

## Public Finance and Public Debt Report, November 2005

The public finances and public debt preliminary results up to November 2005 were released today.

The main results for November are the following:

- The public sector posted a Ps. 2.6 billion surplus, which is in line with the fiscal deficit authorized by Congress for 2005 as a whole.
- The primary balance, defined as total revenues minus non-interest expenditures, posted a Ps. 10.9 billion surplus.
- Budgetary revenues grew 14.1 per cent in real annual terms due mainly to increases of 19.2 and 16.3 per cent in VAT and income tax revenues, respectively. Additionally, oil-related revenue and revenue from public entities other than PEMEX grew 14.5 and 11.0 percent in real annual terms, respectively.
- Net budgetary expenditures were 14.1 per cent higher in real annual terms. This is mainly due to higher expenditures in health, social security, and the energy sector.
- The Federal Government's domestic debt net balance increased Ps. 10.6 billion with respect to October while the external debt's net balance decreased US\$ 0.7 billion in the same period.

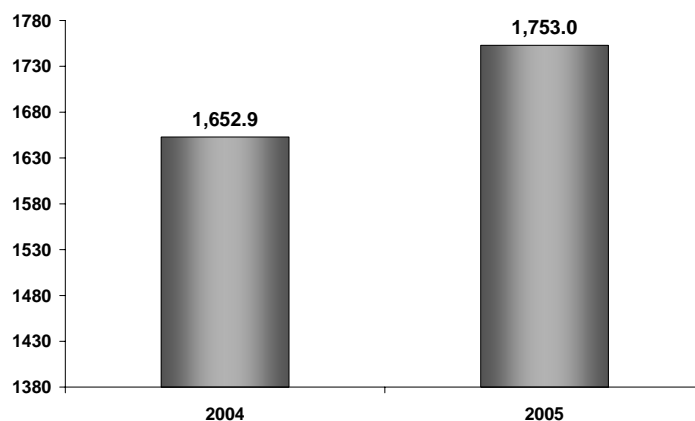
### 1. Public Sector Balance in January-November 2005

- The accumulated public sector surplus in the January-November period was Ps. 107.5 billion, Ps. 37.3 billion higher than that registered in the same period a year earlier.
- The accumulated primary balance posted a surplus of Ps. 299.9 billion, which is 10.4 per cent higher in real terms than that posted in January-November of 2004.

## 1.1 Public Sector Budgetary Revenues in January-November 2005

- The public sector's budgetary revenues accumulated in this period were Ps. 1,753.0 billion. This amount is 6.1 per cent higher in real terms than that for the same period of 2004. The annual change is explained by the following:
  - Non-oil tax revenues amounted to Ps. 724.0 billion, 6.3 per cent higher in real terms than in the same period of the previous year. VAT and income tax collection exceeded the figures observed a year earlier by 7.5 and 6.6 per cent in real terms, respectively.
  - Oil-related revenues, which include PEMEX's own revenues, royalties and fees, and the excise tax collection on gasoline and diesel, totaled Ps. 644.1 billion, 7.9 per cent higher in real terms than that registered a year earlier.
  - Revenues from public entities other than PEMEX totaled Ps. 318.5 billion, 10.4 per cent higher than those registered in the same period of 2004.
  - Non-tax non-oil revenues were Ps. 66.4 billion. This amount is 23.3 per cent lower than in the same period of 2004. The reduction in the annual comparison is due to the higher non-recurring revenues obtained last year, mainly from income associated to the recovery of the Brady bond's collateral, Banxico's operational surplus, concepts for which almost no revenues have been registered in 2005.

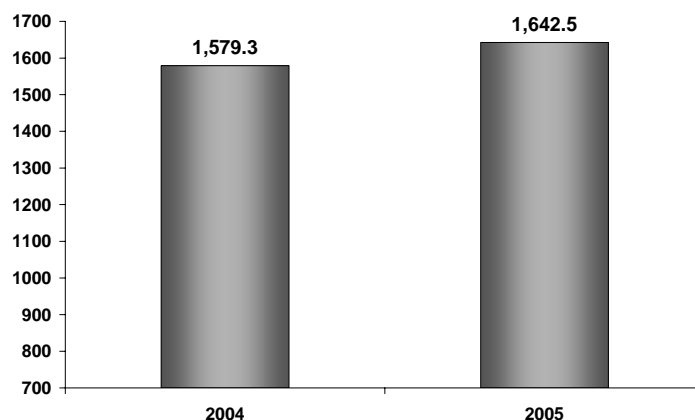
**Budgetary Revenues**  
**January-November**  
(Billions of 2005 pesos)



## 1.2. Net Budgetary Public Sector Expenditures during January-November 2005

- Net budgetary expenditures of the public sector totaled Ps. 1,642.5 billion in the first eleven months of the year. This amount is 4.0 per cent higher in real terms than that observed a year earlier.
- Paid programmable expenditures amounted to Ps. 1,199.3 billion, 5.5 per cent higher in real annual terms than that registered in the same period a year earlier. This increase is the result of larger social security and energy sector expenses as compared to the first eleven months of 2004.

### Net Budgetary Expenditures January- November (Billions of 2005 pesos)



- Federalized spending, which includes revenue sharing to States and Municipalities, as well as resources transferred to these entities (*Ramo 33*), provisions for basic, normal, technical and adult education (*Ramo 25*), and the resources directed towards the financial strengthening of States through PAFEF (*Ramo 39*), registered an increase of 7.8 per cent in real annual terms.
  - Revenue sharing to States and Municipalities was Ps. 256.2 billion, and increased 11.8 per cent in real annual terms.
  - Total resources through *Ramo 25*, *Ramo 33* and *Ramo 39* increased 4.8 per cent in real annual terms.
- The Public Sector's financing costs during January-November 2005 totaled Ps. 182.0 billion. This amount was 1.1 per cent lower in real terms than that registered in the same period a year earlier.

## 2. Public Debt Update

- The Federal Government's net domestic debt's balance was Ps. 1,101.1 billion at the end of November 2005. This was Ps. 71.2 billion higher than the balance registered at the end of 2004. This is due to net borrowings of Ps. 131.2 billion, adjustments to the inflation-indexed debt for Ps. 3.4 billion, and an increase in the Federal Government's financial assets of Ps. 63.5 billion.
- At the end of November 2005 the net external debt's balance was US\$ 68.5 billion, US\$ 9.5 billion lower than in December 31<sup>st</sup> 2004. The decrease is due to net indebtedness of US\$ 6.4 billion, downward accounting adjustments for US\$ 0.8 billion, and an increase of the financial assets abroad of US\$ 2.3 billion.
- During November, the Federal Government carried out a series of operations by which some bonds issued in international markets were prematurely cancelled. These instruments had a total market value of US\$ 416.4 million. This operation allowed the continued reduction of the share of external debt in the Federal Government's total debt and therefore the public finances' vulnerability to shocks in international financial markets.

More details on Public Finance and Public Debt statistics can be obtained in the Ministry of Finance's web page at:

[www.shcp.gob.mx/eofp/index.html](http://www.shcp.gob.mx/eofp/index.html).

Mexico City, December 30, 2005.

**ANNEX A. PUBLIC FINANCES**
**PUBLIC SECTOR OVERALL BALANCE, JANUARY-NOVEMBER**  
 (Million pesos)

Concept	January-November		Real % Growth	Composition %	
	2004	2005 p./		2004	2005 p./
<b>OVERALL PUBLIC BALANCE (I+II)</b>	70,157.6	107,486.5	47.2		
I. Budgetary Balance (a-b)	70,727.7	110,530.4	50.2		
a) Budgetary Revenues	1,588,603.1	1,752,990.8	6.1	100.0	100.0
Federal Government	1,145,622.6	1,270,769.9	6.6	72.1	72.5
Tax	706,430.0	739,472.4	0.6	44.5	42.2
Non-tax	439,192.6	531,297.5	16.3	27.6	30.3
PEDBC	442,980.5	482,220.9	4.6	27.9	27.5
PEMEX	165,817.0	163,729.0	-5.1	10.4	9.3
Others	277,163.5	318,491.8	10.4	17.4	18.2
b) Net Budgetary Expenditures	1,517,875.4	1,642,460.3	4.0	100.0	100.0
Programmable	1,092,402.0	1,199,336.2	5.5	72.0	73.0
Non programmable	425,473.4	443,124.1	0.1	28.0	27.0
II. PEIBC	-570.0	-3,044.0	413.2		
Primary Balance	261,073.3	299,857.5	10.4		

Note: Figures may not add up due to rounding

p./ Preliminary figures

Source: Ministry of Finance and Public Credit

**A. PUBLIC FINANCES (Cont)**

PUBLIC SECTOR REVENUES, JANUARY-NOVEMBER (Million pesos)					
Concept	January-November		Real % Growth	Composition %	
	2004	2005 p./		2004	2005 p./
<b>TOTAL (I+II)</b>	<b>1,588,603.1</b>	<b>1,752,990.8</b>	<b>6.1</b>	<b>100.0</b>	<b>100.0</b>
I. Oil related(a+b)	573,548.2	644,104.0	7.9	36.1	36.7
a) PEMEX	165,817.0	163,729.0	-5.1	10.4	9.3
b) Federal Government	407,731.2	480,375.0	13.2	25.7	27.4
Rights and royalties on oil products	356,077.4	464,946.9	25.5	22.4	26.5
Excise taxes	51,653.8	15,428.1	-71.3	3.3	0.9
II. Non-oil related(c+d)	1,015,054.9	1,108,886.7	5.0	63.9	63.3
c) Federal Government	737,891.3	790,394.9	2.9	46.4	45.1
Tax	654,776.2	724,044.4	6.3	41.2	41.3
Income tax	317,764.2	352,510.0	6.6	20.0	20.1
VAT	257,958.7	288,429.2	7.5	16.2	16.5
Excise taxes	29,105.7	31,674.9	4.6	1.8	1.8
Import taxes	26,377.6	24,237.2	-11.7	1.7	1.4
Others <sup>1/</sup>	23,570.0	27,193.0	10.9	1.5	1.6
Non-tax	83,115.2	66,350.6	-23.3	5.2	3.8
Rights	15,764.7	19,306.5	17.7	1.0	1.1
Fees	62,435.7	39,512.9	-39.2	3.9	2.3
Others	4,914.8	7,531.1	47.3	0.3	0.4
d) PEDBC <sup>2/</sup>	277,163.5	318,491.8	10.4	17.4	18.2
Memorandum items:					
Total tax related	706,430.0	739,472.4	0.6	44.5	42.2
Total non-tax related	882,173.0	1,013,518.3	10.4	55.5	57.8

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 budget control. Excludes Federal Government transfers to the ISSSTE.

Source: Ministry of Finance and Public Credit

**ANNEX A. PUBLIC FINANCES (Cont)**

PUBLIC SECTOR EXPENDITURES, JANUARY-NOVEMBER (Million pesos)					
Concept	January-November		Real % Growth	Composition %	
	2004	2005 p_/		2004	2005 p_/
<b>TOTAL (I+II)</b>	1,517,875.4	1,642,460.3	4.0	100.0	100.0
I. Primary expenditures (a+b)	1,341,083.1	1,460,497.8	4.7	88.4	88.9
a) Programmable	1,092,402.0	1,199,336.2	5.5	72.0	73.0
b) Non-programmable	248,681.1	261,161.7	0.9	16.4	15.9
II. Financing costs <sup>1/</sup>	176,792.3	181,962.5	-1.1	11.6	11.1

Note: Figures may not add up due to rounding

p\_/ Preliminary figures

<sup>1/</sup> Includes interests, commissions and other public debt expenditures associated to debtor support programs.

Source: Ministry of Finance and Public Credit

Mexico City, December 30, 2005.

**ANNEX B. PUBLIC DEBT**
**FEDERAL GOVERNMENT DOMESTIC DEBT, JANUARY-NOVEMBER <sup>1/</sup>**  
**(Million pesos)**

Concept	Outstanding	Indebtedness			Adjustments	Outstanding
	As of Dec-2004	Originations	Amort.	Net	<sup>1/</sup>	As of Nov. 2005 <sup>p/</sup>
Net domestic debt balance	1,029,964.9					1,101,121.7
Creditor accounts <sup>2/</sup>	-69,241.4					-132,760.3
Gross domestic debt stock	1,099,206.3	1,013,287.0	882,057.1	131,229.9	3,445.8	1,233,882.0
Government Securities	1,039,314.1	936,800.8	808,016.8	128,784.0	1,829.4	1,169,927.5
Cetes	241,533.6	751,656.6	716,843.6	34,813.0	0.0	276,346.6
Bonds	310,519.6	20,400.0	44,559.8	-24,159.8	0.0	286,359.8
Fixed rate bonds	402,702.3	142,608.7	30,839.9	111,768.8	-4.2 <sup>2/</sup>	514,466.9
Udibonos	84,558.6	22,135.5	15,773.5	6,362.0	1,833.6 <sup>3/</sup>	92,754.2
<i>Udibonos udi's</i>	23,922.3	6,203.0	4,460.9	1,742.1	0.0	25,664.4
S.A.R.	46,607.3	71,437.4	67,100.6	4,336.8	1,369.9 <sup>3/</sup>	52,314.0
Siefores (pesos)	0.2	0.0	0.0	0.0	0.0	0.2
<i>Siefores udi's</i>	0.1	0.0	0.0	0.0	0.0	0.1
Others	13,284.7	5,048.8	6,939.7	-1,890.9	246.5 <sup>3/</sup>	11,640.3

Note: Figures may not add up due to rounding

<sup>1/</sup> Figures subject to revisions and methodological changes.<sup>p/</sup> Preliminary figures<sup>1/</sup> refers to adjustment for inflation.<sup>2/</sup> 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 B. PUBLIC DEBT (Cont.)**

PUBLIC SECTOR EXTERNAL DEBT, JANUARY-NOVEMBER <sup>1/</sup>						
(Million dollars)						
Concepto	Outstanding	Indebtedness			Fx.	Outstanding
	As of Dec-2004	Originations	Amort.	Net	Adjustments	As of Nov. 2005 p/
Net external debt	77,990.2					68,479.3
Financial assets abroad <sup>1/</sup>	-1,235.6					-3,482.7
Gross external debt	79,225.8	11,590.1	18,030.7	-6,440.6	-823.2	71,962.0
Term structure	79,225.8	11,590.1	18,030.7	-6,440.6	-823.2	71,962.0
Long term	77,149.1	5,115.0	10,645.5	-5,530.5	-821.1	70,797.5
Short term	2,076.7	6,475.1	7,385.2	-910.1	-2.1	1,164.5
Structure by user	79,225.8	11,590.1	18,030.7	-6,440.6	-823.2	71,962.0
Federal Government <sup>2/</sup>	60,084.2	2,616.9	5,545.0	-2,928.1	-29.0	57,127.1
PEDBC <sup>3/</sup>	11,003.4	4,747.0	6,521.1	-1,774.1	-678.4	8,550.9
Development banks	8,138.2	4,226.2	5,964.6	-1,738.4	-115.8	6,284.0
Gross external debt						
By financing source	79,225.8	11,590.1	18,030.7	-6,440.6	-823.2	71,962.0
Restructured 1989 – 1990	232.3	0.0	68.2	-68.2	-0.1	164.0
Spanish bank bonds	76.5	0.0	0.0	0.0	0.0	76.5
New Money 1990 – 1992	155.8	0.0	68.2	-68.2	-0.1	87.5
Non-restructured	2,681.9	4,042.2	3,183.6	858.6	-14.1	3,526.4
Bilateral credit	5,113.6	1,541.5	3,224.2	-1,682.7	-195.2	3,235.7
Publicly placed bonds	51,106.6	2,101.4	6,909.0	-4,807.6	246.1	46,545.1
IFIS	17,053.2	573.1	1,882.6	-1,309.5	-184.5	15,559.2
Others <sup>4/</sup>	3,038.2	3,331.9	2,763.1	568.8	-675.4	2,931.6

Note: Figures may not add up due to rounding

<sup>1/</sup> Figures subject to revisions.

p/ Preliminary figures.

<sup>1/</sup> Collateral is valued at market prices; includes 18 months 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