

MINISTRY OF FINANCE

March 4, 2003

Public Finances and Public Debt Report January, 2003

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

1. Public sector balance in January 2003

- During the first month of the year, the public sector overall balance registered a surplus of 9.7 billion pesos, a figure significantly higher than the one recorded in the same period of 2002.
- The primary balance amounted to 32.3 billion pesos, 35.1 percent higher in real annual terms (see Annex A).

1.1. Public Sector Budgetary Revenues in January 2003

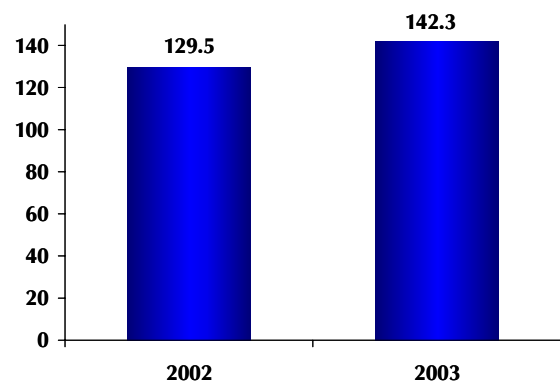
- Public sector budgetary revenues totaled 142.3 billion pesos during January, 9.8 percent higher in real terms than the level registered in the same period of the previous year (see Annex A).
- Non-oil tax revenues amounted to 71.5 billion pesos, 0.4 percent higher in real terms than in the first month of 2002.
- Within tax revenues, it is worth highlighting that value added tax (VAT) collection increased 9.1 percent in real annual terms, while income tax collection decreased 6.7 percent. This fall in income tax receipts is mainly attributable to the tax calendar modification introduced in May 2002. According to the new calendar, taxpayers that previously fulfilled their obligations on a quarterly basis are required to pay now on a monthly basis. In this context, the fiscal

results for January 2002 reflected tax payments registered during the period October-December 2001, while the results for January 2003 include only the payments received during December 2002.

- 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 37.1 billion pesos, 18.0 percent higher in real terms as compared to the corresponding period of last year.

BUDGETARY REVENUES, JANUARY

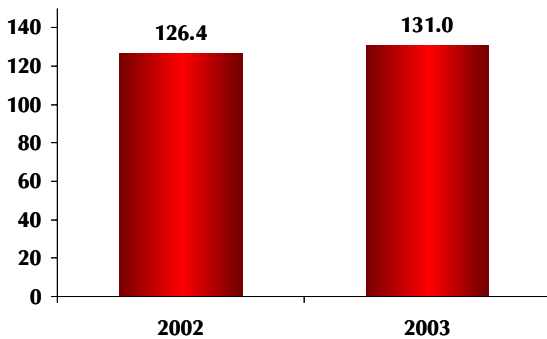
(Billions of 2003 pesos)



1.2. Net Public Sector Expenditures during January 2003

- Net public sector expenditures totaled 131.0 billion pesos during the first month of the year, 3.6 percent higher in real terms than in January 2002 (see Annex A).

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



- Programmable expenditures amounted to 85.9 billion pesos, a real annual increase of 2.7 percent. In particular, transfers to states and municipalities (Ramo 33), and provisions for basic, traditional, technological and adult education (Ramo 25)*, increased 4.7 percent in real annual terms.
- Revenue sharing to states and municipalities amounted to 17.2 billion pesos, 6.5 percent higher in real terms than in the first month of 2002.
- As a result, federalized expenditures, which include revenue sharing and transfers to states and municipalities (Ramo 25 and Ramo 33), increased 5.0 percent in real annual terms.*

- Public sector financing costs totaled 20.4 billion pesos, 5.5 percent lower in real terms than the level registered during the same period of the previous year.

2. Public Debt Update

- At the end of January, net external public sector debt totaled 78.4 billion dollars, 2.5 billion dollars higher than the outstanding balance recorded on December 31st, 2002. This transitory increase is consistent with the zero net external indebtedness ceiling approved by Congress for the year and is explained by an increase in net borrowings of 2.4 billion dollars and upward accounting adjustments of 0.1 billion dollars. External financial assets did not register variations during the period (see Annex B).
- Net domestic debt of the Federal Government amounted to 815.0 billion pesos, 6.2 billion pesos lower than the level registered at the end of 2002. This result is due to a net decrease in indebtedness of 33.2 billion pesos, accounting adjustments to inflation-indexed debt of 0.7 billion pesos and a decrease of 26.3 billion pesos in Federal Government's financial assets (see Annex B).

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

<http://www.hacienda.gob.mx/index01.html>

* The Program to Support the Strengthening of Federal Entities (PAFEF) was excluded in order to make the information comparable. This is due to the fact that the first 2003 payment was registered on February 10, while the first 2002 payment was recorded at the end of January 2002.

Annex A. Public Finances**Public Sector Overall Balance**

Millions of pesos

	January		Real Growth (%)	Composition %	
	2002	2003 ^{p_/}		2002	2003 ^{p_/}
Overall Public Balance (I+II)	899.9	9,695.9	-o-		
I. Budgetary Balance (a-b)	2,925.7	11,308.1	267.5		
a) Revenues	123,165.1	142,276.7	9.8	100.0	100.0
Federal Government	93,807.1	118,285.4	19.9	76.2	83.1
Tax	79,677.8	81,075.4	-3.2	64.7	57.0
Non-tax	14,129.4	37,210.1	150.4	11.5	26.2
Other public entities and enterprises	29,357.9	23,991.3	-22.3	23.8	16.9
Pemex	10,194.5	4,592.5	-57.2	8.3	3.2
Others	19,163.4	19,398.8	-3.7	15.6	13.6
b) Expenditures	120,239.3	130,968.6	3.6	100.0	100.0
Programmable	79,544.5	85,893.1	2.7	66.2	65.6
Non-programmable	40,694.8	45,075.6	5.3	33.8	34.4
II. Entities under indirect budgetary control	-2,025.9	-1,612.2	-24.3		
Primary Balance	22,744.9	32,320.5	35.1		

Note: Figures may not add up due to rounding.

p_/ Preliminary figures.

-o-: Greater than 500 percent.

Source: Ministry of Finance and Public Credit.

Annex A. Public Finances (Cont.)

Public Sector Revenues Millions of pesos

	January		Real Growth (%)	Composition %	
	2002	2003 ^{p/_}		2002	2003 ^{p/_}
Budgetary Revenues (I+II)	123,165.1	142,276.7	9.8	100.0	100.0
I. Oil related (a+b)	29,848.5	37,050.9	18.0	24.2	26.0
b) Federal Government	10,194.5	4,592.5	-57.2	8.3	3.2
a) Pemex	19,653.9	32,458.4	57.0	16.0	22.8
Rights and Royalties on oil related products	7,667.4	22,862.1	183.5	6.2	16.1
Excise taxes	11,986.5	9,596.3	-23.9	9.7	6.7
II. Non-oil (c+d)	93,316.6	105,225.8	7.2	75.8	74.0
c) Federal Government	74,153.2	85,827.0	10.1	60.2	60.3
Tax	67,691.3	71,479.1	0.4	55.0	50.2
Income Tax	37,473.2	36,760.7	-6.7	30.4	25.8
VAT	23,431.9	26,883.0	9.1	19.0	18.9
Excise taxes	2,591.7	3,317.8	21.7	2.1	2.3
Imports taxes	1,911.7	2,149.3	6.9	1.6	1.5
Other taxes ^{1/_}	2,282.8	2,368.3	-1.3	1.9	1.7
Non-tax	6,461.9	14,347.9	111.1	5.2	10.1
Rights	2,180.5	2,670.7	16.5	1.8	1.9
Fees	3,751.8	11,122.3	181.9	3.0	7.8
Others	529.6	554.9	-0.4	0.4	0.4
d) PEDBC ^{2/_}	19,163.4	19,398.8	-3.7	15.6	13.6
Memorandum items:					
Total tax related	79,677.8	81,075.4	-3.2	64.7	57.0
Total non-tax related	43,487.3	61,201.3	33.8	35.3	43.0

Note: Figures may not add up due to rounding.

p/_ Preliminary figures.

^{1/_} Includes new vehicle, vehicle ownership, luxury goods and accessory taxes.^{2/_} Public entities under direct budgetary control. Excludes Federal Government transfers to the ISSSTE.

n.a.: Not applicable.

Source: Ministry of Finance and Public Credit.

Annex A. Public Finances (Cont.)

	Public Sector Expenditures		Millions of pesos		
	January		Real Growth	Composition %	
	2002	2003 ^{p_/}	%	2002	2003 ^{p_/}
TOTAL (I+II)	120,239.3	130,968.6	3.6	100.0	100.0
I. Primary Expenditures (a+b)	99,738.5	110,591.7	5.4	82.9	84.4
a) Programmable	79,544.5	85,893.1	2.7	66.2	65.6
b) Non-programmable	20,193.9	24,698.6	16.3	16.8	18.9
II. Financing Costs ^{1_/}	20,500.9	20,376.9	-5.5	17.1	15.6

Note: Figures may not add up due to rounding.

p_/ Preliminary figures.

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

Source: Ministry of Finance and Public Credit.

Annex B. Public Debt

Public Sector External Debt, January ^{1/}

Millions of dollars

	Stock	Indebtedness			FX	Stock
	Dec-02	Originations	Amort.	Net	Adjustments	January-03 ^{p/}
Net external debt stock	75,934.8					78,425.4
Financial assets abroad ^{1/}	-2,883.3					-2,887.3
Gross external debt stock	78,818.1	4,320.8	1,970.0	2,350.8	143.8	81,312.7
Term structure	78,818.1	4,320.8	1,970.0	2,350.8	143.8	81,312.7
Long term	76,028.6	2,164.3	1,212.3	952.0	139.2	77,119.8
Short term	2,789.5	2,156.5	757.7	1,398.8	4.6	4,192.9
Structure by user	78,818.1	4,320.8	1,970.0	2,350.8	143.8	81,312.7
Federal Government ^{2/}	57,879.1	2,084.3	923.8	1,160.5	-143.8	58,895.8
PEDBC ^{3/}	12,338.3	2,036.2	571.2	1,465.0	304.0	14,107.3
Development banks	8,600.7	200.3	475.0	-274.7	-16.4	8,309.6
Gross external debt stock						
By financing source	78,818.1	4,320.8	1,970.0	2,350.8	143.8	81,312.7
Restructured 1989 – 1990	6,107.8	0.0	0.0	0.0	14.0	6,121.8
Par bonds (Brady)	5,573.2	0.0	0.0	0.0	13.9	5,587.1
Spanish bank bonds	76.5	0.0	0.0	0.0	0.0	76.5
New money 1990 – 1992	458.1	0.0	0.0	0.0	0.1	458.2
Non-restructured	4,811.6	670.0	629.9	40.1	4.8	4,856.5
Bilateral credit	6,259.6	148.1	335.7	-187.6	-4.5	6,067.5
Publicly placed bonds	42,668.3	2,000.0	829.8	1,170.2	-206.5	43,632.0
IFIS's	17,542.9	84.6	115.0	-30.4	29.9	17,542.4
Supplier credits to public sector entities	9.8	0.0	0.2	-0.2	0.0	9.6
Others ^{4/}	1,418.1	1,418.1	59.4	1,358.7	306.1	3,082.9

Note: Figures may not add up due to rounding.

^{1/} 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.

Annex B. Public Debt (Cont.)

Federal Government Domestic Debt, January *_/

Millions of pesos

	Stock	Indebtedness			Adjustments ^{1/}	Stock
	Dec-02	Originations	Amort.	Net		January-03 ^{p/}
Net domestic debt stock	821,286.6					815,049.8
Creditor accounts ^{2/}	-86,121.1					-59,819.9
Gross domestic debt stock	907,407.7	91,293.9	124,540.8	-33,246.9	708.9	874,869.7
Government Securities	793,760.7	83,632.3	92,830.7	-9,198.4	365.7	784,928.0
Cetes	192,144.5	63,344.3	55,554.0	7,790.3	0.0	199,934.8
Bondes	305,295.6	6,600.0	4,487.1	2,112.9	0.0	307,408.5
Fixed-rate bonds	203,669.0	12,720.0	15,194.9	-2,474.9	0.0	201,194.1
Udibonos	92,651.6	968.0	17,594.7	-16,626.7	365.7	76,390.6
Udibonos udi's	28,722.3	300.0	5,434.0	-5,134.0	0.0	23,588.3
S.A.R.	35,496.2	7,661.4	7,240.7	420.7	286.9	36,203.8
Siefores m/n	72.3	0.2	0.0	0.2	0.2	72.7
Siefores udi's	22.4	0.1	0.0	0.1	0.0	22.5
Others	78,078.5	0.0	24,469.4	-24,469.4	56.1	53,665.2

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

Publication Calendar

Period	Date of release
February, 2003	April 1, 2003
March, 2003	May 2, 2003
April, 2003	May 30, 2003
May, 2003	July 1, 2003
June, 2003	August 4, 2003
July, 2003	September 3, 2003
August, 2003	September 30, 2003
September, 2003	November 4, 2003
October, 2003	December 2, 2003
November, 2003	December 30, 2003
December, 2003	February 4, 2004
Enero, 2004	4 de marzo de 2004

Source: Ministry of Finance and Public Credit.