

MINISTRY OF FINANCE

December 30, 2003

Public Finances and Public Debt Report November, 2003

Today, the Federal Government releases preliminary information on public finances and public debt for November 2003.

- The public sector overall balance registered a surplus of 10.0 billion pesos, consistent with the fiscal deficit ceiling approved for the year.
- The primary balance, defined as total revenues minus expenditures other than interest payments, registered a surplus of 17.1 billion pesos.
- Public sector budgetary revenues increased 16.8 percent in real annual terms. This result is attributable to the favorable performance of oil related revenues and income and value added tax collection.
- Net public sector budgetary expenditures increased 14.3 percent in real annual terms.
- Net external public sector debt was reduced by 0.5 billion dollars, while net domestic Federal Government debt increased by 1.0 billion pesos.

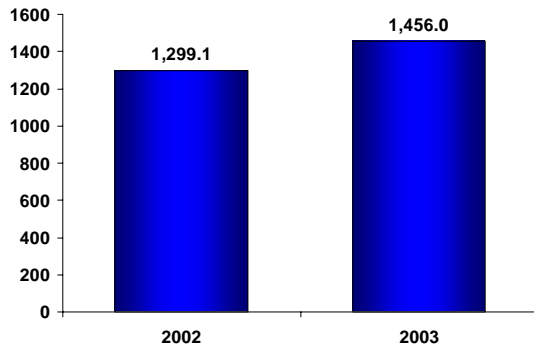
1. Public sector balance in January-November 2003

- During the first eleven months of 2003, the public sector overall balance accumulated a surplus of 52.9 billion pesos, an amount which compares favorably to the surplus of 10.4 billion pesos that resulted for the same period of the previous year (see Annex A).
- The primary surplus amounted to 235.5 billion pesos, 20.7 percent higher in real terms to that registered in the first eleven months of 2002.

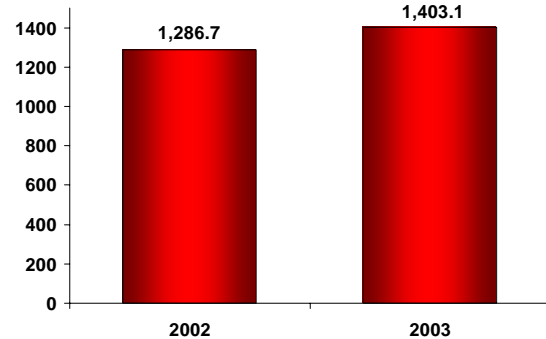
1.1 Public Sector Budgetary Revenues in January-November 2003

- Public sector budgetary revenues amounted to 1,456.0 billion pesos during January-November 2003, which is 12.1 percent higher in real terms than the amount registered in the same period of the previous year (see Annex A).

**BUDGETARY REVENUES
JANUARY - NOVEMBER**
(Billions of 2003 pesos)



**NET BUDGETARY EXPENDITURES,
JANUARY - NOVEMBER**
(Billions of 2003 pesos)



- Non-oil tax revenues totaled 624.8 billion pesos, 5.9 percent higher in real terms than recorded during the first ten months of 2002. It is worth highlighting the 11.7 percent increase in value added tax (VAT) collection.
- Oil related revenues, defined as the sum of Pemex's own revenues, oil royalties and duties paid to the Federal Government and excise taxes (IEPS) on gasoline and diesel totaled 480.6 billion pesos, 24.0 percent higher than recorded during the same period of the previous year.
- Non-oil non tax revenues in the period were 90.6 billion pesos, a 7.4 percent real increase over the preceding year's first eleven months.
- Revenues of federal entities other than Pemex were 260.0 billion pesos, which represents a 9.7 percent increase in real terms over the same period of 2002.

1.2. Net Public Sector Expenditures during January-November 2003

- Net budgetary expenditures of the public sector during the first eleven months of 2003 amounted to 1,403.1 billion pesos, 9.0 percent higher in real terms to that carried out during the same period of 2002. (see Annex A)

- Programmable expenditures carried out during the period were 1,009.8 billion pesos, which implies a real annual growth rate of 10.7 percent.
- In particular, federalized expenditures which include transfers to States and Municipalities (Ramo 33), provisions for basic, traditional, technological and adult education (Ramo 25) and resources directed towards financial strengthening of States through PAFEF (Ramo 39) increased 3.5 percent in real terms.
 - Revenue sharing to States and Municipalities amounted to 199.6 billion pesos, a 3.4 percent increase with respect to the same period of 2002.
 - Federalized expenditures corresponding to Ramo 25, 33 and 39 expanded at a 3.6 percent real annual pace.
- Public sector financing costs totaled 176.6 billion pesos, 1.2 percent higher with respect to the same period of 2002.

2. Public Debt Update

- At the end of November, net external public sector debt totaled 75.9 billion dollars, roughly the same amount outstanding on December 31, 2002. This result is explained by a net decrease in borrowings of 3.3 billion dollars, and

upward accounting adjustments of 2.4 billion dollars, as well as a 0.9 billion dollar decline in international assets abroad. (see Annex B)

- Net domestic debt of the Federal Government amounted to 856.3 billion pesos, 35.0 billion pesos above that recorded at the end of 2002. The change is explained by net borrowings of 89.4 billion pesos, accounting adjustments to inflation indexed debt of 4.2 billion pesos

and an increase of the Federal Government's financial assets of 58.6 billion pesos.

For more details on Public Finance and Public Debt statistics, please visit the Ministry of Finance's web page at:

<http://shcp.gob.mx/english/index.html>

Annex A. Public Finances**Public Sector Overall Balance** **Millions of pesos**

	January-November		Real % growth	Composition %	
	2002	2003 ^{p./}		2002	2003 ^{p./}
Overall Public Balance (I+II)	10,351.7	52,863.9	388.2		
I. Budgetary Balance (a-b)	11,875.6	52,861.2	325.5		
a) Revenues	1,241,984.3	1,455,961.0	12.1	100.0	100.0
Federal Government	877,762.9	1,042,488.1	13.5	70.7	71.6
Tax	668,275.0	704,861.4	0.8	53.8	48.4
Non-tax	209,487.9	337,626.6	54.1	16.9	23.2
PEDBC ^{1./}	364,221.4	413,473.0	8.5	29.3	28.4
Pemex	137,496.3	153,426.5	6.7	11.1	10.5
Others	226,725.1	260,046.5	9.7	18.3	17.9
b) Expenditures	1,230,108.7	1,403,099.8	9.0	100.0	100.0
Programmable	871,765.6	1,009,763.1	10.7	70.9	72.0
Non programmable	358,343.1	393,336.7	4.9	29.1	28.0
II. PEIBC ^{2./}	-1,523.9	2.7	n.a.		
Primary Balance	186,497.1	235,450.6	20.7		

Note: Figures may not add up due to rounding.

n.a. not available

1./ Public entities under direct budgetary control.

2./ Public entities under indirect budgetary control.

p./ Preliminary figures.

Source: Ministry of Finance and Public Credit.

Annex A. Public Finances (Cont.)

Public Sector Revenues

Millions of pesos

	January-November		Real % growth	Composition %	
	2002	2003 ^{p./}		2002	2003 ^{p./}
Total (I+II)	1,241,984.3	1,455,961.0	12.1	100.0	100.0
I. Oil related	370,430.1	480,567.1	24.0	29.8	33.0
a) PEMEX	137,496.3	153,426.5	6.7	11.1	10.5
b) Federal Government	232,933.8	327,140.6	34.3	18.8	22.5
Rights and Royalties on oil related products	128,889.4	247,054.4	83.2	10.4	17.0
Excise taxes	104,044.4	80,086.2	-26.4	8.4	5.5
II. Non oil related	871,554.2	975,394.0	7.0	70.2	67.0
c) Federal Government	644,829.1	715,347.5	6.1	51.9	49.1
Tax	564,230.6	624,775.2	5.9	45.4	42.9
Income tax	292,863.1	311,226.0	1.6	23.6	21.4
VAT	198,847.7	232,395.9	11.7	16.0	16.0
Excise taxes	21,810.6	27,912.5	22.3	1.8	1.9
Import taxes	24,519.8	24,491.5	-4.5	2.0	1.7
Others ^{1/}	26,189.4	28,749.2	4.9	2.1	2.0
Non-tax	80,598.5	90,572.3	7.4	6.5	6.2
Rights	17,669.5	18,196.5	-1.5	1.4	1.2
Fees	58,799.0	67,539.5	9.8	4.7	4.6
Others	4,129.9	4,836.2	12.0	0.3	0.3
d) PEDBC ^{2/}	226,725.1	260,046.5	9.7	18.3	17.9
Memorandum items:					
Total tax related	668,275.0	704,861.4	0.8	53.8	48.4
Total non-tax related	573,709.3	751,099.7	25.2	46.2	51.6

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 the ISSSTE.

Source: Ministry of Finance and Public Credit.

Annex A. Public Finances (Cont.)

	Public Sector Expenditures		Real % growth	Millions of pesos	
	January-November			Composition %	
	2002	2003 ^{p./}		2002	2003 ^{p./}
TOTAL (I+II)	1,230,108.7	1,403,099.8	9.0	100.0	100.0
I. Primary Expenditures (a+b)	1,063,210.9	1,226,423.5	10.3	86.4	87.4
a) Programmable	871,765.6	1,009,763.1	10.7	70.9	72.0
b) Non-programmable	191,445.4	216,660.4	8.2	15.6	15.4
II. Financing Costs ^{1./}	166,897.7	176,676.3	1.2	13.6	12.6

Note: Figures may not add up due to rounding.

p./ Preliminary figures.

1./ Includes interest, commissions, and other public debt expenditures associated with debtor support programs. Due to methodological changes, Pemex's expenditures now include financial costs that were previously subtracted from total revenues.

Source: Ministry of Finance and Public Credit.

Annex B. Public Debt

Public Sector External Debt, January-November ^{*_/}

Millions of dollars

	Outstanding as of Dec-02	Indebtedness			Fx Adjustments	Outstanding as of Nov-03 ^{p_/}
		Originations	Amort.	Net		
Net external debt	75,934.8					75,856.8
Financial assets abroad ^{1_/}	-2,883.3					-2,016.1
Gross external debt	78,818.1	18,366.0	21,687.5	-3,321.5	2,376.3	77,872.9
Term structure	78,818.1	18,366.0	21,687.5	-3,321.5	2,376.3	77,872.9
Long term	76,028.6	12,765.8	14,227.4	-1,461.6	1,009.7	75,576.7
Short term	2,789.5	5,600.2	7,460.1	-1,859.9	1,366.6	2,296.2
Structure by user	78,818.1	18,366.0	21,687.5	-3,321.5	2,376.3	77,872.9
Federal Government ^{2_/}	57,879.1	9,997.0	10,621.0	-624.0	1,187.0	58,442.1
PEDBC ^{3_/}	12,338.3	3,032.8	4,947.5	-1,914.7	1,190.1	11,613.7
Development banks	8,600.7	5,336.2	6,119.0	-782.8	-0.8	7,817.1
Gross external debt						
By financing source	78,818.1	18,366.0	21,687.5	-3,321.5	2,376.3	77,872.9
Restructured 1989 – 1990	6,107.8	0.0	5,737.1	-5,737.1	34.9	405.6
Par bonds (Brady)	5,573.2	0.0	5,607.6	-5,607.6	34.4	0.0
Spanish bank bonds	76.5	0.0	0.0	0.0	0.0	76.5
New money 1990 – 1992	458.1	0.0	129.5	-129.5	0.5	329.1
Non-restructured	4,811.6	4,901.6	6,831.2	-1,929.6	8.4	2,890.4
Bilateral credit	6,259.6	2,335.5	3,472.5	-1,137.0	149.2	5,271.8
Publicly placed bonds	42,668.3	7,356.7	2,130.4	5,226.3	965.5	48,860.1
IFIS	17,542.9	1,894.0	2,005.4	-111.4	112.8	17,544.3
Supplier credits to public sector entities	9.8	0.0	5.1	-5.1	0.0	4.7
Others ^{4_/}	1,418.1	1,878.2	1,505.8	372.4	1,105.5	2,896.0

Note: Figures may not add up due to rounding.

*_/ Figures subject to revisions.

p_/ Preliminary figures.

1_/ Collateral is valued at market prices; includes 18 months worth of interest payments for Brady Bonds and FAFEXT availabilities.

2_/ Includes debt from item XXIV and FAFEXT.

3_/ Public entities under direct budgetary control.

4_/ Refers to PIDIREGAS debt.

Source: Ministry of Finance and Public Credit.

Annex B. Public Debt (Cont.)

Federal Government Domestic Debt, January-November ^{*_/} Millions of pesos

	Outstanding December 2002 ^{p_/}	Indebtedness			Adjustments ^{1_/}	Outstanding November 2003 ^{p_/}
		Originations	Amort.	Net		
Net domestic debt balance	821,272.2					856,315.7
Creditor accounts ^{2_/}	-86,135.5					-144,706.3
Gross domestic debt stock	907,407.7	883,320.9	793,931.8	89,389.1	4,225.2	1,001,022.0
Government Securities	793,760.7	817,547.4	667,754.9	149,792.5	2,463.9	946,017.1
Cetes	192,144.5	627,396.9	614,308.0	13,088.9	0.0	205,233.4
Bondes	305,295.6	73,209.1	16,176.8	57,032.3	0.0	362,327.9
Fixed rate bonds	203,669.0	108,110.0	15,194.9	92,915.1	0.0	296,584.1
Udibonos	92,651.6	8,831.4	22,075.2	-13,243.8	2,463.9	81,871.7
<i>Udibonos udi's</i>	28,722.3	2,700.0	6,805.6	-4,105.6	0.0	24,616.7
S.A.R.	35,496.2	60,280.9	56,591.1	3,689.8	1,343.1	40,529.1
Siefores m/n	72.3	0.5	73.1	-72.6	0.6	0.3
Siefores udi's	22.4	0.1	22.4	-22.3	0.0	0.1
Others	78,078.5	5,492.1	69,512.7	-64,020.6	417.6	14,475.5

Note: Figures may not add up due to rounding.

*_/ Figures subject to revisions.

p_/ Preliminary figures.

1_/ Refers to adjustments for inflation.

2_/ Represents the balance, denominated in pesos, of the General Account of the Federal Treasury and deposits in the national banking system since December 2002.

Source: Ministry of Finance and Public Credit.

Annex C. Public Finance Indicators Calendar

Monthly Publications Calendar

Coverage Period	Release Date
December, 2003	February 4, 2004
January, 2004	March 4, 2004
February, 2004	April 1, 2004
March, 2004	May 4, 2004
April, 2004	June 1, 2004
May, 2004	June 30, 2004
June, 2004	August 4, 2004
July, 2004	September 3, 2004
August, 2004	September 30, 2004
September 2004	November 4, 2004
October 2004	November 30, 2004
November 2004	December 30, 2004