

MINISTRY OF FINANCE

December 2, 2003

Public Finances and Public Debt Report October, 2003

Today, the Federal Government released preliminary information on public finances and public debt for October 2003.

- The public sector overall balance registered a deficit of 1.8 billion pesos. The figure is consistent with the fiscal deficit ceiling approved by Congress for the year.
- The primary balance, defined as total revenues minus expenditures other than interest payments, registered a surplus of 11.8 billion pesos.
- Public sector budgetary revenues increased 7.4 percent in real annual terms during October 2003. This result is attributable to the favorable performance of oil related revenues, as well as those of public entities other than Pemex, and better than expected VAT collection.
- Net public sector budgetary expenditures increased 3.5 percent in real annual terms.
- Net external public sector debt increased by 0.4 billion dollars, while net domestic Federal Government debt increased by 4.1 billion pesos, both figures with respect to September 2003.

1. Public sector balance in January-October 2003

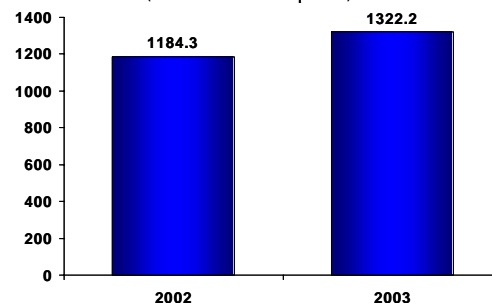
- During the first ten months of the year, the public sector overall balance accumulated a surplus of 42.9 billion pesos. The accumulated surplus compares favorably to that of 11.6 billion pesos that resulted for the same period of the previous year (see Annex A).
- The primary surplus amounted to 219.6 billion pesos, 19.8 percent higher in real terms to that registered in the same period of 2002.

1.1 Public Sector Budgetary Revenues in January-October 2003

- Public sector budgetary revenues amounted to 1,322.2 billion pesos during January-October 2003, which is 11.6 percent higher in real terms than the amount registered in the same period of the previous year (see Annex A).

**BUDGETARY REVENUES
 JANUARY - OCTOBER**

(Billions of 2003 pesos)



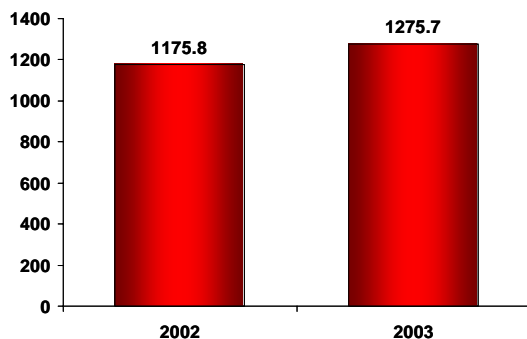
- Non-oil tax revenues totaled 571.9 billion pesos, 6.0 percent higher in real terms than the amount recorded during the first ten months of 2002. It is worth highlighting the 12.6 percent increase in value added tax (VAT) collection.
- Oil related revenues, defined as the sum of Pemex's own revenues, oil royalties and duties paid to the Federal Government and excise taxes (IEPS) on gasoline and diesel during the January-October totaled 433.9 billion pesos, 24.2 percent higher than recorded during the same period of the previous year.
- Non-oil non tax revenues were 78.5 billion pesos, a 3.3 percent real reduction over the period January-October 2002.
- Revenues of federal entities other than Pemex were 237.9 billion pesos, which represents an 11.1 percent increase in real terms over the same period of 2002.
- Programmable expenditures carried out during the period January-October were 902.5 billion pesos, which implies a real annual growth rate of 9.5 percent.
- 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 4.1 percent in real terms.
 - Revenue sharing to states and municipalities amounted to 183.5 billion pesos, 4.2 percent higher with respect to the same period of 2002.
 - Federalized expenditures corresponding to Ramo 25, 33 and 39 expanded at a 4.0 percent real annual pace.
- Public sector financing costs totaled 167.7 billion pesos, 0.8 percent higher with respect to the same period of 2002.

1.2. Net Public Sector Expenditures during January-October 2003

- Net budgetary expenditures of the public sector during the first ten months of 2003 amounted to 1,275.7 billion pesos, 8.5 percent higher in real terms to that carried out during the same period of 2002. (see Annex A)

NET BUDGETARY EXPENDITURES, JANUARY - OCTOBER

(Billions of 2003 pesos)



2. Public Debt Update

- At the end of October, net external public sector debt totaled 76.3 billion dollars, 0.4 billion dollars higher than the outstanding amount on December 31, 2002. This increase is explained by a net decrease in borrowings of 2.3 billion dollars, and upward accounting adjustments of 2.3 billion dollars, as well as a 0.4 billion dollar decline in international assets abroad. (see Annex B)
- Net domestic debt of the Federal Government amounted to 855.3 billion pesos, 34.1 billion pesos above that recorded at the end of 2002. The change is explained by net borrowings of 80.6 billion pesos, accounting adjustments to inflation indexed debt of 3.6 billion pesos and an increase of the Federal Government's financial assets of 50.1 billion pesos.

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

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

Annex A. Public Finances

Public Sector Overall Balance

Millions of pesos

	January-October		Real % growth	Composition %	
	2002	2003 ^{p./}		2002	2003 ^{p./}
Overall Public Balance (I+II)	11,596.0	42,875.9	253.3		
I. Budgetary Balance (a-b)	8,119.0	46,469.3	446.9		
a) Revenues	1,131,554.1	1,322,200.7	11.6	100.0	100.0
Federal Government	803,988.5	950,568.3	13.0	71.1	71.9
Tax	611,542.4	645,228.6	0.8	54.0	48.8
Non-tax	192,446.1	305,339.7	51.6	17.0	23.1
PEDBC ^{1./}	327,565.6	371,632.5	8.4	28.9	28.1
Pemex	122,978.4	133,775.4	3.9	10.9	10.1
Others	204,587.3	237,857.0	11.1	18.1	18.0
b) Expenditures	1,123,435.1	1,275,731.4	8.5	100.0	100.0
Programmable	787,729.3	902,464.5	9.5	70.1	70.7
Non programmable	335,705.8	373,266.9	6.2	29.9	29.3
II. PEIBC ^{2./}	3,477.0	-3,593.4	n.a.		
Primary Balance	175,122.3	219,648.9	19.8		

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-October		Real % growth	Composition %	
	2002	2003 ^{p/}		2002	2003 ^{p/}
Total (I+II)	1,131,554.1	1,322,200.7	11.6	100.0	100.0
I. Oil related	333,857.8	433,937.1	24.2	29.5	32.8
a) PEMEX	122,978.4	133,775.4	3.9	10.9	10.1
b) Federal Government	210,879.5	300,161.6	36.0	18.6	22.7
Rights and Royalties on oil related products	114,937.0	226,874.3	88.6	10.2	17.2
Excise taxes	95,942.5	73,287.4	-27.0	8.5	5.5
II. Non oil related	797,696.3	888,263.7	6.4	70.5	67.2
c) Federal Government	593,109.0	650,406.6	4.8	52.4	49.2
Tax	515,599.9	571,941.2	6.0	45.6	43.3
Income tax	271,282.6	285,526.5	0.6	24.0	21.6
VAT	179,441.8	211,516.9	12.6	15.9	16.0
Excise taxes	19,546.7	25,520.9	24.8	1.7	1.9
Import taxes	21,859.8	22,231.5	-2.8	1.9	1.7
Others ^{1/}	23,469.1	27,145.5	10.5	2.1	2.1
Non-tax	77,509.1	78,465.4	-3.3	6.8	5.9
Rights	16,686.7	17,177.9	-1.6	1.5	1.3
Fees	57,014.9	56,816.5	-4.8	5.0	4.3
Others	3,807.5	4,471.0	12.2	0.3	0.3
d) PEDBC ^{2/}	204,587.3	237,857.0	11.1	18.1	18.0
Memorandum items:					
Total tax related	611,542.4	645,228.6	0.8	54.0	48.8
Total non-tax related	520,011.7	676,972.1	24.4	46.0	51.2

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****Millions of pesos**

	January-October		Real % growth	Composition %	
	2002	2003 ^{p./}		2002	2003 ^{p./}
TOTAL (I+II)	1,123,435.1	1,275,731.4	8.5	100.0	100.0
I. Primary Expenditures (a+b)	964,439.8	1,108,028.7	9.8	85.8	86.9
a) Programmable	787,729.3	902,464.5	9.5	70.1	70.7
b) Non-programmable	176,710.4	205,564.1	11.1	15.7	16.1
II. Financing Costs ^{1./}	158,995.4	167,702.7	0.8	14.2	13.1

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-October ^{*_/}

Millions of dollars

	Outstanding as of Dec-02	Indebtedness			Fx Adjustments	Outstanding as of Oct-03 ^{p_/}
		Originations	Amort.	Net		
Net external debt	75,934.8					76,332.7
Financial assets abroad ^{1_/}	-2,883.3					-2,470.2
Gross external debt	78,818.1	17,650.6	19,963.9	-2,313.3	2,298.1	78,802.9
Term structure	78,818.1	17,650.6	19,963.9	-2,313.3	2,298.1	78,802.9
Long term	76,028.6	12,214.0	13,185.3	-971.3	931.6	75,988.9
Short term	2,789.5	5,436.6	6,778.6	-1,342.0	1,366.5	2,814.0
Structure by user	78,818.1	17,650.6	19,963.9	-2,313.3	2,298.1	78,802.9
Federal Government ^{2_/}	57,879.1	9,706.6	10,187.6	-481.0	1,112.3	58,510.4
PEDBC ^{3_/}	12,338.3	3,017.1	4,398.6	-1,381.5	1,184.6	12,141.4
Development banks	8,600.7	4,926.9	5,377.7	-450.8	1.2	8,151.1
Gross external debt						
By financing source	78,818.1	17,650.6	19,963.9	-2,313.3	2,298.1	78,802.9
Restructured 1989 – 1990	6,107.8	0.0	5,718.3	-5,718.3	34.8	424.3
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	110.7	-110.7	0.4	347.8
Non-restructured	4,811.6	4,678.0	6,082.5	-1,404.5	8.4	3,415.5
Bilateral credit	6,259.6	2,318.7	3,290.3	-971.6	130.8	5,418.8
Publicly placed bonds	42,668.3	7,356.7	1,656.5	5,700.2	873.1	49,241.6
IFIS	17,542.9	1,419.0	1,883.3	-464.3	140.3	17,218.9
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	1,327.9	550.3	1,110.7	3,079.1

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-October ^{*_/}

Millions of pesos

	Outstanding December 2002 ^{p./}	Indebtedness			Adjustments ^{1./}	Outstanding October 2003 ^{p./}
		Originations	Amort.	Net		
Net domestic debt balance	821,272.2					855,348.2
Creditor accounts ^{2./}	-86,135.5					-136,272.6
Gross domestic debt stock	907,407.7	809,174.3	728,527.6	80,646.7	3,566.4	991,620.8
Government Securities	793,760.7	752,075.8	610,506.4	141,569.4	2,100.1	937,430.2
Cetes	192,144.5	576,445.3	557,059.5	19,385.8	0.0	211,530.3
Bondes	305,295.6	69,009.1	16,176.8	52,832.3	0.0	358,127.9
Fixed rate bonds	203,669.0	97,790.0	15,194.9	82,595.1	0.0	286,264.1
Udibonos	92,651.6	8,831.4	22,075.2	-13,243.8	2,100.1	81,507.9
<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	52,313.3	49,143.4	3,169.9	1,105.6	39,771.7
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	4,784.7	68,804.7	-64,020.0	360.1	14,418.6

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
November, 2003	December, 30, 2003
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