

Report on Public Finances and Public Debt Fourth Quarter of 2007

- ***During 2007 GDP is estimated to have grown close to 3.2 percent in real annual terms, more than 756,000 formal jobs were created and annual inflation was 3.76 percent.***
- ***In 2007, the Public Finances observed a balanced budget.***
- ***Government revenues grew 5.6 percent in real annual terms, mainly due to non-oil revenues. Non-oil tax revenues reached 10.7 percent of GDP, their highest level in the last 27 years.***
- ***Programmable expenditures expanded 10.0 percent in real annual terms during 2007. Significant increases in social development (8.2 percent), agricultural and forestry development (23.2 per cent) and public investment (21.0 percent) were observed.***
- ***The Public Sector's net domestic debt decreased 1.4 percentage points as a proportion of GDP. The average maturity of the government's internal debt increased by 481 days.***

The results of the Report on Public Finances and Public Debt for the fourth quarter of 2007 were published today. The following results stand out:

- **The economy is forecasted to have grown at close to 3.6 percent in annual terms during the fourth quarter of the year. This would imply that the economy would have expanded by approximately 3.2 percent in annual terms during 2007.**
- **During 2007, 756,352 formal jobs were created, the highest increase in the first year of an Administration.**
- **During the fourth quarter of the year, sales of the main departmental and supermarket stores grew by 8.7 percent in real annual terms and the nominal value of manufacturing exports grew by 8.9 percent in annual terms. In October, fixed capital investment increased by 8.3 percent in real annual terms.**

- **Direct bank credit to the private sector increased at a real annual rate of 26.5 percent in November 2007, equivalent in flow terms to Ps. 345 billion. Within, credit to businesses and people with entrepreneurial activities, for housing and for consumption expanded 35.2, 22.3 and 20.2 percent, respectively, all in real annual terms.**
- **A less favorable international environment is expected during 2008 compared than the one anticipated in the Economic Program for 2008 sent to Congress in September 2007. However, there are several elements that will mitigate the negative effects on domestic economic activity derived from lower growth of the United States: the expansion of domestic expenditure; the growth and soundness of the financial sector; the promotion of housing programs; the fostering of the tourism sector; the dynamism of exports destined to countries different from the United States; and the higher revenues from oil which, in addition to those approved by Congress in the budget, will allow for an additional expansion of public expenditure, particularly in infrastructure. However, it is considered pertinent to revise the GDP growth forecast for 2008 from 3.7 to 2.8 percent.**
- **During 2007, the public balance recorded a surplus of Ps. 1.04 billion, equivalent to 0.01 percent of GDP and which is in line with the fiscal balance authorized by Congress for 2007 as a whole.**
- **The Public Sector's Borrowing Requirements were Ps 131.2 billion, 1.3 percent of the estimated GDP for 2007 and 0.3 percentage points of GDP lower than those originally anticipated in the General Economic Policy Guidelines for 2007. This is due to better results and portfolio recoveries by Development Banks, Funds and Trusts.**
- **The Public Sector's revenues increased 5.6 percent in real annual terms with respect to 2006. Oil-related revenues decreased 1.7 percent in real annual terms, while non-oil tax revenues and non tax revenues increased 8.1 and 82.1 percent in real annual terms, respectively.**
- **Within non-oil tax revenues, the income tax, the Special Production and Services Tax (IEPS), and VAT collection, stand out with annual increases of 13.1, 8.1 and 3.4 percent, respectively.**

- **With respect to the Federation's Revenue Law for 2007, the 2007 observed budget revenues were higher by Ps. 247.22 billion (11.0 percent). Of this increase, 45.1 percent comes from the Federal Government's non tax revenues, 25.7 percent from oil revenues, 24.7 percent from non-oil tax collection and 4.6 percent from public entities under direct budgetary control other than PEMEX.**
- **Excess revenues were distributed in strict accordance with the existing provisions for the 2007 fiscal year: Ps. 173.8 billion from non tax collection and revenues of entities under direct budgetary control were allocated to states, dependencies and federal entities, and the remaining Ps. 73.4 billion to the stabilization funds as well as to investment in infrastructure and equipment to federal entities.**
- **Net budgetary expenditures of the public sector were 5.9 percent higher in real annual terms. Programmable expenditures expanded by 10.0 percent in real annual terms reaching 19.4 percent of GDP, their highest level in the last 20 years. Within them, those channeled to social development posted a real annual increase of 8.2 percent. Worth noting are the real increases of expenditure on social assistance activities; social security; urbanization, housing and regional development, and education by 28.9, 15.5, 14.9 and 4.8 percent in real terms, respectively.**
- **Physical investment fostered by the public sector increased 10.0 percent in real terms and physical budgetary investment grew 21.0 percent compared to 2006.**
- **Expenditures in personal services increased by 3.0 percent in real annual terms during 2007, mainly due to increases of 3.4, 16.2 and 3.8 percent in the resources allocated to the social development, sovereignty and security functions, respectively. In contrast, expenditures on administrative and government functional activities decreased by 2.8 percent in real annual terms**
- **Federal resources transferred to States and Municipalities increased 1.2 percent in real annual terms. Shareable revenues allocated to Federal Entities and Municipalities decreased 2.9 percent due to the real reduction in Federal Shareable Revenues and due to the third four-monthly negative adjustment of 2006. When adjusted by the third four-monthly adjustment**

and by the shareable federal collection from oil, shareable revenues would increase by 4.8 percent. The resources allocated through contributions, wage and economic provisions, decentralized agreements and reallocations increased by 4.2 percent in real annual terms.

- **The public sector's financial cost was Ps. 238.96 billion, equivalent to 2.4 percent of GDP and the lowest level in the last 13 years.**
- **By the end of the year, the Public Sector's net debt was 19.8 percent of GDP, 1.4 percent lower than that at the end of 2006. Within, domestic debt was 16.2 percent of GDP, while external one was 3.6 percent of GDP. The average maturity of the Federal Government's domestic debt increased by 1.32 years (481 days), reaching 5.59 years by the end of 2007.**
- **At the end of 2007, the Historical Balance of the Public Sector's Borrowing Requirements, which constitutes the broadest definition of the public sector's liabilities, reached 33.8 percent of GDP, amount lower by 2.1 percentage points of GDP than the one observed at the end of 2006.**

Economic Outlook

The available information suggests that the Mexican economy will grow at an annual rate of close to 3.6 percent during the fourth quarter of 2007. This implies that the economy would have grown at a quarterly rate of approximately 0.5 percent in seasonally adjusted terms. In this case, the economy would have expanded by approximately 3.2 percent in real annual terms during 2007

These estimations are based on the following results:

- During the bimonthly period October-November of 2007, the Global Economic Activity Index (IGAE), the GDP proxy, grew 4.3 percent in real annual terms, which implies a bimonthly increase of 0.2 percent considering seasonally adjusted data. Within, the different productive sectors behaved according to the following:
 - ✓ Primary activities increased at an annual rate of 8.4 percent.
 - ✓ Industrial production grew by 2.0 percent in real annual terms. Within:
 - Mining production decreased at an annual rate of 0.6 percent.
 - Manufacturing production registered annual growth of 1.9 percent.

- Construction increased at an annual rate of 2.0 percent.
 - The electricity, gas and water sector expanded 4.7 percent in annual terms.
 - ✓ The supply of services grew 5.2 percent in real annual terms.
- The components of aggregate demand kept growing at high rates:
 - ✓ During the fourth quarter of 2007, sales of the main retail and departmental stores grew at an 8.7 percent real annual rate, which implies an increase for the year of 9.6 percent.
 - ✓ In October 2007, fixed capital investment grew 8.3 percent in real annual terms. Investment in domestic machinery and equipment and in construction increased 10.6 and 1.7 percent respectively, while acquisition of imported machinery and equipment increased 14.7 percent. During the first ten months of the year, the accumulated growth of investment was 6.2 percent.
 - ✓ During the last quarter of 2007, the nominal US dollar value of total exports grew by 15.2 percent in annual terms. Manufacturing exports increased 8.9 percent, while oil related exports expanded 52.2 percent. During 2007, total, oil and non-oil exports increased 8.8, 9.9 and 8.6 percent, respectively. In the fourth quarter, imports posted an annual increase of 13.5 percent; consumer, intermediate and capital goods imports grew 20.3, 11.1 and 18.9 percent, respectively. During 2007, total, consumer, intermediate and capital goods imports grew 10.6, 16.6, 8.9 and 13.7 percent, respectively.

By the end of December 2007, the number of employees registered at IMSS grew to 14 million 721 thousand, implying an expansion during the year of 756 thousand 352 formal jobs, for an annual increase of 5.42 percent.

Annual headline inflation was 3.76 percent at the end of the fourth quarter of 2007, 3 basis points lower than that the one registered in September 2007 (3.79 percent) and 29 basis points lower than the one observed in December 2006 (4.05 percent).

During the fourth quarter of 2007, the international financial markets were characterized by high volatility, due to the sustained deterioration of the mortgage market in the United States as well as the associated losses suffered by financial intermediaries. This contributed to a moderation in the growth rate of the United States during the quarter. On October 31 and December 11 of 2007, the Federal

Reserve cut the federal funds rate by 25 basis points each time, so the federal funds rate was 4.25 percent by the end of the quarter.

During the fourth quarter of the year, Banco de México increased the reference rate by 25 basis points to 7.5%. This was done in order to avoid a possible contamination of the price and wage formation process given the observed pressures arising from the international prices of grains and certain raw materials, as well as to moderate inflationary expectations.

In the fourth quarter of 2007, the stock market index (IPyC) maintained a downward trend, due to the volatility observed in international stock markets derived from the higher risk aversion generated by the mortgage and financial crisis in the U.S. In this context, during the last quarter the stock market index (IPyC) posted a 2.51 percent nominal decrease with respect to the closing value of September, reaching 29,537 units. During 2007 the market posted an 11.7 percent nominal increase. On the other hand, the spot exchange rate was 10.92 pesos per USD on December 31st, which implied a nominal appreciation of 0.06 percent with respect to the closing value of September 2007.

Banking credit to households and firms posted an increase of 26.5 percent in real annual terms in November of 2007, a Ps. 345.4 billion expansion in flow terms. Within, housing and consumption credit grew 22.3 and 20.2 percent in real annual terms, respectively. Credit to firms and people with entrepreneurial activities grew 35.2 percent in real terms, compared with the observed annual increase of 18.3 percent during the same month of 2006.

Public Finances

During 2007, the public balance recorded a surplus of Ps.1.04 billion, an amount equivalent to 0.01 percent of GDP which is line with the fiscal balance authorized by Congress for 2007 as a whole. The primary surplus in 2007 was Ps. 245.0 billion, 9.5 percent lower in real annual terms than the one registered in 2006.

The public sector's budgetary revenues were Ps. 2,485.6 billion, 5.6 percent higher in real terms than the ones registered in 2006. With respect to the value expected in the Federal Income Law for 2007, budgetary revenues registered an increase of Ps. 247.2 billion (11.0 percent). Of this increase, 45.1 percent comes from Federal Government non-tax revenues, 25.7 percent from oil revenues, 24.7 percent from

non-oil tax collection and 4.6 percent from public entities under direct budgetary control other than PEMEX increase

Excess Revenues, 2007 (Million pesos)			
	Program	Actual	Difference
Revenues	2,238,412.5	2,485,638.6	247,226.1
Oil revenues	816,844.8	880,459.3	63,614.5
Non-Oil Revenues	1,421,567.7	1,605,179.3	183,611.6
Tax revenues	984,623.7	1,045,579.0	60,955.3
Non-tax revenues	48,626.8	160,010.6	111,383.8
PEDBC's other than Pemex	388,317.2	399,589.6	11,272.4

Oil revenues posted a 1.7 percent decrease in real terms as result of both lower oil production and exports, and of the decrease in domestic prices of natural gas, fuel oil and petrochemicals.

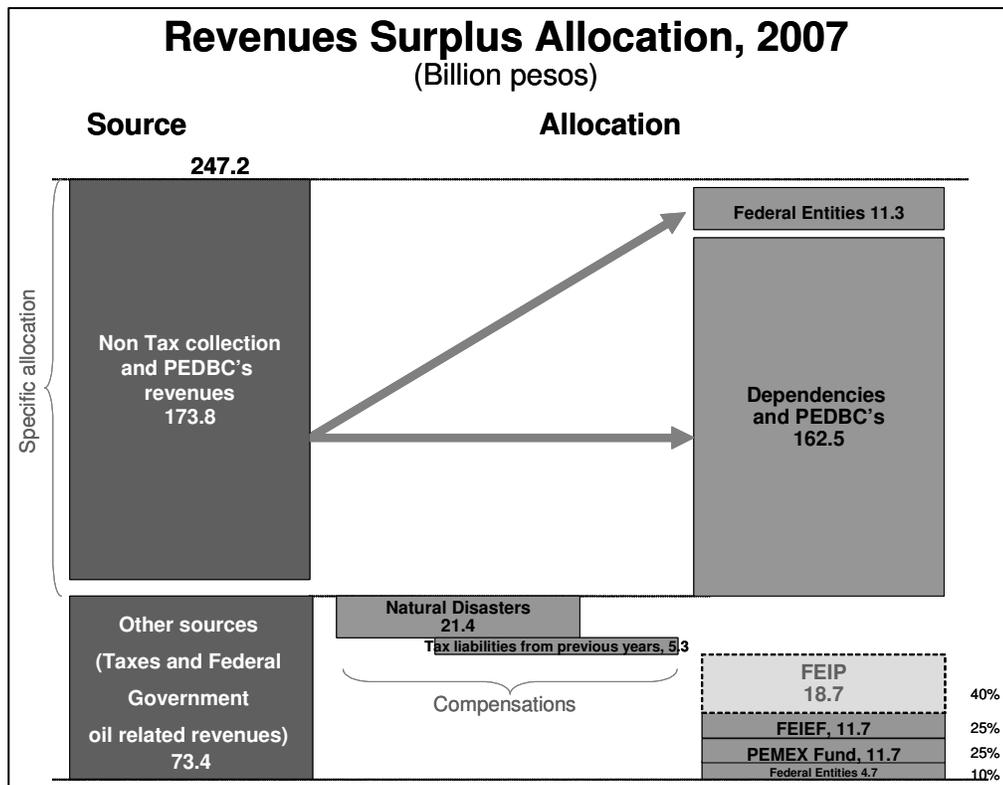
Non-oil tax revenues grew by 8.1 percent in real annual terms with respect to 2006, reaching 10.7 percent of GDP. Worth noting are real growth rates of 13.1, 8.1 and 3.4 percent of the income tax, the Special Production and Services Tax (IEPS) and VAT, respectively. The Federal Government's non-tax revenues increased 82.1 percent in real terms due to higher non-recurring revenues from the sale of Grupo Aeroportuario Centro-Norte, the minimum Guaranteed Return from PEMEX, as well as other royalties and fees.

Revenues from public entities under budgetary control other than PEMEX showed a real reduction of 0.7 percent with respect to the previous year. This is explained because, until February 2006, the public sector's revenues included the operations of the Housing Fund of ISSSTE, which since March 2006 were excluded according to the reform in article 174 of the ISSSTE's Law. If FOVISSSTE's revenues and expenditures transactions are excluded, the revenues of public entities other than PEMEX would have observed a 2.2 percent increase in real terms.

In accordance with the Federal Budget and Fiscal Responsibility Law, the revenue surplus was allocated in the following way:

- Ps. 173.8 billion from non-tax revenues and the income of public sector entities under direct budgetary control other than PEMEX were reassigned to federal entities, dependencies and the same public sector entities.
- Ps. 73.4 billion from other sources (taxes and Federal Government oil related revenues) were distributed as follows: Ps. 21.4 billion for additional

expenditures associated with natural disasters, Ps. 5.3 billion to pay tax liabilities from previous years, Ps. 18.7 billion to the Oil Revenues Stabilization Fund (FEIP), Ps. 11.7 billion to the Federal Entities Revenues Stabilization Fund (FEIEF), Ps. 11.7 billion to the PEMEX Stabilization Fund for Investment in Infrastructure (FEIPEMEX) and Ps. 4.7 billion for investment by federal entities.

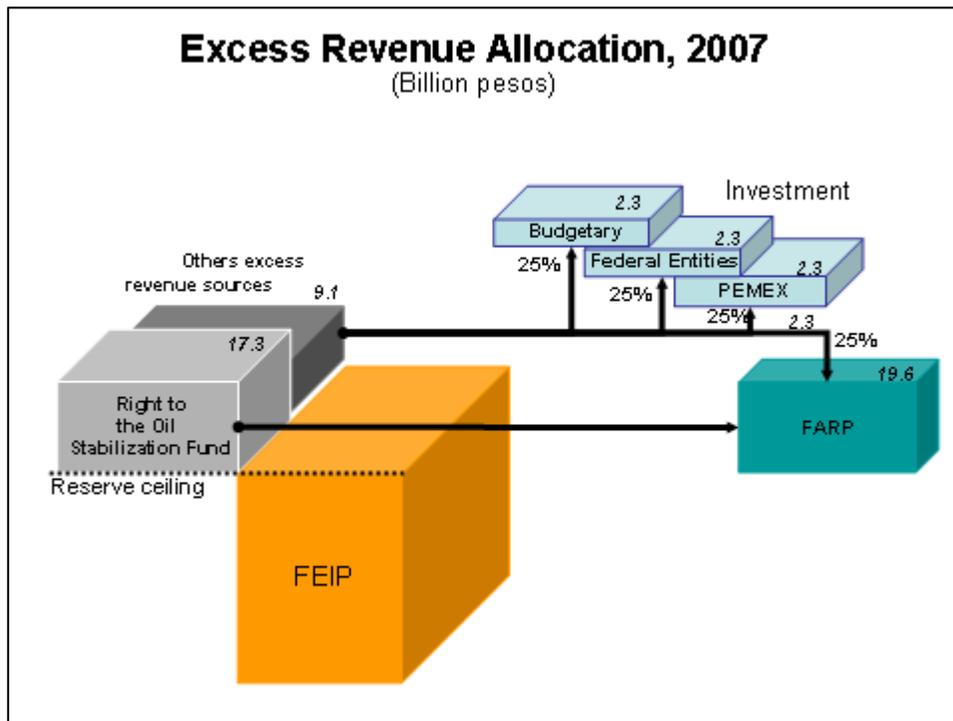


During the 2007 fiscal year, the FEIP received resources from the hydrocarbons right for the Oil Stabilization Fund as well from excess revenues. Given that the FEIP's initial balance was 35.6 billion, the total amount of available resources to be allocated to the FEIP implied exceeding the maximum established reserve ceiling of 56.2 billion. Therefore, the resources exceeding the reserve were allocated as established by the Federal Budget and Fiscal Responsibility Law (LFPRH):

- Ps. 9.1 billion from other sources (Federal Government tax and oil related revenues) were allocated in equal fractions to investment in infrastructure programs and projects of the Federation's Expenditure Budget; to programs

and projects of investment in infrastructure and equipment of federal entities; to investment projects by PEMEX, and to the Fund for Supporting Pension Restructuring (FARP).

- Additional revenues from the hydrocarbons right by Ps. 17.3 billion were allocated to the FARP.



The balances in the stabilization funds were Ps. 88.32 billion as of December 31st, 2007.

Stabilization Fund Balances, 2007 (Billion pesos)	
FEIP */	57,284.6
FEIEF	21,606.2
FEIPEMEX	9,429.6

*/ Pesos equivalent amount up to December 31st, 2007.

During 2007, the level of public expenditures was consistent with the availability of resources and with the objective of a balanced budget approved by Congress. At the same time, public spending was oriented towards government programs for reducing poverty, improving the welfare of the population, increase infrastructure, promoting employment creation and strengthening public security.

In addition, the austerity and spending discipline measures established in the Federal Budget and Fiscal Responsibility Law and the Austerity Decree of December 2006 have led to savings of Ps. 1.2 billion in addition to the savings goal of Ps. 25.5 billion established for 2007.

In this context, during 2007 the net budgetary expenditures of the public sector totaled Ps. 2,483 billion, 5.9 percent higher in real terms compared with the amount observed in the same period of 2006. Primary expenditure, defined as total expenditure net of financing costs, was Ps. 2,244 billion, 7.6 percent higher with respect to 2006. The following elements are worth highlighting:

- Programmable expenditures channeled to social development posted a real increase of 8.2 percent with respect to 2006. Worth noting are the real increases of expenditure on social assistance; social security; urbanization, housing and regional development, and education (28.9, 15.5, 14.9 and 4.8 percent in real terms, respectively).
- Capital expenditure increased 20.5 percent in real annual terms. In particular, physical investment increased at a real annual rate of 21.0 percent, and physical investment fostered by the public sector increased by 10.0 percent in real annual terms.
- Federal resources transferred to States and Municipalities through federal contributions, shareable revenues, wage and economic provisions, agreements of decentralization and reassignments increased 1.2 percent in real terms. Shareable revenues decreased 2.9 percent in real terms due to the real reduction in the Federal Shareable Revenue collection and because of a negative third four-monthly adjustment of 2006. When adjusted by the third four-monthly adjustment and by the shareable federal collection from oil, shareable revenues would show an increase of 4.8 percent. The rest of the resources transferred to the Federal Entities and municipalities increased 4.2 percent in real terms. It is worth noting that on 2007, Ps. 27.48 billion were transferred to the federal entities from the Extraordinary Right on Crude Oil Exports, resources which are generated once the oil price exceeds USD 42.8 per barrel and from excess revenues, with Ps. 11.71 billion being channeled to infrastructure and equipment expenditure and Ps. 15.77 billion to the Federal Entities Revenues Stabilization Fund (FEIEF).

- Expenditures on personnel services during 2007 increased 3.0 percent due mainly to 3.4, 16.2 and 3.8 percent increases in expenditures related to social development, sovereignty and security, respectively. In contrast, expenditures on administrative and government functional activities decreased 2.8 percent in real terms.
- Pension expenditures registered a real increase of 10.7 percent.
- The public sector's financing cost decreased 8.1 percent in real terms compared with the same period of last year. It represented 2.4 percent of GDP, its lowest level in the last 13 years.

Since 2007 the Federal Executive, through the Ministry of Finance, designed and established an electronic information system by which local governments inform Congress about the execution, allocation and results obtained with federal budgetary resources (related to federal contributions, coordination agreements for decentralization or reassignments and subsidies). This is in accordance to the Fiscal Law of Coordination and the Budget Decree of 2007. In addition, the Ministry of Finance trained and provided technical assistance to more than 7,120 thousand local public workers for the integration processes of the information reports, with particular attention being provided to newly elected local governments.

Public Debt

Public debt management during 2007 focused on further developing the domestic yield curve, both in nominal and real terms, and boost local debt market development through improvements in its micro-structure. On external debt, the actions carried out during 2007 were aimed at improving liabilities' terms and conditions, as well as at expanding and diversifying the investor base.

As a result of the actions undertaken during the year, the Federal Government debt structure continued strengthening, which was reflected in the main indicators of debt. Worth noting are the improvements in the composition of the Federal Government's debt, the increase in the average maturity of domestic debt, as well as the reduction in the sensitivity of the cost of the debt with respect to changes in interest and exchange rates. Worth highlighting are the increases in the rating of Mexico's sovereign debt by Fitch Ratings and Standard & Poor's in September and October, respectively.

By the end of 2007, the Federal Government's net debt balance was Ps. 2,236.9 billion. Of this amount, 80 percent was domestic debt and the rest 20 percent was

external. As a percentage of GDP, the Federal Government's debt stood at 21.4 percent, 0.3 percentage points higher than the one observed at the end of 2006. Within, 17.1 percent of GDP corresponds to domestic debt and 4.3 percent of GDP to external debt.

Domestic net debt of the Federal Government at the end of the fourth quarter amounted to Ps. 1,788.3 billion, a level higher by Ps. 241.2 billion than that at the end of 2006. This was the result of: a) Ps. 212.2 billion of net borrowing, b) a decrease in the federal government assets by Ps. 17.7 billion c) upward accounting adjustments by Ps. 11.3 billion pesos, derived from the inflationary impact in indexed domestic debt.

The share of long-term fixed-rate Government securities increased from 49.9 percent at the end of 2006 to 54.2 percent at the end of the fourth quarter of 2007 and the average maturity of domestic debt increased by 1.32 years (481 days), from 4.27 to 5.59 years.

At the end of the fourth quarter, the net external debt of the Federal Government stood at USD 41.3 billion, USD 1.5 billion higher than at the end of 2006. It represents 4.3 percent of GDP.

At the end of December, the Federal Public Sector's net debt -which includes debt from the Federal Government, Public Entities under Direct Budgetary Control and the Development Banks- stood at 19.8 percent of GDP, 1.4 percentage points lower than the one at the end of 2006. Domestic Debt stood at 16.2 of GDP, 0.5 percentage points higher than the one observed at the end of 2006. Net external debt was 3.6 percent of GDP, 1.9 percentage points lower than the one posted at the end of 2006.

At the end of the fourth quarter the Historical Balance of the Public Sector's Borrowing Requirements, the broadest definition of the Public Sector's liabilities, was Ps. 3,522.3 billion (33.8 percent of GDP).

ANNEX

PUBLIC SECTOR OVERALL BALANCE					
(Million pesos)					
Concept	January-December		Real % Growth	Composition %	
	2006 p./	2007 p./		2006	2007
PUBLIC BALANCE (I+II)	9,933.7	1,039.8	-89.9		
I. Budgetary Balance (a-b)	8,381.3	2,664.5	-69.4		
a) Budgetary Revenues	2,263,602.6	2,485,638.6	5.6	100.0	100.0
Oil related	861,279.2	880,459.3	-1.7	38.0	35.4
Federal Government	543,624.2	505,949.5	-10.5	24.0	20.4
PEMEX	317,655.0	374,509.8	13.4	14.0	15.1
Non-oil related	1,402,323.3	1,605,179.3	10.1	62.0	64.6
Federal Government	1,015,183.8	1,205,589.6	14.2	44.8	48.5
Tax	930,686.3	1,045,579.0	8.1	41.1	42.1
Non-tax	84,497.5	160,010.6	82.1	3.7	6.4
PEDBC	387,139.5	399,589.6	-0.7	17.1	16.1
b) Net Budgetary Expenditures	2,255,221.3	2,482,974.1	5.9	100.0	100.0
Programmable	1,656,938.0	1,895,106.2	10.0	73.5	76.3
Non programmable	598,283.3	587,867.9	-5.5	26.5	23.7
II. PEIBC	1,552.4	-1,624.7	n.s.		
Primary Balance	260,293.5	244,956.2	-9.5		

Note: Figures may not add up due to rounding.

p./ Preliminary figures.

Source: Ministry of Finance and Public Credit.

PUBLIC SECTOR REVENUES					
(Million pesos)					
Concept	January-December		Real % Growth	Composition %	
	2006p_/	2007 p_/		2006_p/	2007 p_/
TOTAL (I+II)	2,263,602.6	2,485,638.6	5.6	100.0	100.0
I. Oil related (a+b)	861,279.2	880,459.3	-1.7	38.0	35.4
a) PEMEX	317,655.0	374,509.8	13.4	14.0	15.1
b) Federal Government	543,624.2	505,949.5	-10.5	24.0	20.4
Rights and royalties on oil products	584,232.4	550,515.5	-9.4	25.8	22.1
Excise taxes	-42,217.5	-48,304.3	n.s.	-1.9	-1.9
Tax on Oil Returns	1,609.3	3,738.4	123.4	0.1	0.2
II. Non-oil related (c+d)	1,402,323.3	1,605,179.3	10.1	62.0	64.6
c) Federal Government	1,015,183.8	1,205,589.6	14.2	44.8	48.5
Tax	930,686.3	1,045,579.0	8.1	41.1	42.1
Income tax	448,099.8	526,694.2	13.1	19.8	21.2
VAT	380,576.1	409,078.7	3.4	16.8	16.5
Excise taxes	36,975.9	41,572.0	8.1	1.6	1.7
Import taxes	31,726.4	32,310.7	-2.0	1.4	1.3
Others ^{1/}	33,308.1	35,923.4	3.7	1.5	1.4
Non-tax	84,497.5	160,010.6	82.1	3.7	6.4
Rights	20,338.3	26,873.7	27.1	0.9	1.1
Fees	57,184.1	126,338.4	112.5	2.5	5.1
Others	6,975.1	6,798.5	-6.3	0.3	0.3
d) PEDBC ^{2/}	387,139.5	399,589.6	-0.7	17.1	16.1
Memorandum items:					
Total tax related	890,078.2	1,001,013.1	8.2	39.3	40.3
Total non-tax related	1,373,524.4	1,484,625.5	4.0	60.7	59.7

Note: Figures may not add up due to rounding.

p_/ Preliminary figures.

^{1/} Includes new vehicle, vehicle ownership, luxury goods and services and accessory taxes.

^{2/} Public entities under direct budgetary control. Excludes Federal Government transfers to ISSSTE.

Source: Ministry of Finance and Public Credit.

BUDGETARY REVENUES, JANUARY-DECEMBER OF 2007

(Million pesos)

	Programmed	Observed ^{p./}	Difference
TOTAL (I+II)	2,238,412.5	2,485,638.6	247,226.1
I. Oil related (a+b)	816,844.8	880,459.3	63,614.5
a) PEMEX	338,279.6	374,509.8	36,230.2
b) Federal Government	478,565.2	505,949.5	27,384.3
Rights and royalties on oil products	459,271.5	550,515.5	91,244.0
Excise taxes	16,874.5	-48,304.3	-65,178.8
Tax on Oil Returns	2,419.2	3,738.4	1,319.2
II. Non-oil related (c+d)	1,421,567.7	1,605,179.3	183,611.6
c) Federal Government	1,033,250.5	1,205,589.6	172,339.1
Tax	984,623.7	1,045,579.0	60,955.3
Income tax	452,140.4	526,694.2	74,553.8
VAT	428,710.7	409,078.7	-19,632.0
Excise taxes	43,121.0	41,572.0	-1,549.0
Import taxes	27,585.7	32,310.7	4,725.0
Others ^{1./}	33,065.9	35,923.4	2,857.5
Non-tax	48,626.8	160,010.6	111,383.8
Rights	13,478.6	26,873.7	13,395.1
Fees	27,408.8	126,338.4	98,929.6
Others	7,739.4	6,798.5	-940.9
d) PEDBC ^{2./}	388,317.2	399,589.6	11,272.4
Memorandum items:			
Total tax related			
Total non-tax related	1,003,917.4	1,001,013.1	-2,904.3
	1,234,495.1	1,484,625.5	250,130.4

Note: Figures may not add up due to rounding.

p./ Preliminary figures.

1./ Includes new vehicle, vehicle property, luxury goods and services and other.

2./ Public entities under direct budgetary control. Excludes Federal Government transfers to ISSSTE.

Source: Ministry of Finance and Public Credit.

PUBLIC SECTOR BUDGETARY EXPENDITURES						
(Million pesos)						
Concept	January- December		Real % Growth	Composition %		
	2006p_/	2007 p_/		2006p_/	2007 p_/	
TOTAL (I+II)	2,255,221.3	2,482,974.1	5.9	100.0	100.0	
I. Primary expenditures (a+b)	2,005,156.3	2,244,019.2	7.6	88.9	90.4	
a) Programmable	1,656,938.0	1,895,106.2	10.0	73.5	76.3	
b) Non-programmable	348,218.3	348,913.1	-3.6	15.4	14.1	
II. Financing Cost ^{1/}	250,065.0	238,954.8	-8.1	11.1	9.6	

Note: Figures may not add up due to rounding.

p_/ Preliminary figures.

^{1/} Includes interests, commissions and other public debt expenditures associated to debt support programs.

Source: Ministry of Finance and Public Credit

FEDERAL GOVERNMENT DEBT, DECEMBER ^{* /}

CONCEPT	Outstanding as of			% of GDP			Structure (%)		
	Dec. 05	Dec. 06	Dec. 07 ^{p./}	Dec. 05	Dec. 06	Dec 07	Dec. 05	Dec 06	Dec. 07
DOMESTIC DEBT :									
NET (Mill. pesos)	1,183,310.7	1,547,112.1	1,788,339.0	13.2	16.5	17.1	67.0	78.1	79.9
GROSS (Mill. pesos)	1,242,154.1	1,672,782.4	1,896,260.8	13.8	17.8	18.2	66.4	78.6	80.5
EXTERNAL DEBT:									
NET (Million USD)	53,970.6	39,806.6	41,281.4	6.5	4.6	4.3	33.0	21.9	20.1
GROSS (Million USD)	58,373.6	41,936.3	42,251.4	7.0	4.9	4.4	33.6	21.4	19.5
TOTAL DEBT:									
NET (Million pesos)	1,764,989.6	1,980,247.7	2,236,911.0	19.7	21.1	21.4	100.0	100.0	100.0
(Million USD)	163,763.1	181,991.3	205,859.5						
GROSS (Million pesos)	1,871,287.2	2,129,091.3	2,355,373.0	20.8	22.7	22.6	100.0	100.0	100.0
(Million USD)	173,625.8	195,670.6	216,761.4						

Note: Figures may not add-up due to rounding.

The Net Debt results from subtracting the Federal Government's financial assets from the Gross Debt.

* / Figures subject to revisions due to changes and methodological modifications.

p / Preliminary

Source: Ministry of Finance and Public Credit

FEDERAL GOVERNMENT DOMESTIC DEBT, JANUARY-DECEMBER ^{*/}

(Million pesos)

Concept	Outstanding December 2006	Disp.	Indebtness Amort.	Net	Adjustments ¹⁻ /	Outstanding December 2007 ^{p./}
Net Domestic debt balance	1,547,112.1					1,788,339.0
Assets ^{2./}	-125,670.3					-107,921.8
Gross Domestic debt balance	1,672,782.4	1,539,792.8	1,327,572.6	212,220.2	11,258.2	1,896,260.8
Government Securities	1,569,926.4	1,443,206.8	1,224,922.9	218,283.9	7,623.0	1,795,833.3
Cetes	346,004.6	1,007,245.5	1,012,796.4	-5,550.9	0.0	340,453.7
Bondes	214,822.0	0.0	77,312.9	-77,312.9	0.0	137,509.1
Bondes "D"	144,801.4	82,688.9	40,000.0	42,688.9	0.0	187,490.3
Fixed rate development bonds	708,971.5	280,797.4	94,813.6	185,983.8	97.6	895,052.9
Udibonos	155,326.9	72,475.0	0.0	72,475.0	7,525.4	235,327.3
<i>Udibonos udi's</i>	<i>41,014.4</i>	<i>18,819.9</i>	<i>0.0</i>	<i>18,819.9</i>	<i>0.0</i>	<i>59,834.3</i>
S.A.R. saving funds	59,499.5	89,060.7	88,262.4	797.9	2,640.4	62,937.8
Siefores (pesos)	0.2	2,858.3	1,995.3	863.0	16.0	879.2
<i>Siefores udi's</i>	<i>0.1</i>	<i>733.0</i>	<i>509.6</i>	<i>223.4</i>	<i>0.0</i>	<i>223.5</i>
Others	43,356.3	4,667.0	12,391.6	-7,724.6	978.8	36,610.5

Note: Figures may not add-up due to rounding..

*/ Figures subject to revisions due to changes and methodological modifications..

p./ Preliminary..

1./ Adjustment for inflation.

2./ Includes the balance, denominated in pesos, of the General Account of the Federal Treasury and deposits in the national banking system.

Source: Ministry of Finance and Public Credit

FEDERAL GOVERNMENT EXTERNAL DEBT, JANUARY-DECEMBER^{1/}
(Million USD)

Concept	Outstanding December 2006	Disp.	Indebtness Amort.	Net	Adjustments	Outstanding December 2007 ^{p./}
Net Debt	39,806.6					41,281.4
Assets ^{1/}	-2,129.7					-970.0
Gross Debt	41,936.3	4,939.1	6,904.8	-1,965.7	2,280.8	42,251.4
Capital Markets	36,212.5	3,266.6	6,333.0	-3,066.4	2,206.2	35,352.3
IFI'S	5,389.2	1,672.5	497.0	1,175.5	58.0	6,622.7
Bilateral Credit	203.2	0.0	20.2	-20.2	16.9	199.9
Others	131.4	0.0	54.6	-54.6	-0.3	76.5

Note: Figures may not add-up due to rounding.

^{1/} Figures subject to revisions due to changes and methodological modifications..

p./ Preliminary

^{1/} Includes the balance, denominated in USD, of the General Account of the Federal Treasury and other assets denominated in foreign currency..

Source: Ministry of Finance and Public Credit

FEDERAL PUBLIC SECTOR DEBT, DECEMBER ^{*_ /}

CONCEPT	Outstanding as of			% of GDP			Structure (%)		
	Dec. 05	Dec. 06	Dec. 07 ^{P_ /}	Dec. 05	Dec. 06	Dec. 07	Dec. 05	Dec. 06	Dec. 07
DOMESTIC DEBT :									
NET (Mill. pesos)	1,250,046.0	1,471,714.9	1,687,75.8	13.9	15.7	16.2	63.8	74.1	81.8
GROSS (Mill. pesos)	1,339,420.2	1,741,407.6	1,957,992.3	14.9	18.6	18.8	63.4	74.5	76.5
EXTERNAL DEBT:									
NET (Mill. USD)	65,722.5	47,247.2	34,532.5	7.9	5.5	3.6	36.2	25.9	18.2
GROSS (Mill. USD)	71,674.5	54,766.3	55,354.9	8.6	6.3	5.7	36.6	25.5	23.5
TOTAL DEBT: ^{1_ /}									
NET (Million pesos)	1,958,383.1	1,985,812.1	2,062,812.6	21.8	21.2	19.8	100.0	100.0	100.0
(Million USD)	181,707.0	182,502.7	189,837.5						
GROSS (Million pesos)	2,111,906.5	2,337,319.7	2,559,489.7	23.5	24.9	24.5	100.0	100.0	100.0
(Million USD)	195,951.5	214,807.4	235,546.0						

Note: Figures may not add-up due to rounding.

The Net Debt results from subtracting the Federal Government's financial assets from the Gross Debt., public entities and Development Banks assets.

*_ / Figures subject to revisions due to changes and methodological modifications..

P_ / Preliminary.

1_ / Includes the balance, denominated in pesos, of the General Account of the Federal Treasury and deposits in the national banking system as well as assets from PEDBC's and Development Banks.

Source: Ministry of Finance and Public Credit.

FEDERAL PUBLIC SECTOR DOMESTIC DEBT, JANUARY-DECEMBER 2007
 (Million pesos*)

Concept	Outstanding Dec-06	Indebtedness			Adjust.	Outstanding Dec-07 ^{P/J}
		Disp.	Amort.	Net		
NET DEBT	1,471,714.9					1,687,575.8
Assets ^{1/}	-269,692.7					-270,416.5
GROSS DEBT	1,741,407.6	1,623,315.4	1,420,265.6	203,049.8	13,534.9	1,957,992.3
STRUCTURE BY TERM	1,741,407.6	1,623,315.4	1,420,265.6	203,049.8	13,534.9	1,957,992.3
Long-term	1,460,601.5	611,615.3	395,230.4	216,384.9	13,534.9	1,690,521.3
Short-term	280,806.1	1,011,700.1	1,025,035.2	-13,335.1	0.0	267,471.0
STRUCTURE BY USER	1,741,407.6	1,623,315.4	1,420,265.6	203,049.8	13,534.9	1,957,992.3
Federal Government	1,672,782.4	1,539,792.8	1,327,572.6	212,220.2	11,258.2	1,896,260.8
Long-term	1,400,725.3	611,613.0	388,638.9	222,974.1	11,258.2	1,634,957.6
Short-term	272,057.1	928,179.8	938,933.7	-10,735.9	0.0	261,303.2
PEDBC's	19,353.0	21,220.3	21,423.0	-202.7	1,969.8	21,120.1
Long-term	19,353.0	0.0	202.7	-202.7	1,969.8	21,120.1
Short-term	0.0	21,220.3	21,220.3	0.0	0.0	0.0
Development Banks	49,272.2	62,302.3	71,270.0	-8,967.7	306.9	40,611.4
Long-term	40,523.2	2.3	6,388.8	-6,386.5	306.9	34,443.6
Short-term	8,749.0	62,300.0	64,881.2	-2,581.2	0.0	6,167.8
STRUCTURE BY SOURCE	1,741,407.6	1,623,315.4	1,420,265.6	203,049.8	13,534.9	1,957,992.3
Bonds placed in the local market	1,618,589.6	1,505,506.8	1,296,170.1	209,336.7	7,902.5	1,835,828.8
SAR	59,499.5	89,060.7	88,262.8	797.9	2,640.4	62,937.8
Commercial Banks	1,170.3	2.3	225.5	-223.2	27.4	974.5
Others	62,148.2	28,745.6	35,607.2	-6,861.6	2,964.6	58,251.2

Note: Figures may not add-up due to rounding.

*_/ Figures subject to revisions due to changes and methodological modifications.

p_/ Preliminary.

1_/ Includes the balance, denominated in pesos, of the General Account of the Federal Treasury and deposits in the national banking system as well as assets from PEDBC's and Development Banks.

Source: Ministry of Finance and Public Credit

FEDERAL PUBLIC SECTOR EXTERNAL DEBT, JANUARY-DECEMBER 2007
 (Million Dollars*)

Concept	Outstanding Dec-06	Indebtedness			Adjust.	Outstanding Dec-07 ^{p./j}
		Disp.	Amort.	Net		
NET DEBT	47,247.2					34,532.5
Financial Assets Denominated in Foreign Currency 1_/	-7,519.1					-20,822.4
GROSS DEBT	54,766.3	15,364.2	18,705.8	-3,341.6	3,930.2	55,354.9
STRUCTURE BY TERM	54,766.3	15,364.2	18,705.8	-3,341.6	3,930.2	55,354.9
Long-term	53,921.6	6,572.6	9,954.8	-3,382.2	3,895.6	54,435.0
Short-term	844.7	8,791.6	8,751.0	40.6	34.6	919.9
STRUCTURE BY USER	54,766.3	15,364.2	18,705.8	-3,341.6	3,930.2	55,354.9
Federal Government	41,936.3	4,939.1	6,904.8	-1,965.7	2,280.8	42,251.4
Long-term	41,936.3	4,939.1	6,904.8	-1,965.7	2,280.8	42,251.4
Short-term	0.0	0.0	0.0	0.0	0.0	0.0
PEDBC's	7,212.0	4,915.4	5,841.1	-925.7	1,571.0	7,857.3
Long-term	7,202.8	1,282.3	2,198.8	-916.5	1,571.0	7,857.3
Short-term	9.2	3,633.1	3,642.3	-9.2	0.0	0.0
Development Banks	5,618.0	5,509.7	5,959.9	-450.2	78.4	5,246.2
Long-term	4,782.5	351.2	851.2	-500.0	43.8	4,326.3
Short-term	835.5	5,158.5	5,108.7	49.8	34.6	919.9
STRUCTURE BY SOURCE	54,766.3	15,364.4	18,705.8	-3,341.6	3,930.2	55,354.9
Publicly Placed Bonds	38,558.0	3,266.6	7,087.6	-3,821.0	2,227.0	36,964.0
IFI's	8,255.4	1,741.6	909.5	832.1	67.2	9,154.7
Commercial Banks	3,139.2	1,209.4	1,499.7	-290.3	83.7	2,932.6
Bilateral	1,578.0	5,504.9	5,603.3	-62.4	37.9	1,553.5
Restructured 1989-1990	76.5	0.0	0.0	0.0	0.0	76.5
Spanish Bank Bonds	76.5	0.0	0.0	0.0	0.0	76.5
Other 2_/	3,159.2	3,605.7	3,605.7	0.0	1,514.4	4,673.6

Note: Figures may not add-up due to rounding.

*_/ Figures subject to revisions due to changes and methodological modifications.

p./ Preliminary.

1_/ Includes the balance, denominated in pesos, of the General Account of the Federal Treasury and deposits in the national banking system as well as assets from PEDBC's and Development Banks.

2_/ Refers to movements of direct debt associated to the PIDIREGAS projects.

Source: Ministry of Finance and Public Credit