

Embargo:

Release Date: December 23, 2022

Contact Information: Kim, Tae-kon (044-215-7110/ Budget Coordination Division)

2023 BUDGET

2023 BUDGET OF 638.7 TRILLION WON PASSED

Key features of the budget passed

The 2023 budget worth 638.7 trillion won was passed at the National Assembly on December 23. A total adjustment of 0.3 trillion won decline was made compared to the government proposal of 639.0 trillion won, which includes a 4.6 trillion won decrease¹ and a 3.9 trillion won increase. The total expenditure recorded a net decrease, for the first time in 3 years since when the 2020 budget was passed.

Fiscal soundness was maintained with the government debt going down to 1,134.4 trillion won from the government proposal of 1,134.8 trillion won due to a net decrease in the total expenditure and declining issuance of foreign exchange stabilization bonds.

A total of 1.7 trillion won was added to lessen the burden of low income households driven by high prices and high interest rates and provide support tailored to the needs of vulnerable groups including the elderly, people with disabilities and microbusinesses.

A total of 0.7 trillion won was added to prepare for the future and enhance national security and safety, launching a special account for higher education and lifelong learning worth 9.7 trillion won (0.2 trillion won addition²), investing in the semiconductor industry (0.1 trillion won addition), strengthening defense capabilities related to the three-pillar system³ (0.1 trillion won addition), and improving safety systems to prevent the recurrence of an incident similar to the Itaewon incident (21.3 billion won addition).

A total of 1.5 trillion won was added to boost the local economy, providing financial support for typhoon recovery (0.1 trillion won addition), revitalizing rural areas (0.1 trillion won addition), and dealing with other major issues associated with the local economy.

Adjustments made at the National Assembly

(Total Expenditures and Revenues) The government expenditures for the 2023 budget are adjusted downwards by 0.3 trillion won to 638.7 trillion won from the government proposal of 639.0 trillion won. The government revenues are also adjusted downwards by 0.26 trillion won to 625.7 trillion won from the government proposal of 625.9 trillion won.

(Fiscal Balance) The managed balance and consolidated fiscal balance are projected to be 58.2 trillion and 13.1 trillion won, respectively, both of which are within the government proposal, and the ratios

¹ A total decline of 4.6 trillion won includes a 0.4 trillion won decline in the issuance of foreign exchange stabilization bonds that is not included in the total government expenditure.

² The figure goes up to 1.7 trillion won addition if the education tax is included.

³ It consists of the Kill Chain preemptive strike system, the Korea Air and Missile Defense (KAMD) and the Korea Massive Punishment and Retaliation (KMPPR).

of both the managed and consolidated fiscal balance to GDP show no change from the government proposal.

(Government Debt) The government debt is expected to fall by 0.4 trillion won to 1,134.4 trillion won from the government proposal of 1,134.8 trillion won, but the government debt-to-GDP ratio remains at 49.8 percent, showing no change from the government proposal.

(trillion won, %)

	2022 Budget		2023 Budget		Change		
	Original (A)	2 nd Extra	Proposal (B)	Passed (C)	C-B	C-A	%
Total Government Revenues	553.6	609.1	625.9	625.7	-0.3	+72.1	13.0
Total Government Expenditure	607.7	679.5	639.0	638.7	-0.3	+31.0	5.1
Managed Fiscal Balance ³ (% to GDP)	-94.1 (-4.4)	-110.8 (-5.1)	-58.2 (-2.6)	-58.2 (-2.6)	0.0 (0.0)	+35.9 (+1.8 ¹)	- -
Consolidated Fiscal Balance (% to GDP)	-54.1 (-2.5)	-70.4 (-3.3)	-13.1 (-0.6)	-13.1 (-0.6)	0.0 (0.0)	+41.0 (+1.9 ¹)	- -
Government Debt (% to GDP)	1,064.4 (50.0)	1,068.8 (49.7)	1,134.8 (49.8)	1,134.4 (49.8²)	-0.4 (0.0)	+70.0 (-0.2 ¹)	- -

1. p%

2. In case of reflecting changes in Korea's nominal GDP according to the revised economic outlook⁴ for 2023, the figure goes up to 50.4%.

3. The consolidated fiscal balance excluding social security funds balance

Budgets by Sector

(trillion won, %)

	2022 Budget (A)	2023 Budget Proposal	2023 Budget (B)
Total Expenditures	607.7	639.0 (+5.2%)	638.7 (+5.1%)
1. Health, Welfare, Employment	217.7	226.6	226.0
2. Education (excluding local education subsidies)	84.2 (19.1)	96.1 (18.9)	96.3 (20.5)
3. Culture, Sports, Tourism	9.1	8.5	8.6
4. Environment	11.9	12.4	12.2
5. R&D	29.8	30.7	30.7
6. Industry, SME, Energy	31.3	25.7	26.0
7. SOC	28.0	25.1	25.0
8. Agriculture & Forestry, Fishery, Food	23.7	24.2	24.4
9. National defense	54.6	57.1	57.0
10. Diplomacy, Reunification	6.0	6.4	6.4
11. Social order, Safety	22.3	22.9	22.9
12. Public administration, Local governments (excluding local subsidies)	98.1 (33.0)	111.7 (36.4)	112.2 (36.9)

⁴ As of December 21, 2022, the 2022 economic growth is projected to be lowered to 4.3 percent from 5.2 percent and the 2023 economic growth is also to be lowered to 4.0 percent from 4.5 percent.