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SM/84/155
Correction 1

CONTAINS CONFIDENTIAL
INFORMATION

July 24, 1984

To: Members of the Executive Board
From: The Acting Secretary
Subject: Mexico - Staff Report for the 1984 Article IV Consultation

The following corrections have been made in SM/84/155 (7/2/84):

Page 6b, Chart 5: First chart figures under "percent" corrected.

Page 32, 2nd full para., line 17: for "to monitor closely developments"
read "to monitor developments"

Page 34, proposed decision, para. 2, line 4: for "February--, 1985,"
read "March 31, 1985,"

Page 36, penultimate line: for "or March 2," read "or March 2, 1985,"

Page 37, line 7: for "Origin of GDP" read "Origin of GDP (in 1970 prices)"

under Ratios to GDP, lines 7 and 8: for "Public sector deficit
overall surplus or deficit
(-)2/" read "Public sector
balance (deficit -)2/"

Page 38, column 4, line 3: for "-225.0" read "-225.8"

line 18: for "5.5" read "-5.5"

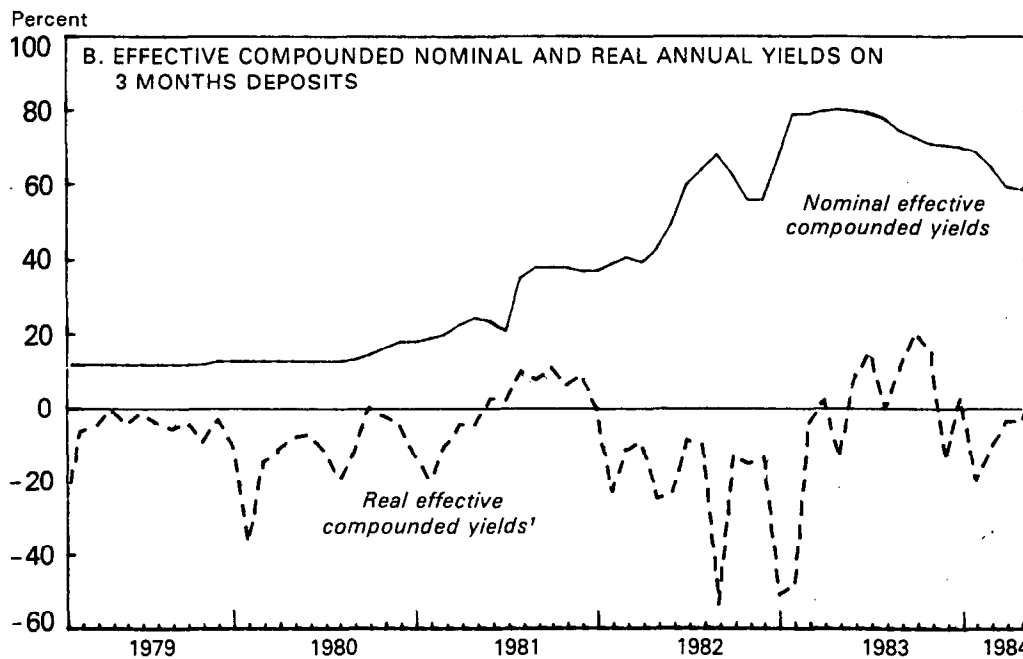
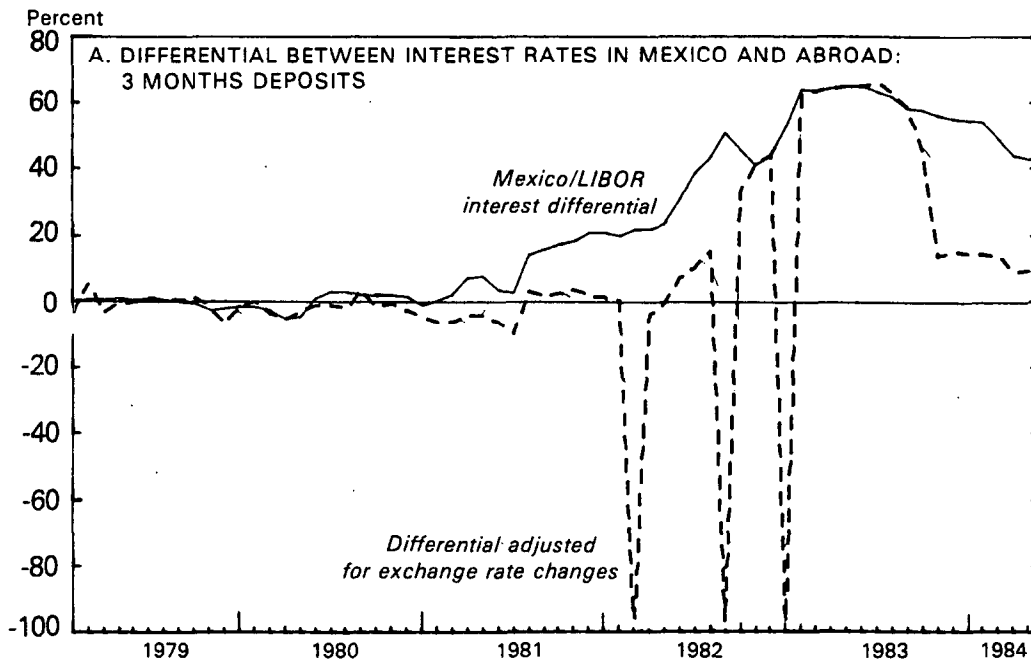
Page 39, column 3, line 19: for "6.9" read "-6.9"

Corrected pages are attached.

Att: (7)

Other Distribution:
Department Heads

CHART 3
MEXICO
INTEREST RATE MOVEMENTS ON PESO
DENOMINATED INSTRUMENTS



Source: Bank of Mexico and Fund staff estimates.

¹Adjusted for the monthly annualized cost of living index.

The program for 1984 aims at a substantial deceleration of inflation, a recovery in economic activity, and a further strengthening of the net international reserve position. The results available for the first quarter of 1984 are generally encouraging. Although economic activity is still quite weak, there are signs that a recovery is now taking place. The current account of the balance of payments registered a large surplus on the strength of a large trade surplus, and resulted in a significant increase in net international reserves. At the same time, the process of elimination of external payments arrears which had emerged in 1982 has been completed.

Even though inflation has continued to decline, it has proceeded at a faster pace than had been envisaged and, thus, remains a matter of concern. The behavior of prices reflects, in part, major corrective adjustments in public sector prices. However, the minimum wage award of December 1983 and a slower than expected pace of import liberalization probably also have contributed to the maintenance of a rate of inflation higher than originally planned.

The adjustment effort in 1984 is based on a reduction in the public sector deficit to the equivalent of 5.5 percent of GDP. The fiscal objectives for the first quarter of 1984 have been met, although a rapid increase in operating expenditures has been taking place in the public enterprises. The authorities are aware of the difficulties that would develop if expenditure growth is not contained, and they are revising the expenditure plan to ensure that necessary adjustments are made. In general, the authorities do not foresee a need to modify the original targets for the deficit, although the payment of interest because of higher internal and external rates will put a heavy burden on the public finances. The staff believes that the revenue system is broadly adequate. The authorities will need to show continued vigilance, however, in the implementation of public pricing policies, to ensure the continued healthy development of the public finances.

A contingency expenditure reserve was included in the 1984 budget, to be mobilized only in the event that economic activity were to remain weak and at the same time the inflation and balance of payments objectives were being achieved. The authorities have not yet arrived at a final decision on the use of the reserve. It is the view of the staff that it would be inadvisable, in light of the present rate of inflation, to contemplate any easing of the fiscal stance, and therefore the authorities would be well advised to forego the use of the reserve.

Monetary and credit policy has remained cautious since the beginning of the program. The growth of financial savings since mid-1983 has been encouraging, and has permitted sustained growth of domestic credit to the private sector and a continuing accumulation of net international reserves. The recent adjustments to interest rates, which have restored positive real rates, are a welcome development. The reduction in the spread between lending and borrowing rates also is a favorable development, particularly since it reflects an improvement in the efficiency

of the banking industry and a reduction in financial subsidies. In this regard, the recent agreement with the IBRD, with respect to the structure of interest rates for credits based on funds provided by that institution, should contribute to a better use of resources. The staff believes that further efforts are required to lower financial subsidies, through both the reduction of inflation and through increasingly stringent control over the amounts of credit made available at subsidized rates.

Wage policy will continue to be critically important to reduce inflation and maintain external competitiveness. The recently announced increase in minimum wages, together with the awards at the beginning of the year, has threatened the achievement of the original inflation target for 1984, and thus it is not helping to reduce inflationary expectations. Lasting improvements in real wages can only be based on sound and sustained economic growth, and thus great care needs to be exercised in respect of future adjustments of wages.

Exchange rate policy in 1982-83 helped to restore the competitiveness of the economy and thus strengthen the balance of payments. In 1984 the authorities have continued to pursue a flexible exchange rate policy. The real effective exchange rate in terms of relative prices has appreciated because inflation has risen somewhat faster than envisaged under the program. However, the real value of the currency is still lower than in the period 1978-82. Moreover, measured by unit labor costs--which is a more accurate indicator of competitiveness--a considerable depreciation took place in 1982-83. The strong growth in nonpetroleum exports, and to some extent the limited rise of imports, attest to the competitive edge that Mexico has. The authorities envisage that in the coming months inflation will decelerate and that there will be no further loss in competitiveness in terms of relative prices; the authorities also have indicated that they intend to re-examine the exchange rate policy if available information indicates a need for such re-examination. While the staff would not disagree with this approach, it would urge the authorities to monitor developments in the current and the capital account of the balance of payments very closely, and be prepared to move without delay if action should be needed in respect of the exchange rate.

The existence of a dual exchange market has been considered transitory by the authorities, who have announced their intentions of the eventual unification, upon a return to more normal conditions in the foreign exchange and capital markets. While exceptional conditions may still prevail, the staff would note that it is important, as a minimum, to improve the access to the free market so as to make it a genuine safety valve for the system. The use of administrative controls in that market is encouraging the development of an informal foreign exchange market, which can hardly help confidence and undoubtedly fosters the creation of distortions.

With regard to commercial policies, advances have been made in recent months to reduce the restrictiveness of the import-licensing system. The increased availability of import permits has allowed for

some recovery of private sector imports from the low levels of early 1983. Nevertheless, there remains serious limitations or prohibitions on the imports of items currently produced domestically. The relatively slow pace of import liberalization is a matter of concern. The maintenance of import protection gives rise to inefficiencies within both the import-competing and the export sectors, has an adverse short-term impact on domestic prices, is an inefficient means of balance of payments management, and is inimical to the long-term prospects of the economy. For these reasons the staff would urge that the pace of import liberalization be accelerated and that the system of permits be replaced as soon as possible by a comprehensive tariff system.

The progress made in restructuring the external public debt has improved significantly in its profile. Moreover, the reduction in net foreign borrowing by the public sector has greatly enhanced Mexico's creditworthiness in international capital markets. The elimination of the external payments arrears which had accumulated in 1982 and the gains made in restructuring private debt also have contributed to improve Mexico's external debt management. The staff would wish to caution against any extension of official exchange guarantees to new debt, given the possible adverse repercussions on financial policies. With regard to external debt management after 1984, the recent announcement that Mexico's external debt with commercial banks will be renegotiated on a multiyear basis is encouraging. It should be noted that any restructuring effort and access to new financing will require the continuous cooperation of the international financial community, and ought to be based on the pursuit of suitable economic policies by the Mexican authorities over the medium term.

The staff welcomes the elimination of external payments arrears. The authorities have indicated that the multiple currency practices, which are described in Section V above, are transitional measures, and they have stated their intention to continue their efforts to unify the exchange system. The staff, therefore, recommends temporary approval of these measures.

In summary, Mexico has made remarkable advances in its efforts to recover from the economic crisis which affected the country in 1981-82. During the past year and a half, the authorities have implemented policies which have led to a substantial change in the Mexican economic structure, and they have shown a great capacity to correct economic policies when required by circumstances. The policies of the program and their implementation have been broadly consistent with the recommendations reflected in the Chairman's summing up at the time of the last review of Mexico's extended arrangement. Nevertheless, in the period ahead, further adjustments are called for if Mexico is to return to the path of sustained economic growth with stability, which was characteristic of its past.

It is proposed that the next Article IV consultation with Mexico be held on the standard 12-month cycle.

VII. Proposed Decision

The following draft decision is proposed for adoption by the Executive Board:

1. The Fund takes this decision relating to Mexico's exchange measures subject to Article VIII, Sections 2 and 3, in light of the 1984 Article IV consultation with Mexico conducted under Decision No. 5392-(77/63), adopted April 29, 1977 (Surveillance over Exchange Rate Policies).
2. Mexico maintains multiple currency practices as described in Section V of SM/84/155. In view of the circumstances of Mexico, the Fund grants approval of these multiple currency practices until March 31, 1985, the completion of the next review under the extended arrangement, or the completion of the next Article IV consultation, whichever is earlier.

Fund Relations with Mexico
(As of May 31, 1984)

I. Membership Status

- (a) Date of Membership: December 31, 1945
- (b) Status - Article VIII

A. Financial Relations

II. General Department (General Resources Account)

- (a) Quota: SDR 1,165.5 million
- (b) Total Fund holdings of Mexican pesos: SDR 2,906.1 million
or 249.3 percent of quota
- (c) Fund credit: SDR 1,805.6 million or 154.9 percent of quota
Of which: SDR 200.6 million or 17.2 percent of quota
under credit tranche
SDR 800.25 million or 68.85 percent of quota
under EFF
SDR 800.25 million or 68.85 percent of quota
under EAR
- (d) Reserve tranche position: SDR 65.0 million
- (e) Current Operational Budget: Not applicable
- (f) Lending to the Fund: Not applicable

III. Current Stand-By or Extended Arrangement and Special Facilities

- (a) Current extended arrangement
 - (i) Duration from January 1, 1983 to December 31, 1985
 - (ii) Amount: SDR 3,410.6 million
 - (iii) Utilization: SDR 1,600.5 million
 - (iv) Undrawn balance: SDR 1,805.6 million.
- (b) Previous extended arrangement
 - (i) Duration: 1977 to 1979
 - (ii) Amount: SDR 518 million
 - (iii) Utilization: SDR 100 million
- (c) Special facilities: CFF
 - (i) Year approved: 1976
 - (ii) Amount: SDR 185 million

IV. SDR Department

- (a) Net cumulative allocation: SDR 290 million
- (b) Holdings: SDR 0.591 million, or the equivalent
of 0.2 percent of net cumulative allocations
- (c) Current Designation Plan: not applicable

V. Administered Accounts (amounts)

- (a) Trust Fund Loans: Not applicable
- (b) SFF Subsidy Account: Not applicable

B. Nonfinancial Relations

- VI. Exchange rate arrangement: Since December 20, 1982 two foreign exchange markets have been operative in Mexico: a controlled market, covering specified transactions; and a free market. The exchange rates in both markets are established by the authorities, who currently preannounce the rates for period of four weeks in advance. As of May 31, 1984 the rate in the controlled market was Mex\$163.64 per US\$1 selling and Mex\$163.74 per US\$1 buying; this rate is being adjusted by Mex\$0.13 a day. The free market rate, which had remained relatively stable since the beginning of 1983, started depreciating by Mex\$0.13 per day since September 23, 1983. As of May 31, 1984 the free market rate was Mex\$180.36 per US\$1 selling and Mex\$181.86 per US\$1 buying. Three other special rates apply to forward cover contracts for the repayment of specified medium and long-term obligations with foreign financial institutions.
- VII. Last Article IV consultation and review under EFF: The last Article IV consultation discussions were completed by the Executive Board on May 23, 1983 (EBM/83/75). The relevant staff reports were SM/83/70 and SM/83/86. For consultation purposes, Mexico is in the 12-month cycle. The last review under the EFF and discussions of the 1984 program were completed by the Executive Board on March 2, 1984 (EBM/84/34 and EBM/84/35). The relevant staff report was EBS/84/1, Cor. 1, Sups. 1 and 2. With regard to exchange restrictions and multiple practices, the decision approved at the time reads as follows:

"Approval of Multiple Currency Practices and
Exchange Restrictions

Mexico maintains multiple currency practices and exchange restrictions as described in Section V of EBS/84/1, Supplement 1. In view of the circumstances of Mexico, the Fund grants approval of these multiple currency practices and restrictions until the completion of the next review under the extended arrangement, or the completion of the next Article IV consultation, or March 2, 1985, whichever is earlier."

APPENDIX IIMexico--Basic DataArea and population

Area	1,958,201 sq. kilometers
Population (mid-1983)	75.0 million
Annual rate of population increase (1977-83)	2.7 percent

GDP (1983)

SDR 136 billion
US\$145 billion
Mex\$17,429 billion

GDP per capita (1983)

SDR 1,809

<u>Origin of GDP (in 1970 prices)</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>Prel. 1983</u>
		(percent)		
Agriculture, livestock, and fishing	9.0	8.8	8.8	9.6
Mining (including petroleum)	3.2	3.5	3.8	3.9
Manufacturing	24.9	24.7	24.1	23.4
Construction	5.5	5.7	5.5	4.9
Electricity	1.5	1.5	1.6	1.7
Commerce	25.7	25.8	25.4	24.4
Transport and communications	7.5	7.7	7.5	7.5
Financial services	9.8	9.5	9.8	10.5
Other services	12.9	12.8	13.5	14.1

<u>Ratios to GDP</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>Prel. 1983</u>
Exports of goods and services <u>1/</u>	14.8	15.4	13.5	14.0
Imports of goods and services <u>1/</u>	19.4	22.4	16.1	11.3
Current account of the balance of payments <u>1/</u>	-4.6	-7.0	-2.6	2.7
Central government revenues	15.9	16.1	16.3	18.5
Central government expenditures	19.0	22.9	24.9	25.9
Public sector savings	2.2	-1.5	-6.9	-1.1
Public sector balance (deficit -) <u>2/</u>	-7.6	-14.6	-17.8	-8.4
External public debt (end of year) <u>1/</u>	21.7	28.6	31.4	32.1
Gross national savings	24.0	23.2	17.8	20.2
Gross aggregate investment	28.1	29.0	21.2	16.5
Money and quasi-money (end of year)	29.2	32.3	34.3	29.4

Annual changes in selected economic indicators

Real GDP per capita	5.2	5.2	-3.2	-7.0
Real GDP (at 1970 prices)	8.3	7.9	-0.5	-4.7
GDP at current prices	39.4	37.4	60.3	85.1
Domestic expenditures (at current prices)	39.1	38.6	51.7	73.5
Investment	(51.1)	(41.6)	(17.5)	(43.8)
Consumption	(35.0)	(37.4)	(65.3)	(81.9)
GDP deflator	28.7	27.3	61.1	94.2
Wholesale prices (annual averages)	24.5	24.5	56.1	107.3
Consumer prices (annual averages)	26.3	27.9	58.9	101.9
Central government revenues	65.2	39.0	61.9	110.0
Central government expenditures	58.6	65.2	74.0	92.4
Money and quasi-money	38.3	52.0	70.1	58.8
Money	(33.1)	(32.8)	(61.9)	(41.4)
Quasi-money	(41.3)	(63.3)	(74.0)	(66.4)
Net domestic credit <u>3/</u>	39.9	72.1	58.9	47.5
Credit to public sector (net)	(20.9)	(46.1)	(62.7)	(28.2)
Credit to private sector	(25.7)	(24.1)	(-5.3)	(20.9)
Merchandise exports (f.o.b., in U.S. dollars)	70.7	23.7	5.7	0.5
Merchandise imports (f.o.b., in U.S. dollars)	53.7	29.0	-40.0	-46.5

APPENDIX II

<u>Federal government finances</u>	<u>1981</u>	<u>1982</u>	<u>Prel. 1983</u>	<u>Budget 1984</u>
	(In billions of Mexican pesos)			
Revenue	947.7	1,533.9	3,221.6	4,697.0
Expenditures	1,347.5	2,344.5	4,510.7	6,114.0
Current account surplus or deficit (-)	-19.0	-317.7	-665.2	-225.8
Overall deficit (-)	-399.8	-810.6	-1,289.1	-1,417.0

<u>Public sector finances</u>				
Current account surplus or deficit (-)	-87.0	-654.0	-195.0	680.0
Overall deficit (-)	-858.0	-1,679.0	-1,464.0	-1,524.0

	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>Prel. 1983</u>
	(In billions of U.S. dollars)			
<u>Balance of payments</u>				
Merchandise exports (f.o.b.)	16.9	20.9	22.1	22.2
Merchandise imports (f.o.b.)	-18.6	-24.0	-14.4	-7.7
Travel and border transactions (net)	1.0	0.2	0.4	1.0
Interest on public debt	-4.0	-5.5	-7.9	-7.0
Other interest payments	-1.4	-2.9	-3.4	-2.8
Other factor income (net)	-0.6	-1.1	-0.4	0.9
Other services and transfers (net)	-1.0	-1.5	-2.0	-1.2
Balance on current and transfer accounts	-7.7	-13.9	-5.6	5.4
Official capital (net)	4.7	17.8	6.8	4.7
Private capital and errors and omissions (net)	4.0	-2.7	-8.0	-4.6
SDR allocations and gold revaluation	--	--	--	--
Change in official net reserves (increase -)	-1.0	-1.2	6.8	-5.5

	<u>December 31</u>			
<u>International reserve position</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>
	(In millions of SDRs)			
Monetary authorities (net) ^{4/5/}	2,902.9	4,188.5	-1,780.1	3,353.1
Monetary authorities (gross) ^{5/}	3,021.3	4,304.9	1,509.1	4,908.1

^{1/} GDP in dollars use as denominator measured at real exchange rate prevailing in 1979.

^{2/} Includes net deficit of public sector outside budget control but excludes the Bank of Mexico net credit to official trust funds.

^{3/} Changes are effective flows in relation to the unadjusted stock of liabilities to private sector at the beginning of the period.

^{4/} Includes as liabilities disbursements under a BIS loan and arrears on interest payments on private debt with foreign commercial banks.

^{5/} Gold valued at December 1983 prices.

Mexico: Selected Economic and Financial Indicators

	1980	1981	1982	Prog. 1983 1/	Prel. 1983	Prog. 1984 1/
(Annual percent changes, unless otherwise specified)						
National income and prices						
GDP at constant prices	8.3	7.9	-0.5	--	-4.7	1.0
GDP deflator	28.7	27.3	61.1	80.7	94.2	50.0
Consumer prices (end of period)	29.8	28.7	98.9	55.0	80.8	40.0
Overall public sector						
Receipts	47.1	37.1	73.2	97.9	108.7	59.0
Outlays	49.7	64.3	81.0	58.9	63.3	47.0
External sector (on the basis of U.S. dollars)						
Exports, f.o.b.	70.7	23.7	5.7	13.4	0.5	8.1
Imports, f.o.b.	53.7	29.0	-40.0	2.0	-46.5	64.7
Export volume	(23.5)	(23.6)	(19.6)	(5.9)	(5.7)	(6.0)
Import volume	(34.8)	(19.0)	(-43.7)	(-3.1)	(-44.6)	(56.1)
Terms of trade (deterioration -)	(21.4)	(-8.0)	(-17.0)	(-3.3)	(-1.3)	(-3.4)
Nominal effective exchange rate (appreciation -)2/	-0.8	2.5	100.4	...	137.2	...
Real effective exchange rate (appreciation -)2/	-9.6	-12.1	29.9	--	19.3	--
Money and credit						
Domestic credit (net)3/	39.8	72.0	58.2	54.6	47.5	36.3
Public sector 3/	(20.9)	(46.1)	(62.7)	(27.8)	(28.2)	(16.6)
Private sector 3/	(25.7)	(24.1)	(-5.3)	(26.8)	(20.9)	(21.9)
Money and quasi-money (M3)	38.3	52.0	70.1	51.9	58.8	43.3
Velocity (GDP relative to M4)	3.4	3.1	2.9	3.4	3.4	3.8
Interest rate (annual rate, one-year term deposits)4/	28.0	35.0	50.0	55.0	47.4	44.0
(In percent of GDP)						
Overall public sector savings	2.2	-1.5	-6.9	2.2	-1.1	2.5
Overall public sector deficit (-)	-7.6	-14.6	-17.8	-8.5	-8.4	-5.5
Domestic financing	5.0	7.2	14.1	5.7	4.9	3.1
Foreign financing	2.6	7.4	3.7	2.6	3.5	2.4
Gross domestic investment	28.1	29.0	21.2	22.7	16.5	19.0
Gross national savings	24.0	23.2	17.8	20.5	20.2	18.3
BOP-current account (deficit -)	-4.1	-5.8	-3.4	-2.2	3.7	-0.6
At 1979 exchange rate	(-4.6)	(-7.0)	(-2.6)	(...)	(2.7)	(-0.5)
External public debt 5/						
Inclusive of Fund credit	18.0	22.3	41.1	45.6	43.0	38.9
At 1979 exchange rate	(19.9)	(26.7)	(31.5)	(...)	(30.9)	(30.0)
Interest payments on external public debt 6/	2.1	2.3	5.1	4.7	4.7	4.7
At 1979 exchange rate	(2.3)	(2.7)	(3.9)	(...)	(3.4)	(3.6)
(In percent of exports of goods and services)						
Debt service						
Before rescheduling	31.3	33.8	42.4	49.4	49.8	42.8
After rescheduling	31.3	33.8	38.2	...	32.5	32.2
(In billions of U.S. dollars)						
Overall balance of payments	1.0	1.2	-6.8	2.0	5.5	2.0
Gross official reserves (months of imports)	2.5	2.5	1.4	2.5	8.0	6.7

Sources: Bank of Mexico; Secretariat of Programming and Budget; and Fund staff estimates.

1/ Annual changes and ratios to GDP in 1983 and in 1984 are those projected at the time of program inception.

2/ Measured in terms of local currency per unit of foreign exchange.

3/ Changes are effective flows adjusted for exchange rate changes in relation to total liabilities to private sector outstanding at the beginning of period

4/ Maximum authorized rate at the end of the period net of withholding tax; excludes compounding.

5/ Includes short-term debt, but net of gross international reserves.

6/ Interest paid on external public debt, net of interest earned on gross international reserves.

Mexico: External Public Sector Debt Indicators, 1979-1990

(In billions of U.S. dollars)

	1979	1980	1981	1982	Prel. 1983	Projected						
	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
External debt operations (net)	3.2	4.7	17.8	9.0	3.8	5.3	2.5	1.0	0.8	0.7	0.7	0.4
Direct debt (net)	3.3	4.8	17.8	6.8	4.7	4.0	1.2	1.1	1.1	1.2	1.5	1.2
Medium and long-term debt	3.1	4.1	9.0	5.6	16.0	4.0	-2.8	1.1	1.1	1.2	1.5	1.2
Disbursements	(10.4)	(7.8)	(13.8)	(10.6)	(23.1)	(10.5)	(7.2)	(10.5)	(14.9)	(13.3)	(12.5)	(11.0)
Restructuring of 1982-84	/--/	/--/	/--/	/--/	/15.0/1/	/3.8/2/	/--/	/--/	/--/	/--/	/--/	/--/
Other loans	/10.4/	/7.8/	/13.8/	/10.6/	/8.1/	/6.7/	/7.2/	/10.5/	/14.9/	/13.3/	/12.5/	/11.0/
Amortizations due	(7.3)	(3.7)	(4.8)	(5.0)	(7.1)	(6.5)	(10.0)	(9.4)	(13.8)	(12.1)	(11.0)	(9.8)
Debt outstanding end-1983	/7.3/	/3.7/	/4.8/	/5.0/	/7.1/	/6.5/	/9.8/	/9.1/	/8.3/	/6.2/	/4.3/	/1.8/
Of which: restructured	/--/	/--/	/--/	/1.3/	/4.9/	/3.8/	/--/	/--/	/--/	/--/	/--/	/--/
Restructuring of 1982-84	/--/	/--/	/--/	/--/	/--/	/--/	/--/	/--/	/4.7/	/4.7/	/4.7/	/4.7/
New disbursements 1984-1990	/--/	/--/	/--/	/--/	/--/	/--/	/0.2/	/0.3/	/0.8/	/1.2/	/2.0/	/3.3/
Short-term debt (net) ^{3/}	0.2	0.7	8.8	1.2	-11.3	--	4.0	--	--	--	--	--
Of which: restructured amortization	(--)	(--)	(--)	(6.3)	(10.1)	(--)	(--)	(--)	(--)	(--)	(--)	(--)
Bank of Mexico (net)	-0.1	-0.1	--	2.2	-0.9	1.3	1.3	-0.1	-0.3	-0.5	-0.8	-0.8
IMF	(-0.1)	(-0.1)	(--)	(0.2)	(1.1)	(1.3)	(1.3)	(-0.1)	(-0.3)	(-0.5)	(-0.8)	(-0.8)
Purchases	/--/	/--/	/--/	/0.2/	/1.1/	/1.3/	/1.3/	/--/	/--/	/--/	/--/	/--/
Repurchases	/0.1/	/0.1/	/--/	/--/	/--/	/--/	/--/	/0.1/	/0.3/	/0.5/	/0.8/	/0.8/
Other	(--)	(--)	(--)	(2.0)	(-2.0)	(--)	(--)	(--)	(--)	(--)	(--)	(--)
Interest payments	2.9	4.0	5.5	7.9	7.0	8.8	8.5	7.9	7.4	7.0	6.4	6.5
IMF	--	--	--	--	0.1	0.1	0.3	0.3	0.3	0.3	0.2	0.2
Other	2.9	4.0	5.5	7.9	6.9	8.7	8.2	7.6	7.1	6.7	6.2	6.3
Debt service payments ^{4/}												
Amounts due	10.3	7.8	10.3	12.9	14.1	15.3	18.5	17.4	21.5	19.6	18.2	17.1
Amounts paid	10.3	7.8	10.3	11.6	9.2	11.5	18.5	17.4	21.5	19.6	18.2	17.1
Public debt outstanding, end of period	29.9	34.5	53.2	62.1	66.1	71.4	73.9	74.9	75.7	76.4	77.1	77.5
Direct debt	29.8	34.5	53.2	59.9	64.8	68.8	70.0	71.1	72.2	73.4	74.9	76.1
Medium- and long-term debt	(28.3)	(32.3)	(42.2)	(49.0)	(64.3)	(68.3)	(65.5)	(66.6)	(67.7)	(68.9)	(70.4)	(71.6)
Short-term debt	(1.5)	(2.2)	(11.0)	(10.9)	5/(0.5)	(0.5)	(4.5)	(4.5)	(4.5)	(4.5)	(4.5)	(4.5)
Bank of Mexico	0.1	--	--	2.2	1.3	2.6	3.9	3.8	3.5	3.0	2.2	1.4
IMF	(0.1)	(--)	(--)	(0.2)	(1.3)	(2.6)	(3.9)	(3.8)	(3.5)	(3.0)	(2.2)	(1.4)
Other	--	--	--	2.0	--	--	--	--	--	--	--	--
Memorandum items:												
Nationalized bank debt outstanding	2.6	5.1	7.0	7.8	6.6	6.6	6.6	6.6	6.6	6.6	6.6	6.6
Interest payments of nationalized banks	...	...	...	...	0.9	1.0	0.8	0.8	0.7	0.6	0.6	0.6
Selected indicators (in percent)												
Effective interest rates ^{6/}	10.3	12.4	12.5	13.7	10.9	12.8	11.7	10.6	9.8	9.2	8.3	8.4
Debt service ratio												
Excluding the Fund	63.0	30.9	33.8	42.4	49.5	47.4	53.8	47.1	54.0	45.3	38.7	33.8
Including the Fund	63.6	31.3	33.8	42.4	49.8	47.7	54.7	48.2	55.6	47.2	41.0	35.8
Total on amounts paid	63.6	31.3	33.8	38.2	32.5	35.8	54.7	48.2	55.6	47.2	41.0	35.8
Interest payments to GDP ^{7/}												
Excluding the Fund	2.1	2.5	3.0	4.0	3.4	4.1	3.5	2.9	2.5	2.1	1.8	1.7
Total, net of interest on gross reserves	2.0	2.3	2.7	3.9	3.4	3.8	3.2	2.6	2.2	1.9	1.5	1.4
Ratio of interest payments to exports of goods and services	17.9	16.1	18.0	26.0	24.7	27.4	25.1	21.9	19.1	16.9	14.4	13.6
External debt ratio to GDP ^{7/}												
Excluding the Fund	22.1	21.7	28.6	31.4	32.1	32.1	29.8	27.5	25.3	23.5	21.7	20.1
Total, net of gross reserves	20.7	19.9	26.7	31.5	30.9	29.7	26.7	24.0	21.6	19.5	17.6	16.0

Sources: Mexican authorities; and Fund staff estimates.

^{1/} Covers the refinancing from banks obtained in 1983.^{2/} Covers refinancing from banks in 1984.^{3/} Includes net disbursements of PEMEX contracts in 1980-83.^{4/} Includes amortization on medium- and long-term debt and interest payments on total debt; includes Fund transactions.^{5/} Includes amounts subject to postponement in 1982.^{6/} Interest rate on average debt outstanding during the period.^{7/} GDP in U.S. dollars valued at average real exchange rate prevailing in 1979.