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An Overview of the 2013 Fiscal Reform Package

Alfonso Arenaza Cortés

1. Introduction

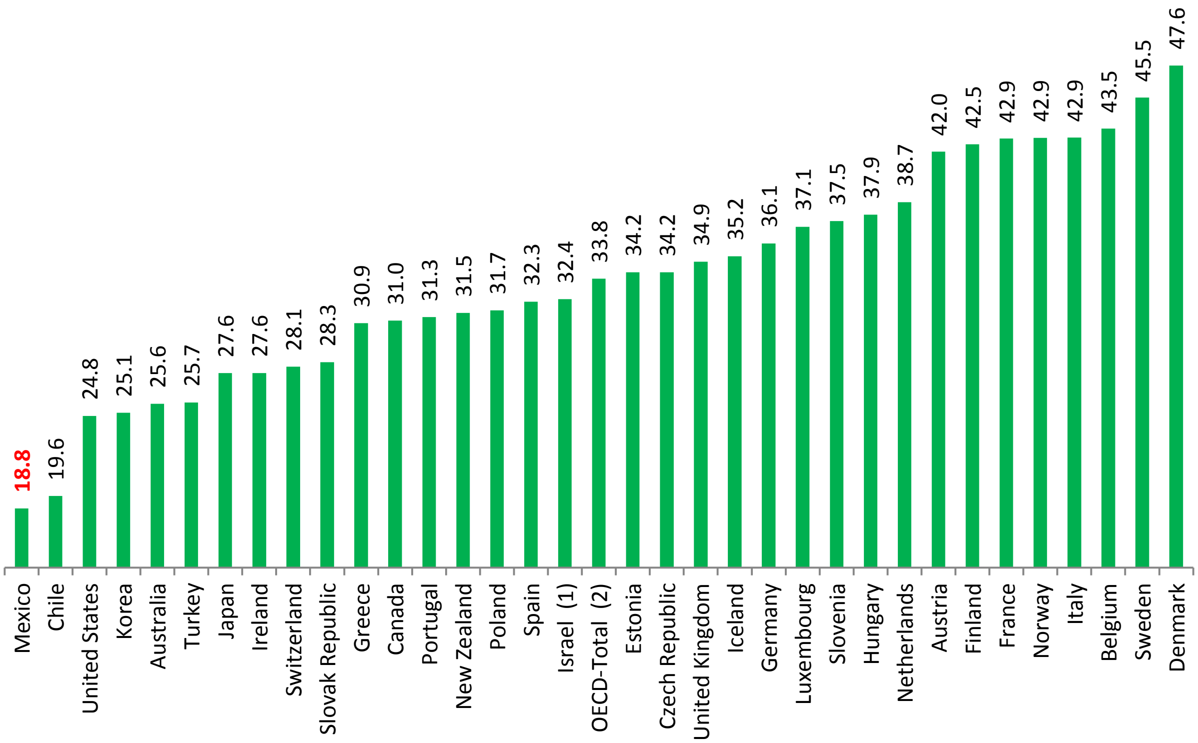
Several important reform packages were approved in Mexico during 2013. Areas affected include energy, finance, telecommunications, and taxes. Similar to the labor code reform of late 2012, all of the packages approved last year are designed to help improve economic growth in Mexico. This article provides a summary of the highlights associated with the fiscal reform planks.

A variety of international organizations such as the Organization for Economic Cooperation and Development (OECD), the World Bank, the International Monetary Fund (IMF), the InterAmerican Development Bank (IDB), as well as private sector investors and public sector policy analysts from within Mexico, had argued in favor of tax system overhauls for many years. Greater tax collections are expected to result from the new package, although some concerns have been raised with respect to its potential lack of revenue and expenditures transparency. While the approval rating of President Peña Nieto has suffered from the outcry over the new tax measures, the chart on the next page illustrates how far Mexico lags behind other OECD members in terms of tax collections as a percentage of gross domestic product (GDP).

The fiscal reform effort goes beyond just tax code changes. It also installs a jurisdictional platform destined to improve public resource management and to solidify the social security system. Other aspects of the changes are designed to reduce business cycle volatility and improve public health. In short, it is an ambitious effort to deploy a multi-pronged economic modernization weapon in favor of Mexico.

The Tax Reform Bill was approved by congress in October 2013 and put into effect last January. Among its nine planks are the broad goals of (1) fostering responsible public finance, (2) reducing income inequality and (3) promoting greater federalism. More specifically, the tax reform aims to (4) strengthen state financial capacity, (5) increase tax code compliance, and (6) promote formal sector business participation. Finally, three other objectives of the tax reform legislation are: (7) establishment of a universal social security system, (8) strengthening of PEMEX, and (9) facilitating more effective public expenditures. The goals of increasing public revenues, strengthening the social safety net, reducing dependence on oil revenues, and improving public financial management are each discussed in turn.

Figure 1. Total Tax Revenue. Comparison between countries. 2010.
% of GDP.



Source: OECD.

2. Expansion of the Federal Revenue Base

Government expenditures on social programs, health, physical infrastructure, public safety, and research in Mexico lag well behind those of other OECD countries. In some cases, expenditures in Mexico even lag behind those of other countries in Latin America. The under-investment problem is due, for the most part, to weak revenue collections. Accordingly, the federal government seeks to improve public sector finance in Mexico.

The new laws expand the federal revenue base in four respects: 1) new taxes 2) loophole closures and increased rates, 3) modified income tax rates and rules, and, 4) modified payment schedules for renewable and non-renewable natural resource utilization. Some of the more prominent changes are outlined below.

2.1. New Taxes

The Ministry of Finance is scheduled to introduce a series of *Green Taxes*, *Health Taxes*, and *Capital Gains Taxes* in 2014. The *Green Taxes* include carbon levies that are intended to reduce greenhouse gas emissions. Ten fuels are targeted, with tax rates increasing as carbon dioxide contents go up. Coal, for example, will be assessed 70.38 pesos per metric ton (2,204 pounds). Natural gas is exempt from the green taxes charged on the other fossil fuels. Similarly, pesticides, herbicides, and fungicides that affect ground water sources and soil quality are subject to sales tax levies that range from 0 to 9 percent, with rates increasing as a function of toxicity levels.

Other *Green Taxes* are the new gasoline, diesel, and jet fuel taxes. Those taxes are assessed in addition to the 16 percent valued-added tax charged on most retail transactions. For both grades of gasoline, the tax is 10.38 centavos (0.1038 pesos) per liter. For diesel fuel, the tax is 12.59 centavos (0.1259 pesos) per liter, while for jet fuel, it is 12.40 centavos (0.124 pesos) per liter. Domestic price adjustments to prevent misalignments with international gasoline prices will be largely phased out over the course of the next 24 months.

The *Health Taxes* are designed to discourage the consumption of products that are harmful to a person's health. Mexico currently occupies first place in the global rankings for obesity and diabetes. As a countermeasure, the new law imposes a 1 peso per liter tax on sugary drinks plus an 8 percent sales tax on the final retail prices of all foods with high caloric densities (275 kilocalories or more per 100 grams). Aggregate revenue projections for the new green taxes are roughly 22.4 billion pesos per year. The corresponding total for the new health taxes is approximately 12.0 billion pesos.

Beginning in 2014 taxpayers will pay a 10 percent tax on profits earned on the Mexico Stock Exchange. The same tax will be assessed on profits earned by investors on foreign stock exchange markets. The tax will be assessed on *dividends* as well as *capital gains*. Approximately 12 billion pesos in new revenue is expected to be collected annually by imposing the new *Capital Gains Taxes*.

2.2. Loophole Closures and Tax Code Simplification

A number of products that were previously exempt from General Valued Added Tax (VAT) are now subject to it. From 2014 forward, interstate public passenger ground transportation will be subject to the 16 percent VAT. Chewing gum, pet sales, and pet products (food and other items) will also be assessed the 16 percent VAT. Projected revenue gains from the VAT base broadening are projected at 39.3 billion pesos per year. Foods and medicines are still exempt from value added taxation under the new legislation.

As steps toward tax code simplification, the 2013 fiscal reforms repeal both the business flat tax as well as the cash deposits tax. Those steps cause the Income Tax (ISR by its Spanish acronym) to once again serve as the principal tax assessed on businesses and individuals. Ministry of Finance analyses indicate that the removal of these two taxes will reduce tax calculation paperwork requirements by more than 50 percent. Tax revenues may also suffer. Repealing the flat tax represents an annual loss of 114.5 billion pesos, while the revenue loss from repealing the cash deposit tax is estimated at roughly 800 million pesos. Those losses are expected to be more than offset by the revamped ISR tax.

The VAT was originally introduced in 1980. Prior to 2014, a lower VAT rate was charged in the northern border region due to lower sales tax rates charged in adjacent cities and counties in the USA. A similar reduced rate was also charged along the southern border of Mexico near both Belize and Guatemala. Beginning in January 2014, the VAT for all border regions was raised from 11 percent to 16 percent, the same rate as charged elsewhere in Mexico. Border retailers in the northern and southern regions are displeased with the decision, while consumers have threatened to increase shopping trips across the international boundaries.

Federal government officials approved the border regions VAT rate increase in an effort to apply fiscal equity throughout Mexico. As justification for the higher rate that results under this regional harmonization step, government spokesmen noted that border region average incomes are approximately 27 percent higher than interior region incomes across the country. The Ministry of Finance also indicated that the extra revenues will be used to increase infrastructure investment and public service provision in border areas. Charging the higher VAT in border areas is expected to generate 14 billion pesos in new revenues each year.

2.3. Income Tax Modifications

The Personal Income Tax schedule has also been amended by the 2013 Fiscal Reform program. Under the new law, there are seven marginal rate brackets instead of eight. The schedule is still progressive and ranges from 9 percent up to 35 percent. The highest marginal rate is charged on annual earnings in excess of 3 million pesos.

For the incorporation of new companies on the Revenue System, the Ministry of Finance has replaced the small taxpayers' program with a new System Incorporation Regime. The proposed System is targeted toward business entities that report no more than 1 million pesos in yearly incomes. To encourage registrations, initial year tax liabilities are completely forgiven and full tax burdens are only charged in the seventh year of participation. Table 1 shows the income tax forgiveness schedule for newly incorporated businesses under the new law.

Table 1. Income Tax Forgiveness Schedule under the 2014 System Incorporation Regime

Year of being incorporated	First Year	2nd year	3rd year	4th year	5th year	6th year
Income Tax Reduction	*100%*	*90%*	*70%*	*50%*	*30%*	*10%*

Source: Ministry of Finance

The 2013 Income Tax Act limits total personal income tax deductions to a maximum of 10 percent of total personal income in any given year. The maximum new car retail price (without VAT) for deduction calculations is reduced from 175,000 to 130,000 pesos. The deductibility of restaurant meals has also been amended by lowering the rate from 12.5 percent to 8.5 percent of total expenditures. Finally, for houses sold for 3.5 million pesos or more, a 35 percent marginal income tax rate will be assessed on capital gains. Houses sold for less than 3.5 million pesos are exempt.

Important aspects of the Corporate Income Tax in 2014 include:

- *Contributions to pension funds:* Before the Fiscal Reform, all pension contributions were tax free, as were the tax payments for overtime work. Under the new law, deductibility is limited to 53 percent of those outlays.
- *Deductibility of new automobile purchases:* Businesses that purchase new automobiles also face lower deductibility limits. The maximum retail price limit for deductibility calculations has been reduced from $175,000 to $130,000 pesos (without VAT). For leased automobiles, expense deductions are limited to 200 pesos per car per day.
- *Contributions to social security:* Social Security contributions made by employers, previously tax free, are now subject to personal income taxation at a 30 percent flat rate.
- *Food stamps:* Companies can provide tax-free on-site cafeteria and other nutritional benefits to employees only when this benefit is delivered via personalized electronic payment cards. Any other delivery mechanisms will be subject to personal income taxation at a 30 percent flat rate. This measure is designed to discourage money laundering practices wherein food stamps are traded for cash.
- *Restaurant meal purchases:* As is the case for individual persons, corporate deductibility for meal purchases will be limited to 8.75 percent of the total annual amount spent.
- *Real estate development:* Developers who purchase land can deduct the cost of acquisition for the next 3 years after the acquisition. If the developer does not sell that property before the fourth year of ownership, the total value of the land will have to be reported for income tax purposes along with a 3

percent fee for each year subsequent to the acquisition.

Beginning in 2014, all federal income tax returns for both individuals and companies will be filed using an electronic invoice on-line system. The Ministry of Finance believes that this upgrade will allow for better tax revenues control. The Ministry also anticipates that the new online system will be easier to manage and also be easier to navigate for all taxpayers.

2.4. Changes in Natural Resource Tax Administration

National Water and Mineral Rights Payments are also subject to important changes under the new legislation. Some of the more prominent changes have been introduced to the laws and regulations governing natural resource usage in Mexico. Among other things, administrative procedures associated with water and sewerage rights have been streamlined. Property Tax assessments will now be completed on a market-value basis. Land, water, and resource fee and tax collections will also move to the state and federative entity agencies and away from federal government offices. The latter move is taken so that the states will have greater involvement with fundraising. The states are beginning to take on greater management roles in the areas of education and health. Accordingly, expenditures decisions are being transferred away from the federal government and the states are also taking more active roles in infrastructure planning.

The new law also introduces a new fee to be assessed on mineral resource extraction. A 7.5 percent tax will be applied to net earnings on mining activities. If the mineral extracted is gold, silver or platinum, another 50 basis points are added to the fee. Fifty percent of the revenues collected from this Mining Tax will flow directly to the town of origin where the resource is mined, the other half will go to the federal government. This measure is expected to generate approximately 4.2 billion pesos annually, half of which is to be retained by the municipalities.

3. Countercyclical Initiatives and Expansion of the Social Safety Net

Government transfers are to be utilized as counter-cyclical tools against business cycle downturns and policy related potential downturns. To compensate for the downward impacts of 2013 Fiscal Reform package tax increases over the course of the next few years, 262.9 billion pesos, or 1.5 percent of GDP, in deficit expenditures have been authorized for 2014. Policymakers stated that outcome is tolerable because of the projected growth in revenue levels forecast for subsequent years. The Finance Ministry argues that the deficit spending merely represents “in advance” resource utilization. The objective is to prevent output declines that may result from the tax increases that begin taking effect in 2014.

Several other steps are also being taken to expand the counter-cyclical socio-economic toolkit of the federal government. The measures are primarily designed to provide at least temporary economic relief to vulnerable groups in society. The *Universal Pension Program*, the *Unemployment Insurance Claims Fund*, and new fiscal incentives to hire persons that are 65 years or older are the most prominent aspects of this portion of the new legislation.

Universal pension system. Beginning 2014, all people 65 or older who do not receive any type of income or compensation related to a current salary, health compensation, or retirement check can apply for a monthly pension check granted by Federal Government. The payment totals 1,050 pesos every two months. That amount is to be indexed to consumer price inflation with an annual adjustment schedule. More than 54 billion pesos are projected to be spent on this program in 2014.

Unemployment insurance fund. In conjunction with 2013 Labor Code Reforms, the new fiscal legislation establishes that all formal sector workers who unexpectedly lose their jobs may apply for unemployment benefits. Details and an implementation date have yet to be determined. The Ministry of Finance has indicated that this measure will be primarily funded by employers and workers, with a proportionally smaller amount provided from federal resources. Unemployment claims coverage will be provided for both temporary and permanent workers with more than 6 months on the job.

Wage deductibility for hiring senior citizens. To encourage businesses to hire adults age 65 and older, 25 percent of the total wages paid to these employees is now deductible for business income tax income purposes.

4. Reducing Dependence on Petroleum Revenues

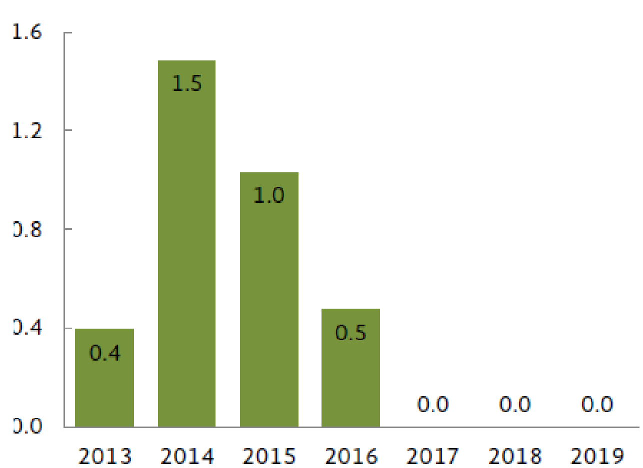
A major objective of current economic policies in Mexico is to reduce fiscal dependence on Petroleos Mexicanos (PEMEX). Up until 2013, PEMEX was constrained by complex and rigid fiscal regulations most infamously characterized by a 70 percent tax rate on extraction right profits. In recent years, PEMEX tax revenues collected by Ministry of Finance totaled approximately 40 percent of all taxes accruing to the federal government.

Along with the new fiscal measures, new energy reforms have also been enacted. Although many details remain to be worked out, PEMEX will potentially gain more managerial control over its operations and profits. Those steps should allow PEMEX to invest more resources in exploration and recovery modernization. The Ministry of Finance will also be less exposed to revenue volatility related to global oil price shocks such as those observed in 1998 or 2008.

5. Improving Public Financial Management

The fourth pillar of the Fiscal Reform legislation provides guidelines for consistent and effective public finance management. The guidelines seek to preserve a balance between medium- and long-term fiscal policies and actions. It utilizes a set of amendments embodied in the Federal Budget and Fiscal Responsibility Act. Its major planks include: 1) Establishment of a rule of structural balance, allowing maintenance of a balanced public budget, and 2) establishment of social program funding self-sufficiency via the modification of existing funds and the creation of new ones. The budget deficit is projected to increase to 1.5 percent of GDP in fiscal year 2014, but to dissipate by 2017.

Figure 2. Public Budget Deficit
(Excludes PEMEX Investment; % of GDP)



6. Conclusion

The Fiscal Reform is expected to boost government revenues. It is also designed to strengthen aggregate output and reduce consumer price inflation. As noted above, the immediate impacts in 2014 are costly. From 2015 through 2019, however, the impacts are estimated to improve national economic performance in a fairly robust manner. Those projections are dependent upon a benign global economic environment, something that goes well beyond the purview of the Ministry of Finance or any other federal agency in Mexico City.

Regional effects of the different reform measures described above vary substantially. Economic growth in Ciudad Juarez is expected to lag that of the nation as a whole in 2014. Factors underlying that forecast include retail leakages across the border in response to the value added tax rate jump plus higher costs of doing business for export manufacturing. At this point it is not clear how smoothly the export manufacturing certification process will go, but the net impacts of value added taxation for this sector will eventually be much lower than initially anticipated.

As with any major structural policy change, the fiscal reform package of 2013 is likely to have numerous short-term business cycle disruptions associated with it. Several metropolitan economies such as Ciudad Juarez will probably face more severe problems than other cities in Mexico. Counter cyclical spending is being utilized to soften any short-term blows that do emerge. The ultimate objective associated with this potentially bitter short-run economic medicine is stronger and steadier rates of expansion. Although many policies have yet to be implemented, cautious optimism seems to be emerging throughout Mexico that an important economic corner has finally been turned.

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2nd Quarter 2014 Summary

Struggling to Gain Momentum

Mexico continues to struggle with sluggish growth. Real GDP increased by only 1.8 percent for the twelve-month period ending in March 2014. The consensus GDP growth forecast has been revised downward in light of the economy's unimpressive first quarter performance and now stands at 2.5 percent. Most panelist forecasts are clustered tightly around this figure.

Growth in private consumption helped buoy the economy in 2013 and this category of spending is expected to continue growing at a moderate pace in 2014. While tax hikes may have suppressed consumer spending during the first quarter, this effect is likely to be transitory. The consensus forecast calls for private consumption to grow by 2.5 percent this year.

As described in the preceding article, the reforms passed in 2013 include provisions for tax increases as well as near-term deficit spending. While higher government revenues and countercyclical initiatives are expected to result in higher public spending in 2014, the magnitude of this increase is unclear. Panelist forecasts span a very wide range. On average, panelists forecast that government spending will grow by 3.9 percent.

Total investment is expected to recover gradually after experiencing a marked decline last year. Although the construction industry has been slow to revive, there are indications that foreign direct investment and public infrastructure projects may help bolster investment spending. The consensus forecast projects 3.1 percent growth in 2014.

The economy of Mexico's largest trading partner, the United States, performed poorly in the first quarter, but is likely to improve over the remainder of the year. The consensus forecast calls for 3.9 percent growth in exports and 4.1 percent growth in imports. Both estimates represent downward revisions from last quarter.

Although inflation spiked at the beginning of the year when additional taxes went into effect, price levels have risen little since then. The consensus forecast calls for a 3.9 percent rate of inflation over the course of the year. The value of the peso in terms of dollars is predicted to be lower than last year, on average, partly as a result of lower expected interest rates. The consensus exchange rate forecast is 13.06 pesos per dollar.

The yield on 28-day CETES is expected to decline to historically low levels in 2014. The recent decision by Mexico's central bank to cut its benchmark interest rate is a key factor behind this prediction. The average yield on 28-day CETES this year is forecast at 3.2 percent, which is below the predicted rate of inflation.

Similar to the 2014 predictions, the consensus forecasts for 2015 reflect downward revisions for most variables. Real GDP is now expected to grow by 3.2 percent next year, only marginally above this year's predicted rate of change. Private consumption and government consumption are expected to rise by 3.3 and 3.9 percent, respectively. Growth in total investment is projected to accelerate to 4.8 percent.

Improving economic conditions abroad are predicted to raise exports and imports by 4.5 and 4.9 percent, respectively. The inflation forecast for 2015 is 3.6 percent, well within the central bank's target range. The peso/dollar exchange rate is expected to remain steady at 13.03 and the yield on 28-day CETES is predicted to rise slightly to 3.6 percent.

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2014 Mexico Consensus Economic Forecast	Annual Percent Change, 2014 from 2013							Annual Average	
	GDP	Private Consumption	Government Consumption	Total Investment	Exports	Imports	Consumer Price Index	Exchange Rate	CETES 28 Day
American Chamber Mexico	2.5	2.6	4.6	4.7	6.0	6.8	3.8	13.02	3.3
BBVA Bancomer	2.5	1.6	9.1	1.5	4.3	3.9	3.7	13.30	3.0
Wells Fargo Bank	2.4	2.4	2.3	2.3	2.9	3.3	3.9	12.97	3.3
Center for Economic Forecasting of Mexico	NA	NA	NA	NA	NA	NA	NA	NA	NA
UACJ	2.5	1.9	3.0	6.0	4.0	3.5	4.3	13.00	3.5
ITESM	2.5	2.5	1.5	-0.5	2.0	-1.0	4.0	12.95	3.2
COLEF	2.2	2.5	3.3	4.5	4.1	6.1	4.0	13.10	3.4
UAdeC	3.0	2.5	5.4	5.0	4.2	6.5	3.9	13.00	3.3
UANL	2.5	3.6	2.2	1.5	3.7	3.3	3.7	13.12	2.7
Consensus -- this quarter	2.5	2.5	3.9	3.1	3.9	4.1	3.9	13.06	3.2
-- last quarter	3.1	3.1	3.8	5.0	4.2	6.2	4.1	13.14	3.4

2015 Mexico Consensus Economic Forecast	Annual Percent Change, 2015 from 2014							Annual Average	
	GDP	Private Consumption	Government Consumption	Total Investment	Exports	Imports	Consumer Price Index	Exchange Rate	CETES 28 Day
American Chamber Mexico	4.0	3.5	6.2	9.9	6.6	7.8	3.6	12.96	3.5
BBVA Bancomer	3.5	3.0	6.9	5.7	4.0	4.8	3.5	13.20	3.2
Wells Fargo Bank	3.2	3.2	2.5	3.1	3.6	3.5	3.5	12.84	3.4
Center for Economic Forecasting of Mexico	NA	NA	NA	NA	NA	NA	NA	NA	NA
UACJ	3.0	3.5	3.5	6.5	5.6	4.5	3.8	12.80	4.0
ITESM	3.0	3.0	2.0	1.0	2.0	1.0	3.5	12.95	4.0
COLEF	3.0	2.9	3.6	5.0	4.2	6.0	4.2	13.20	3.9
UAdeC	3.5	3.4	4.4	4.8	6.4	7.3	3.5	13.20	3.9
UANL	2.6	3.6	2.1	2.5	3.8	3.9	3.1	13.10	3.2
Consensus -- this quarter	3.2	3.3	3.9	4.8	4.5	4.9	3.6	13.03	3.6
-- last quarter	3.6	3.5	4.4	5.7	4.5	5.5	3.7	13.14	3.9

							Annual Averages		
Historical Data	GDP (2008 Pesos, billions)	Private Consumption (2008 Pesos, billions)	Government Consumption (2008 Pesos, billions)	Total Investment (2008 Pesos, billions)	Exports (2008 Pesos, billions)	Imports (2008 Pesos, billions)	Consumer Price Index Dec 2010 = 100	Nominal Exchange Rate Pesos/ Dollars	CETES 28 Day
2013	13,404.6	9,091.1	1,485.3	2,882.4	4,226.3	4,229.3	109.20	12.77	3.75
Percent Change	1.06%	2.54%	1.14%	-1.78%	1.40%	1.21%	3.81%	-3.02%	
2012	13,263.6	8,866.1	1,468.6	2,934.6	4,167.9	4,178.7	105.20	13.17	4.24
Percent Change	*3.91%*	*4.68%*	*3.28%*	*4.56%*	*5.92%*	*5.37%*	*4.11%*	*6.01%*	
2011	12,764.4	8,469.8	1,422.0	2,806.5	3,935.1	3,965.7	101.04	12.42	4.24
Percent Change	*3.96%*	*4.90%*	*2.51%*	*7.91%*	*8.22%*	*8.01%*	*3.41%*	*-1.68%*	
2010	12,277.7	8,074.1	1,387.1	2,600.8	3,636.4	3,671.4	97.71	12.64	4.40
Percent Change	*5.11%*	*5.28%*	*1.71%*	*1.27%*	*20.55%*	*20.46%*	*4.16%*	*-6.49%*	
2009	11,680.7	7,669.3	1,363.8	2,568.1	3,016.6	3,047.8	93.81	13.51	5.43
Percent Change	*-4.70%*	*-6.46%*	*2.25%*	*-9.27%*	*-11.78%*	*-17.59%*	*5.30%*	*21.42%*	
2008	12,256.9	8,198.8	1,333.8	2,830.4	3,419.4	3,698.3	89.09	11.13	7.68
Percent Change	*1.40%*	*1.90%*	*3.03%*	*4.95%*	*-1.35%*	*4.40%*	*5.12%*	*1.84%*	
2007	12,087.6	8,046.2	1,294.5	2,696.8	3,466.2	3,542.3	84.75	10.93	7.19
Percent Change	*3.15%*	3.04%	2.45%	5.99%	*3.65%*	*5.93%*	3.97%	*0.27%*	
2006	11,718.7	7,809.0	1,263.5	2,544.4	3,344.2	3,344.0	81.52	10.90	7.19
Percent Change	*5.00%*	*5.52%*	*3.40%*	*8.69%*	*7.67%*	*10.19%*	3.63%	*0.01%*	
2005	11,160.5	7,400.8	1,222.0	2,341.0	3,106.0	3,034.7	78.66	10.90	9.20
Percent Change	*3.03%*	*4.40%*	*3.05%*	*5.90%*	*5.71%*	*7.71%*	*3.99%*	*-3.44%*	
2004	10,832.0	7,088.9	1,185.9	2,210.5	2,938.2	2,817.5	75.64	11.29	6.82
Percent Change	*4.30%*	*5.57%*	*2.39%*	*7.52%*	*9.13%*	*9.71%*	*4.69%*	*4.61%*	
2003	10,385.9	6,715.1	1,158.2	2,055.9	2,692.3	2,568.1	72.26	10.79	6.23
Percent Change	*1.42%*	*1.11%*	*-0.54%*	*2.97%*	*0.89%*	*2.39%*	*4.55%*	*12.04%*	
2002	10,240.2	6,641.5	1,164.5	1,996.7	2,668.6	2,508.1	69.11	9.63	7.09
Percent Change	*0.13%*	*1.39%*	*-1.19%*	*0.53%*	*2.06%*	*2.74%*	*5.03%*	*3.10%*	
2001	10,226.7	6,550.2	1,178.6	1,986.1	2,614.8	2,441.2	65.80	9.34	11.31
Percent Change	*-0.61%*	*2.01%*	*-3.13%*	*-3.30%*	*-3.40%*	*-0.60%*	*6.37%*	*-1.27%*	
2000	10,289.0	6,420.9	1,216.7	2,053.8	2,706.7	2,456.0	61.86	9.46	15.24

*GDP: Producto Interno Bruto, INEGI, 2008 Pesos

*Private Consumption: Consumo Privado, INEGI, 2008 Pesos

*Government Consumption: Consumo de Gobierno, INEGI, 2008 Pesos

*Total Investment: Formacion bruta de capital fijo, INEGI, 2008 Pesos

*Exports: Exportacion de bienes y servicios, INEGI, 2008 Pesos

*Imports: Importacion de bienes y servicios, INEGI, 2008 Pesos

*CPI, Banco de Mexico, Annual Average, Base = Dec 2010

*Exchange Rate, Banco de Mexico, Peso-per-dollar, Fecha de Liquidacion, Annual Average

*CETES 28 Days, Banco de Mexico, Annual Average

México Consensus Economic Forecast, a quarterly publication of the Border Region Modeling Project, a research unit within the Department of Economics & Finance at the College of Business Administration of The University of Texas at El Paso, is available on the Web at: **http://academics.utep.edu/border**. Econometric research assistance is provided by Alan Jimenez and Alejandro Ceballos. For additional information, contact the Border Region Modeling Project - CBA 236, UTEP Department of Economics & Finance, 500 West University Avenue, El Paso, TX 79968-0543, USA. (915) 747-7775.