

## Overview of the Government Budget for 2003

The general account budget for 2003 increased by 1.7% to 111,483.1 billion won, and the special account budget by 5.3% to 71,380.7 billion won (5.3% and 4.8% on a main budget basis, respectively). The central government budget(net basis) including general and special accounts was drawn up to provide an increase of 4.0%(6.6% in terms of the main budget basis) to 155,665.9 billion won.

The government budget for 2003 focused on the early restoration of fiscal soundness through the cessation of the issue of deficit(arising from the general account)-financing government bonds and the consolidation of budget expenditures. By sector, the social welfare sector placed emphasis on the progressive raising of the overall level of welfare by the realization of "workfare ". The knowledge-based information sector focused on the substantive improvement of public education, the development of advanced technologies and the expansion of the information technology structure. The investment in ports, airports and railways, in order for Korea to emerge as the business hub for Northeastern Asia, was strengthened in the social overhead capital(SOC) sector. Greater support was given to small and medium enterprises(SMEs) and to new technology start-ups through more financial assistance to their exports, inducement of foreign investment and technology development. The focus of the agriculture and fisheries sector was placed on strengthening its competitiveness and income stabilization to prepare for further market opening.

Meanwhile, national tax revenues are scheduled to increase to 113,615.2 billion won, a year-on-year increase of 9.6%, as a result of the briskness in corporate performance during 2002 and the expansion of the tax base due to the increase in credit card use.

Accordingly, the ratio of tax burden, which is defined as the ratio of total amount of national and local taxes to nominal GDP, is expected to rise to 22.3% from the 21.8% of the previous year.

If the budget is executed as scheduled, the consolidated fiscal balance, which includes general account, special accounts and the public funds, will register a surplus of 21,447 billion won (2,173 billion won if the surplus of social security funds are excluded), which is expected to represent a ratio of 3.4% of nominal GDP.