



# MEXICO

INVESTOR RELATIONS OFFICE  
Tel: 011 (52) 55-91-58-14-61  
Fax: 011 (52) 55-91-58-14-65  
[david\\_madero@hacienda.gob.mx](mailto:david_madero@hacienda.gob.mx)  
[eduardo\\_suarez@hacienda.gob.mx](mailto:eduardo_suarez@hacienda.gob.mx)

## MINISTRY OF FINANCE

December 30, 2004

# Public Finances and Public Debt Report November, 2004

The Ministry of Finance released today the Public Finance and Public Debt results for November 2004. It is worth highlighting the following:

- The public sector balance registered a small deficit which is in line with the deficit target authorized by Congress for the year.
- The primary balance, defined as total revenues minus expenditures other than financing costs, recorded a surplus of Ps. 13.1 billion.
- Budgetary revenues posted a real annual increase of 4.3 percent, mainly due to increases in oil-related revenues and revenues of public entities other than PEMEX of 22.9 and 14.4 percent, respectively.
- Net budgetary expenditures increased 7.8 percent in real terms. The increase resulted from advance payments to the Trust for Infrastructure in States (Ps. 2.0 billion) and to the Oil Stabilization Fund (Ps. 3.8 billion), derived from the expected excess revenues for the year.
- The public sector net external debt balance increased by US\$0.5 billion, while the net domestic debt balance of the Federal Government fell by Ps. 7.8 billion, both figures with respect to October 2004

### 1. Public Sector Balance in January-November 2004

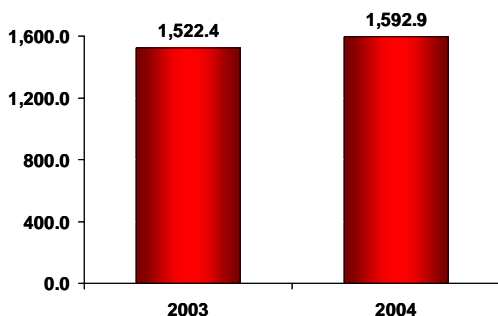
- The public sector surplus at the end of November amounted to Ps. 70.2 billion, this amount compares favorably with the surplus of Ps. 53.6 billion observed for the same period of 2003.
- In the same period, the primary surplus was Ps. 260.8 billion, which is 5.1 percent higher in real terms, than that observed in the first eleven months of 2003.

### 1.1 Public Sector Budgetary Revenues in January-November 2004

- The public sector's budgetary revenues for the period January-November 2004 were Ps. 1,592.9 billion. This figure is 4.6 percent higher in real terms than that registered in the same period of 2003.

### BUDGETARY REVENUES, JANUARY-NOVEMBER

(Billions of 2004 pesos)



- Non-oil related tax revenues amounted to Ps. 657.9 billion, 0.6 percent higher than those received in January-October 2003. Within these revenues it is important to highlight that income tax collection declined by 2.5 percent, while value added tax collection increased 7.5 percent, both in real annual terms.
- Oil related revenues, which include PEMEX's own revenues, oil related royalties and fees, and the excise tax collection on gasoline and diesel totaled Ps. 573.5 billion. The accumulated oil related revenues in the first eleven months of 2004 are 14.2 percent higher than those registered in the comparable period of 2003.
- Non-tax non-oil related revenues were Ps. 83.4 billion in the period January-November. This figure is 11.4 percent lower in real terms than in the same period of 2003.
- Revenues of public entities under direct budgetary control other than PEMEX were Ps. 278.1 billion, which represents a 2.2 percent increase over the same period of 2003.

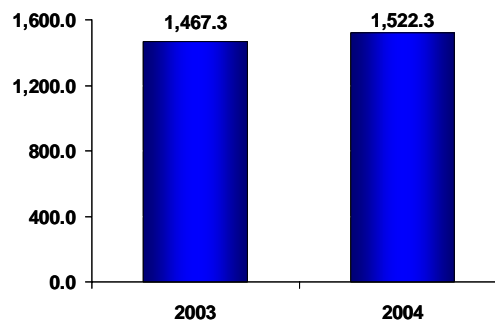
#### 1.2. Net Public Sector Expenditures during January-October 2004

- Net budgetary expenditures of the public sector totaled Ps. 1,522.3 billion, which is 3.7 percent higher in real terms than the comparable expenditure registered a

year earlier. This result includes the advance payments to the Trust for Infrastructure in States (FIEs) (Ps. 14.2 billion), Fees for infrastructure works in PEMEX (Ps. 12.5 billion) and the Oil Stabilization Fund (PS. 7.8 billion). These advance payments are made based on the estimated excess revenues for the year.

### NET BUDGETARY EXPENDITURES, JANUARY-NOVEMBER

(Billions of 2004 pesos)



- Programmable expenditures totaled Ps. 1,093.6 billion. The figure is 3.5 percent higher in real terms than that carried out on the same period of 2003.
- Federalized expenditures increased 6.7 percent in real terms. It is worth highlighting the following:
  - Revenue Sharing to States and Municipalities amounted to Ps. 202.3 billion, which is 5.4 percent higher than the amount registered in the same period of the previous year.
  - The sum of transfers to States and Municipalities (Ramo 33), provisions for basic, traditional, technical, and adult education (Ramo 25), and resources directed towards the strengthening of States through PAFEF (Ramo 39) increased 7.6 percent in real annual terms and amounted to Ps. 286.3 billion.
- The Public Sector's financing costs totaled Ps. 176.8 billion. The financing cost has fallen 4.3 percent in real terms, compared to the same eleven months of 2003.

## 2. Public Debt Update

- At the end of November, the net balance of the external public debt was US\$78.6 billion, US\$1.6 billion higher than that observed at the end of 2003. The result derives from a decline in indebtedness of US\$1.8 billion, upward accounting adjustments of US\$1.8 billion, and a decline in financial assets abroad of US\$1.6 billion. In this manner, the evolution of the external debt is consistent with the target of reducing indebtedness by US\$500 million by yearend, which was approved by Congress.
- The net debt balance of the Federal Government's domestic debt was Ps. 968.3 billion at the end of November. This figure is Ps. 41.2 billion higher than

that registered at the end of 2003. This change is the result of net borrowings of Ps. 80.9 billion, upward accounting adjustments to inflation indexed debt of PS. 6.0 billion, and an increase in the Federal Government's financial assets of Ps. 45.7 billion.

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 %	
	2003	2004 <sup>p/</sup>		2003	2004 <sup>p/</sup>
<b>Overall Public Balance (I+II)</b>	53,563.9	70,157.6	25.2		
I. Budgetary Balance (a-b)	52,707.4	70,667.8	28.1		
a) Revenues	1,454,915.5	1,592,940.4	4.6	100.0	100.0
Federal Government	1,041,793.3	1,148,884.0	5.4	71.6	72.1
Tax	705,104.7	709,428.8	-3.8	48.5	44.5
Non-tax	336,688.7	439,455.1	24.7	23.1	27.6
PEDBC <sup>1/</sup>	413,121.2	444,056.4	2.7	28.4	27.9
Pemex	153,063.6	165,976.4	3.6	10.5	10.4
Others	260,057.6	278,080.1	2.2	17.9	17.5
b) Expenditures	1,402,207.1	1,522,272.6	3.7	100.0	100.0
Programmable	1,009,554.1	1,093,604.7	3.5	72.0	71.8
Non programmable	392,653.0	428,667.9	4.3	28.0	28.2
II. PEIBC <sup>2/</sup>	856.5	-510.1	n.a.		
Primary Balance	237,075.4	260,754.8	5.1		

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 %	
	2003	2004 <sup>p./</sup>		2003	2004 <sup>p./</sup>
<b>Total (I+II)</b>	1,454,914.5	1,592,940.4	4.6	100.0	100.0
I. Oil related	479,902.2	573,537.0	14.2	33.0	36.0
a) PEMEX	153,063.6	165,976.4	3.6	10.5	10.4
b) Federal Government	326,838.7	407,560.6	19.2	22.5	25.6
Rights and Royalties on oil related products	246,774.1	356,077.4	37.9	17.0	22.4
Excise taxes	80,064.6	51,483.3	-38.5	5.5	3.2
II. Non oil related	975,012.3	1,019,403.4	-0.1	67.0	64.0
c) Federal Government	714,954.7	741,323.3	-0.9	49.1	46.5
Tax	625,040.0	657,945.6	0.6	43.0	41.3
Income tax	311,585.5	317,742.7	-2.5	21.4	19.9
VAT	232,390.6	261,341.1	7.5	16.0	16.4
Excise taxes	27,912.8	29,106.5	-0.3	1.9	1.8
Import taxes	24,414.5	26,365.8	3.2	1.7	1.7
Others <sup>1./</sup>	28,736.7	23,389.5	-22.2	2.0	1.5
Non-tax	89,914.6	83,377.8	-11.4	6.2	5.2
Rights	18,201.1	15,724.0	-17.4	1.3	1.0
Fees	66,932.8	62,442.4	-10.8	4.6	3.9
Others	4,780.7	5,211.4	4.2	0.3	0.3
d) PEDBC <sup>2./</sup>	260,057.6	278,080.1	2.2	17.9	17.5
Memorandum items:					
Total tax related	705,104.7	709,428.8	-3.8	48.5	44.5
Total non-tax related	749,809.8	883,511.6	12.6	51.5	55.5

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**

	<u>January-November</u>		<u>Real % growth</u>	<u>Composition %</u>	
	<u>2003</u>	<u>2004 <sup>p./</sup></u>		<u>2003</u>	<u>2004 <sup>p./</sup></u>
TOTAL (I+II)	1,402,207.1	1,522,272.6	3.7	100.0	100.0
I. Primary Expenditures (a+b)	1,225,597.2	1,345,448.4	4.9	87.4	88.4
a) Programmable	1,009,554.1	1,093,604.7	3.5	72.0	71.8
b) Non-programmable	216,043.1	251,843.6	11.4	15.4	16.5
II. Financing Costs <sup>1./</sup>	176,609.9	176,824.3	-4.3	12.6	11.6

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.

Source: Ministry of Finance and Public Credit.

**Annex B. Public Debt****Public Sector External Debt, January-November <sup>\*\_/</sup>****Millions of dollars**

	Outstanding as of Dec-03	Indebtedness			Fx Adjustments	Outstanding as of Nov-04 <sup>p_/</sup>
		Originations	Amort.	Net		
Net external debt	77,052.4					78,623.6
Financial assets abroad <sup>1_/</sup>	-1,971.1					-390.1
Gross external debt	79,023.5	19,294.6	21,087.2	-1,792.6	1,782.8	79,013.7
Term structure	79,023.5	19,294.6	21,087.2	-1,792.6	1,782.8	79,013.7
Long term	77,335.7	12,272.3	15,077.6	-2,805.3	1,781.7	76,312.1
Short term	1,687.8	7,022.3	6,009.6	1,012.7	1.1	2,701.6
Structure by user	79,023.5	19,294.6	21,087.2	-1,792.6	1,782.8	79,013.7
Federal Government <sup>2_/</sup>	58,358.3	8,621.0	8,618.4	2.6	970.7	59,331.6
PEDBC <sup>3_/</sup>	12,157.7	3,332.8	4,496.4	-1,163.6	808.8	11,802.9
Development banks	8,507.5	7,340.8	7,972.4	-631.6	3.3	7,879.2
Gross external debt						
By financing source	79,023.5	19,294.6	21,087.2	-1,792.6	1,782.8	79,013.7
Restructured 1989 – 1990	387.7	0.0	136.4	-136.4	0.0	251.3
Spanish bank bonds	76.5	0.0	0.0	0.0	0.0	76.5
New money 1990 – 1992	311.2	0.0	136.4	-136.4	0.0	174.8
Non-restructured	4,310.2	4,113.5	5,996.2	-1,882.7	9.6	2,437.1
Bilateral credit	5,283.6	3,312.3	3,401.6	-89.3	74.5	5,268.8
Publicly placed bonds	48,806.2	8,175.1	6,828.4	1,346.7	921.6	51,074.5
IFIS	17,948.0	940.1	2,595.6	-1,655.5	25.4	16,317.9
Supplier credits to public sector entities	2.3	0.0	2.3	-2.3	0.0	0.0
Others <sup>4_/</sup>	2,285.5	2,753.6	2,126.7	626.9	751.7	3,664.1

Note: Figures may not add up due to rounding.

<sup>\*\_/</sup> Figures subject to revisions.<sup>p\_/</sup> Preliminary figures.<sup>1\_/</sup> Collateral is valued at market prices; includes 18 months worth of interest payments for Brady Bonds and FAFEXT availabilities.<sup>2\_/</sup> Includes debt from item XXIV and FAFEXT.<sup>3\_/</sup> Public entities under direct budgetary control.<sup>4\_/</sup> Refers to PIDIREGAS debt.

Source: Ministry of Finance and Public Credit.

**Annex B. Public Debt (Cont.)****Federal Government Domestic Debt, January-November <sup>\*\_/</sup>****Millions of pesos**

	Outstanding December 2003	Indebtedness			Adjustments <sup>1_/</sup>	Outstanding November 2004 <sup>p_/</sup>
		Originations	Amort.	Net		
Net domestic debt balance	927,097.1					968,324.5
Creditor accounts <sup>2_/</sup>	-84,792.1					-130,536.0
Gross domestic debt stock	1,011,889.2	938,594.3	857,672.3	80,922.0	6,049.3	1,098,860.5
Government Securities	956,657.0	868,114.8	788,848.1	79,266.7	3,472.5	1,039,396.2
Cetes	206,416.3	681,555.3	648,228.0	33,327.3	0.0	239,743.6
Bondes	354,720.4	36,500.0	82,700.8	-46,200.8	0.0	308,519.6
Fixed rate bonds	311,664.1	134,640.0	37,355.2	97,284.8	0.0	408,948.9
Udibonos	83,856.2	15,419.5	20,564.1	-5,144.6	3,472.5	82,184.1
<i>Udibonos udi's</i>	25,016.7	4,500.0	6,094.4	-1,594.4	0.0	23,422.3
S.A.R.	40,655.3	65,324.1	61,721.0	3,603.1	2,005.9	46,264.3
Siefores m/n	0.3	0.0	0.1	-0.1	0.0	0.2
<i>Siefores udi's</i>	0.1	0.0	0.0	0.0	0.0	0.1
Others	14,576.6	5,155.4	7,103.1	-1,947.7	570.9	13,199.8

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.

Source: Ministry of Finance and Public Credit.



## Annex C. Public Finance Indicators Calendar

### Public Finance Publications Calendar

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Coverage Period:	Release Date
December, 2004	February 4, 2005
January, 2005	March 4, 2005
February, 2005	April 1, 2005
March, 2005	May 4, 2005
April, 2005	May 31, 2005
May, 2005	June 30, 2005
June, 2005	August 4, 2005
July, 2005	September 2, 2005
August, 2005	September 30, 2005
September, 2005	November 4, 2005
October, 2005	November 30, 2005
November 2005	December 30, 2005