subject to budget reductions in the original proposal (up 0.2 trillion won)

¹ The additional 0.2 trillion won as a result of expenditure restructuring was not included in the supplementary budget.

The number of beneficiaries of financial loss compensation for Covid-19 quarantine measures was expanded and the amount of financial assistance for small business owners was increased by 2.3 trillion won. A total of 1.3 trillion won was added to increase the amount of income subsidies for dependent self-employed workers and vulnerable groups to a maximum of 3 million won from a maximum of 2 million won.

A total of 1.1 trillion won was added to cover medical expenses for Covid-19 treatment for one month during the endemic phase and to reinforce quarantine measures against the pandemic after the second half of this year.

To help stabilize the supply and demand of agricultural, livestock, and fishery products, 0.2 trillion won was added. In addition, a total of 0.2 trillion won was added as a budget readjustment to adequately respond to disasters and changes in the agricultural sector demand.

The additional 2.8 trillion won will be financed with 1.5 trillion won of a government debt repayment reduction (9.0 trillion → 7.5 trillion won), government's excess revenues earned from investment in public institutions (0.8 trillion won), and public fund surpluses (0.5 trillion won).

3. Total expenditures and consolidated fiscal account

- **(Total Expenditure)** The total government expenditure will be 679.5 trillion won, a 21.8 percent increase compared with the original budget of 2021 and a 55.2 trillion won increase from the first supplementary budget of 2022.
- **(Fiscal Balance)** Deficits in the consolidated fiscal balance will be 3.3 percent to GDP, the same as the first supplementary budget, and deficits in the consolidated fiscal balance minus the social security fund balance will be 5.1 percent to GDP, which is 0.1 percentage points lower than the first supplementary budget.
- **(Government Debt)** Government debt will be 49.7 percent to GDP, which is 0.4 percentage points lower than the first supplementary budget.

(trillion won, %)

	2021 Budget		2022 Budget				Change	
	Original	Extra	Original	1 st Extra (A)	2 nd Extra		(C-A)	(C-B)
					Proposal (B)	Approval (C)		
Total Revenue (y-o-y, %)	482.6 (0.2)	514.6 (6.8)	553.6 (14.7)	553.6 (14.7)	608.3 (26.0)	609.1 (26.2)	55.5	0.8
Total Expenditure (y-o-y, %)	558.0 (8.9)	604.9 (18.1)	607.7 (8.9)	624.3 (11.9)	676.7 (21.3)	679.5 (21.8)	55.2	2.8
Consolidated Fiscal Balance (% to GDP)	-75.4 (-3.7)	-90.3 (-4.4)	-54.1 (-2.5)	-70.8 (-3.3)	-68.5 (-3.2)	-70.4 (-3.3)	0.3 (-)	-1.9 (-0.1 ¹)
Consolidated Fiscal Balance Minus Social Security (% to GDP)	-112.5 (-5.6)	-126.6 (-6.2)	-94.1 (-4.4)	-110.8 (-5.2)	-108.8 (-5.1)	-110.8 (-5.1)	0.0 (0.1 ¹)	-1.9 (-)
Government Debt (% to GDP)	956.0 (47.3)	965.3 (47.3)	1,064.4 (50.0)	1,075.7 (50.1)	1,067.3 (49.6)	1,068.8 (49.7)	-7.0 (-0.4 ¹)	1.5 (0.1 ¹)

1. %p

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