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2016 BUDGET

386.4 TRILLION WON BUDGET PASSED

The Budget

The National Assembly passed the 2016 budget at a plenary session on December 3. The 386.4 trillion won budget falls 300 billion won short of the 386.7 trillion won government proposal, leading the fiscal deficit (-37.0 trillion won → -36.9 trillion won) and national debt (645.2 trillion won → 644.9 trillion won) to both slightly improve. The budget expands targeted support for national priorities by 3.5 trillion won, while cutting 3.8 trillion won in other areas.

The 2016 revenues are also adjusted slightly from 391.5 trillion won to 391.2 trillion won, down 200 billion won.

Fiscal Situation with 2016 Budget Approved

(trillion won, %, %p)

	2015		2016		Change	
	Original budget (A)	Supplementary budget	Government proposal (B)	Budget approved (C)	C-B	C-A (%)
Total revenues	382.4	377.7	391.5	391.2	-0.24	8.9 (2.3)
Total expenditures	375.4	384.7	386.7	386.4	-0.3	11.0 (2.9)
Consolidated fiscal balance minus social security funds (% to GDP)	-33.4 (-2.1)	-46.5 (-3.0)	-37.0 (-2.3)	-36.9 (-2.3)	0.1 -	
National debt (% to GDP)	569.9 (35.7)	595.1 ¹ (38.5)	645.2 (40.1)	644.9 (40.1)	-0.3 -	

1. Estimate including housing bonds and local government debt

Increased Expenditure on National Priorities

The 3.5 trillion won budget increase to finance national priorities will be used to support economic recovery, strengthen social safety nets, improve safety and promote cultural activities.

Changes in Budget Allocation by Sector

(trillion won, %)

	2015 budget	2016 budget		Changes	
	Original budget (A)	Government proposal (B)	Budget approved (C)	C – B	C – A (%)
Total expenditures	375.4	386.7	386.4	-0.3	11.0 (2.9)
Welfare, employment	115.7	122.9	123.4	0.5	7.7 (6.7)
Education (excluding support for local governments)	52.9 (13.5)	53.2 (11.9)	53.2 (12.0)	0.02 (0.07)	0.3 (0.5) (-1.5) (-11.3)
Culture, sports, tourism	6.1	6.6	6.6	0.1	0.5 (8.3)
Environment	6.8	6.8	6.9	0.02	0.1 (0.7)
R&D	18.9	18.9	19.1	0.2	0.2 (1.1)
Industry, SMEs, energy	16.4	16.1	16.3	0.2	-0.2 (-1.0)
SOC	24.8	23.3	23.7	0.4	-1.1 (-4.5)
Agriculture&forestry, fishery and food	19.3	19.3	19.4	0.1	0.1 (0.5)
National defense	37.5	39.0	38.8	-0.2	1.3 (3.6)
Diplomacy, reunification	4.5	4.7	4.7	0.01	0.2 (4.1)
Public order, safety	16.9	17.5	17.5	0.04	0.6 (3.3)
Public administration, local governments (excluding transfers to local governments)	58.0 (23.1)	60.9 (24.7)	59.5 (23.4)	-1.4 (-1.3)	1.5 (2.6) (0.2) (1.1)