

Schaut, Christine (BusDir-DC)

Translated - JTG -

SAGARPA SENASCIA 2006

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COMM/SB/REGISTRATION UNIT



UNITED MEXICAN STATES
MINISTRY OF AGRICULTURE, LIVESTOCK,
RURAL DEVELOPMENT, FISHERIES AND FOOD

**NATIONAL AGRO-FOOD HEALTH, SAFETY AND
QUALITY SERVICE**

**SENASICA CONTRACT S-004/2006
AMOUNT: \$5,000,000.00
VAT NOT APPLICABLE**

A PROFESSIONAL SERVICE CONTRACT ENTERED INTO BY AND BETWEEN THE EXECUTIVE BRANCH OF THE FEDERAL GOVERNMENT, THROUGH THE MINISTRY OF AGRICULTURE, LIVESTOCK, RURAL DEVELOPMENT, FISHERIES AND FOOD (SAGARPA), THROUGH THE NATIONAL AGRO-FOOD HEALTH, SAFETY AND QUALITY SERVICE (SENASICA), REPRESENTED BY DR. JAVIER TRUJILLO ARRIAGA, IN HIS CAPACITY AS MANAGING DIRECTOR, AND "GREENBERG TRAUIG, LLP," REPRESENTED BY MR. IRWIN P. ALTSCHULER, IN HIS CAPACITY AS LEGAL REPRESENTATIVE, HEREINAFTER "SENASICA" AND THE "PROVIDER," RESPECTIVELY, TO PROVIDE CONSULTING SERVICES ON AGRO-BUSINESS TRADE POLICY AND AGRICULTURAL TRADE LEGISLATION, IN ACCORDANCE WITH THE FOLLOWING REPRESENTATIONS AND CLAUSES:

REPRESENTATIONS

I. "SENASICA" REPRESENTS:

- I.1 THAT PURSUANT TO ARTICLE 26 OF THE FEDERAL PUBLIC ADMINISTRATION ACT, IT IS AN AGENCY OF THE EXECUTIVE BRANCH OF THE FEDERAL GOVERNMENT WITH THE AUTHORITY GRANTED TO IT BY ARTICLE 35 OF SAID ACT AND THE OTHER PROVISIONS EXPRESSLY SET FORTH IN LAWS AND REGULATIONS.
- I.2 THAT IT IS A DECENTRALIZED ADMINISTRATIVE ENTITY OF THE MINISTRY OF AGRICULTURE, LIVESTOCK, RURAL DEVELOPMENT, FISHERIES AND FOOD, PURSUANT TO ARTICLE 3, SECTION III OF ITS INTERNAL REGULATIONS, WHICH IN ACCORDANCE WITH ARTICLE 49 OF SAID REGULATIONS CONTAINS, AMONG OTHER AUTHORITY, THE AUTHORITY TO APPLY AND ENFORCE COMPLIANCE WITH PROVISIONS IN THE AREA OF HEALTH, TO SET POLICIES, GUIDELINES, PROCEDURES AND SERVICES THAT CONTRIBUTE TO IMPROVEMENT IN THE SANITARY CONDITION OF VEGETABLES, ANIMALS AND ACUATIC LIFE, THEIR PRODUCTS AND BY-PRODUCTS, AS WELL AS THE SAFETY OF FOOD FROM ANIMALS, VEGETABLES, AQUACULTURE AND FISHING.
- I.3 THAT DR. JAVIER TRUJILLO ARRIAGA, MANAGING DIRECTOR, IS AUTHORIZED TO EXECUTE THIS CONTRACT PURSUANT TO THE PROVISIONS OF ARTICLE 35, SECTION II AND ARTICLE 54, SECTION X OF THE INTERNAL REGULATIONS OF THE MINISTRY OF AGRICULTURE, LIVESTOCK, RURAL DEVELOPMENT, FISHERIES AND FOOD.
- I.4 THAT THE CENTRAL PROCUREMENT, LEASING, AND SERVICES COMMITTEE OF THE MINISTRY OF AGRICULTURE, LIVESTOCK, RURAL DEVELOPMENT, FISHERIES AND FOOD, IN ITS FOURTH REGULAR MEETING HELD FEBRUARY 23, 2006, RULED IT LAWFUL TO UNDERTAKE SUCH PROCUREMENT THROUGH A DIRECT AWARD PROCEDURE, PURSUANT TO THE PROVISIONS OF ARTICLES 40 AND 41, SECTION X, OF THE PUBLIC SECTOR PROCUREMENT, LEASING AND SERVICES ACT.
- I.5 THAT BY OFFICIAL NOTICE NO. 513-000043 DATED FEBRUARY 21, 2006, THE DIRECTORATE GENERAL RESPONSIBLE FOR PROMOTING SERVICE EFFICIENCY AND QUALITY ISSUED AN ORGANIZATIONAL OPINION WITH RESPECT TO THE CONSULTING SERVICES UNDER THIS CONTRACT.
- I.6 THAT IT HAS THE AUTHORIZATION OF THE APPLICABLE MINISTER, ISSUED IN OFFICIAL NOTICE NUMBER 100-0213 DATED FEBRUARY 21, 2006 FOR THE APPLICABLE EXPENDITURE UNDER LINE ITEM 3304.



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- I.7 THAT THE BUDGET LINE ITEM HAS BEEN AUTHORIZED IN ACCORDANCE WITH THE VALIDATION GRANTED BY SAGARPA'S DIRECTORATE GENERAL OF FINANCIAL EFFICIENCY AND ACCOUNTING, IN ORDER TO MEET THE EXPENDITURES ARISING FROM THIS CONTRACT.
- I.8 THAT IT IS REGISTERED IN THE FEDERAL REGISTRY OF TAXPAYERS UNDER NUMBER **SNS 960412 AH4**.
- I.9 THAT ITS LEGAL PLACE OF BUSINESS IS LOCATED AT AVENIDA INSURGENTES SUR NO. 489 PISO 16, COL. HIPODROMO-CONDESA, MEXICO CITY, FEDERAL DISTRICT, C.P. 06100, WHICH IT INDICATES FOR THE LEGAL PURPOSES AND EFFECTS OF THIS CONTRACT.

II. THE "PROVIDER" REPRESENTS:

- II.1 THAT THE COMPANY GREENBERG TRAURIG, LLP IS A LIMITED LIABILITY PARTNERSHIP ESTABLISHED PURSUANT TO UNITED STATES LAW, AND IS ACTIVE IN ACCORDANCE WITH THE "LIMITED LIABILITY PARTNERSHIP" LEGAL CITATION CERTIFICATE OF THE STATE OF NEW YORK, ACCORDING TO THE RECORD DATED DECEMBER 28, 1999 OF THE DEPARTMENT OF STATE OF THE STATE OF NEW YORK, AND THAT IT HAS FULL LEGAL AND TECHNICAL CAPACITY TO BE BOUND BY THE TERMS OF THIS CONTRACT, AND THAT IT HAS THE EQUIPMENT, STAFF, MATERIAL AND OTHER ELEMENTS NECESSARY FOR THE PERFORMANCE OF THE SERVICES CONTRACTED HEREIN.
- II.2 THAT MR. IRWIN P. ALTSCHULER DOCUMENTS HIS CAPACITY AS LEGAL REPRESENTATIVE WITH A CERTIFICATE OF THE MANAGING PARTNER OF GREENBERG TRAURIG, LLP DATED APRIL 30, 2004, GRANTED BEFORE NOTARY PUBLIC OF THE CITY OF WASHINGTON, D.C., MS. BEATRICE W. MELECIO, AND HAS THE NECESSARY AND SUFFICIENT POWERS TO EXECUTE THIS DOCUMENT, WHICH TO DATE HAVE NOT BEEN REDUCED OR REVOKED IN ANY MANNER WHATSOEVER.
- II.3 THAT IN ORDER TO COMPLY WITH THE PROVISIONS OF ARTICLE 32-D OF THE MEXICAN TAX CODE, IT REPRESENTS THAT IT IS A FOREIGN RESIDENT WITHOUT A TAX DOMICILE IN MEXICAN TERRITORY, AND THEREFORE IS NOT REQUIRED TO FILE THE APPLICATION FOR REGISTRATION IN THE FEDERAL REGISTRY OF TAXPAYERS OR THE NOTICES TO SAID REGISTRY, OR FILE PERIODIC TAX RETURNS IN MEXICO.
- II.4 THAT ITS PRINCIPAL PLACE OF BUSINESS IS LOCATED AT 800 CONNECTICUT AVENUE, NW, SUITE 500, WASHINGTON, D.C. UNITED STATES OF AMERICA, WHICH IT INDICATES FOR THE LEGAL PURPOSES AND EFFECTS OF THIS CONTRACT.

BY VIRTUE OF THE FOREGOING, AND PURSUANT TO ARTICLES 9, 26 AND 35 OF THE FEDERAL PUBLIC ADMINISTRATION ACT; 1793, 1794, 1798, 1858, 2606 TO 2615 AND OTHER RELATED PROVISIONS OF THE FEDERAL CIVIL CODE; 1, 3, 19, 22 SECTION II, 25, 40, 41 SECTION X, 44, 45, 46, 48, 51, 52, 53, 54, AND OTHER APPLICABLE PROVISIONS OF THE PUBLIC SECTOR PROCUREMENT, LEASING AND SERVICES ACT; 2 SECTION IV, 13 AND 25 OF THE FEDERAL PUBLIC BUDGET, ACCOUNTING, AND EXPENDITURE ACT; 1, 3, 11, 14 SECTION VII, 24, 27 AND 3 OF THE COPYRIGHT ACT; 31 OF THE FEDERAL EXPENSE BUDGET FOR FISCAL YEAR 2006, ARTICLES 13 SECTION II AND 14 SECTION II AND VI OF THE FEDERAL TRANSPARENCY AND PUBLIC GOVERNMENT INFORMATION ACCESS ACT; 3 SECTION III, 35 SECTION II AND III, 49 AND 54 SECTION X OF THE INTERNAL REGULATIONS OF THE MINISTRY OF AGRICULTURE,



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LIVESTOCK, RURAL DEVELOPMENT, FISHERIES AND FOOD, THE PARTIES ENTER INTO THIS CONTRACT IN ACCORDANCE WITH THE FOLLOWING:

CLAUSES

- ONE:** THE "PROVIDER" AGREES WITH "SENASICA" TO PROVIDE IT WITH THE PROFESSIONAL CONSULTING SERVICES REFERRED TO AS "CONSULTING SERVICES ON AGRO-BUSINESS TRADE POLICY AND AGRICULTURAL TRADE LEGISLATION," IN ACCORDANCE WITH THE PROVISIONS OF EXHIBIT I, WHICH, DULY EXECUTED BY THE PARTIES, FORMS AN INTEGRAL PART HEREOF.
- TWO:** THE PARTIES AGREE THAT "SENASICA," A DECENTRALIZED ADMINISTRATIVE ENTITY, IS RESPONSIBLE FOR THE CONTRACTED SERVICES BEING PERFORMED IN ACCORDANCE WITH THE PROVISIONS HEREOF, AND THE "PROVIDER" AGREES TO SUBMIT A MONTHLY REPORT OF ACTIVITIES UNDERTAKEN TO THE ADMINISTRATIVE COORDINATOR OF THE OFFICES OF THE MINISTER IN ORDER TO OBTAIN APPROVAL ON THE APPLICABLE INVOICES.
- THREE:** THIS CONTRACT SHALL BE EFFECTIVE FROM MARCH 1 THROUGH DECEMBER 31, 2006.
- FOUR:** "SENASICA," THROUGH THE MINISTRY OF AGRICULTURE, LIVESTOCK, RURAL DEVELOPMENT, FISHERIES AND FOOD, AGREES TO PAY THE "PROVIDER," AS CONSIDERATION FOR THE SERVICES INDICATED IN CLAUSE ONE, TEN MONTHLY INSTALLMENTS, IN ARREARS, IN THE AMOUNT OF \$500,000.00 (FIVE HUNDRED THOUSAND AND 00/100 MEXICAN PESOS) FOR THE PERIOD CORRESPONDING TO THE MONTHS OF MARCH TO DECEMBER 2006, TOTALING THE AMOUNT OF \$5,000,000.00 (FIVE MILLION AND 00/100 MEXICAN PESOS), WITHIN 15 CALENDAR DAYS FOLLOWING THE DATE ON WHICH THE CORRESPONDING INVOICES ARE SUBMITTED, WITH THE APPROVAL OF THE ADMINISTRATIVE COORDINATOR OF THE OFFICES OF THE MINISTER OF SAGARPA, INDICATING THE PLACE OF PAYMENT AS CALLE DE SAN LORENZO, NO. 1151, 2^o PISO, ALA "A," COL. SANTA CRUZ ATOYAC, C.P. 03310, MEXICO CITY, FEDERAL DISTRICT, C.P. 06100, BY ELECTRONIC FUND TRANSFERS, FOR WHICH THE "PROVIDER" SHALL PROVIDE EVIDENCE OF A FINANCIAL INSTITUTION ON THE EXISTENCE OF AN CHECKING ACCOUNT IN ITS NAME, INVOICING SHALL BE TO THE NAME OF THE MINISTRY WITH FEDERAL TAX IDENTIFICATION NUMBER SAG-941228-M54 AND LEGAL PLACE OF BUSINESS AT MUNICIPIO LIBRE 377, COL. SANTA CRUZ ATOYAC, MEXICO CITY, FEDERAL DISTRICT, C.P. 03310, AND INDICATE THAT THE SERVICE WAS PROVIDED TO "SENASICA."
- FIVE:** THE PARTIES AGREE THAT THE STIPULATED AMOUNT INCLUDES ALL DIRECT AND INDIRECT EXPENSES THAT THE "PROVIDER" MAY HAVE TO INCUR TO PROVIDE THE CONTRACTED SERVICES.
- SIX:** IN ORDER TO GUARANTEE COMPLIANCE WITH THE OBLIGATIONS ARISING FROM THIS CONTRACT, PURSUANT TO THE FINAL PARAGRAPH OF ARTICLE 48 OF THE PUBLIC SECTOR PROCUREMENT, LEASING AND SERVICES ACT, THE "PROVIDER" SHALL PROVIDE A BOND ISSUED BY A LEGALLY ESTABLISHED MEXICAN BONDING COMPANY WITHIN TEN CALENDAR DAYS OF EXECUTION OF THIS CONTRACT, IN THE NAME OF THE FEDERAL TREASURY, IN THE AMOUNT



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OF \$1,000,000.00 (ONE MILLION AND 00/100 MEXICAN PESOS), EQUIVALENT TO 20% OF THE TOTAL AMOUNT OF THIS INSTRUMENT, TO THE FEDERAL TREASURY AND THE ORDER OF THE "MINISTRY OF AGRICULTURE, LIVESTOCK, RURAL DEVELOPMENT, FISHERIES AND FOOD"; SAID BOND SHALL CONTAIN AT LEAST THE FOLLOWING STATEMENTS:

- a) THAT THE BOND SHALL REMAIN EFFECTIVE THROUGH COMPLETION OF ALL LEGAL APPEALS OR LAWSUITS FILED AND UNTIL A FINAL RULING IS ISSUED SUCH THAT ITS TERM OF EFFECTIVENESS SHALL NOT BE BOUND BY THE PRINCIPAL CONTRACT TERM OR OBLIGATION SOURCE OR ANY OTHER CIRCUMSTANCE. LIKEWISE, THIS BOND SHALL REMAIN IN EFFECT EVEN IN CASES IN WHICH SENASICA GRANTS EXTENSIONS OR STAYS TO THE PROVIDER OR GUARANTOR FOR FULFILLMENT OF ITS OBLIGATIONS.
- b) THAT THE BONDING COMPANY EXPRESSLY AGREES TO SUBMIT TO THE EXECUTION PROCEDURES SET FORTH IN ARTICLE 95 OF THE FEDERAL BONDING INSTITUTION ACT FOR THE EFFECTIVENESS THEREOF, EVEN IN THE EVENT OF THE COLLECTION OF INTEREST AS STIPULATED IN ARTICLE 95 BIS OF THE SAME LEGAL REGULATION, FOR PURPOSES OF THE PAST DUE PAYMENT OF THE AMOUNT OF THE BOND.
- c) THAT "SAGARPA" MUST ISSUE ITS EXPRESS WRITTEN STATEMENT FOR THE BOND TO BE RELEASED.
- d) THAT THE BOND IS GRANTED IN ACCORDANCE WITH ALL PROVISIONS SET FORTH IN THE CONTRACT.

SEVEN: THE "PROVIDER" MAY NOT DISCLOSE, IN WHOLE OR IN PART, THE RESULTS OF THE ACTIVITIES UNDERTAKEN UNDER THIS CONTRACT IN ANY MANNER WHATSOEVER.

EIGHT: THE "PROVIDER" SHALL MEET THE TECHNICAL AND QUALITY STANDARDS SET BY "SENASICA," AND SHALL HAVE TOP-LEVEL SPECIALISTS IN THE FIELDS OF INTERNATIONAL TRADE NEGOTIATIONS, DIPLOMATIC, POLITICAL, ECONOMIC, AND LEGAL AFFAIRS, AND A PROFESSIONAL PRACTICE IN INTERNATIONAL MATTERS.

NINE: THE "PROVIDER" AGREES TO PROVIDE THE SERVICES UNDER THE STRICTEST RULES OF CONFIDENTIALITY AND PROFESSIONAL SECRECY. IN THIS REGARD, ANY INFORMATION OR DOCUMENTATION THAT THE "PROVIDER" MAINTAINS AS PART OF ITS ARCHIVES AT THE CONCLUSION OF SERVICES SHALL BECOME THE PROPERTY OF "SENASICA"; LIKEWISE, THE "PROVIDER" AGREES NOT TO DIVULGE REPORTS, DATA AND RESULTS OBTAINED FROM THE SERVICES PROVIDED.

TEN: THE "PROVIDER" AGREES TO PROVIDE THE SERVICES UNDER THIS CONTRACT WITHOUT ASSIGNING, IN WHOLE OR IN PART, THE RIGHTS AND OBLIGATIONS ESTABLISHED HEREIN, TO ANY INDIVIDUAL OR LEGAL ENTITY, WITH THE EXCEPTION OF COLLECTION RIGHTS, IN WHICH CASE IT SHALL HAVE THE PRIOR WRITTEN CONSENT OF "SENASICA," IN THE TERMS SET FORTH IN THE



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LAST PARAGRAPH OF ARTICLE 46 OF THE PUBLIC SECTOR PROCUREMENT,
LEASING AND SERVICES ACT.

- ELEVEN:** THE "PROVIDER" AGREES TO BE LIABLE FOR ANY DAMAGE OR HARM TO SENASICA PROPERTY OR STAFF, OR THIRD PARTY STAFF WHEN THIS IS DUE TO ITS NEGLIGENCE, FAULT, FRAUD OR BAD FAITH IN PROVISION OF THE SERVICE.
- TWELVE:** THE "PROVIDER" AS EMPLOYER OF THE STAFF IT HAS OR HIRES FOR THE PERFORMANCE OF ANY ACTIVITY RELATED TO THE PROVISION OF THE SERVICES UNDER THIS CONTRACT, SHALL BE THE SOLE PARTY RESPONSIBLE FOR COMPLIANCE WITH ANY OBLIGATIONS ARISING IN LABOR, CIVIL, OR SOCIAL SECURITY MATTERS, AND IT AGREES TO TAKE RESPONSIBILITY FOR ANY DISPUTE OR LITIGATION INITIATED BY SAID STAFF AGAINST IT OR AGAINST "SENASICA," AND IN NO CASE SHALL "SENASICA" BE CONSIDERED A SUBSTITUTE EMPLOYER.
- THIRTEEN:** WITH THE EXCEPTION OF THE OBLIGATIONS ARISING FROM THIS CONTRACT, "SENASICA" SHALL NOT ACQUIRE OR ACKNOWLEDGE ANY OTHER OBLIGATIONS WITH RESPECT TO THE "PROVIDER," BY VIRTUE OF THE FACT THAT THE FEDERAL STATE WORKER ACT, REGULATING SECTION B OF ARTICLE 123 OF THE CONSTITUTION IS NOT APPLICABLE, AND THEREFORE, THE "PROVIDER" AND ITS EMPLOYEES ARE NOT EMPLOYEES OF "SENASICA" UNDER THE TERMS OF ARTICLE 5 SECTION III OF THE SOCIAL SECURITY AND SERVICES ACT FOR STATE EMPLOYEES.
- FOURTEEN:** IN ACCORDANCE WITH ARTICLE 52 OF THE PUBLIC SECTOR PROCUREMENT, LEASING AND SERVICES ACT, THIS CONTRACT MAY BE AMENDED AND/OR EXTENDED DURING ITS TERM, WITHOUT, FOR ANY REASON, THE TOTAL AMOUNT OF SUCH AMENDMENT EXCEEDING 20% (TWENTY PERCENT) OF THE TOTAL AMOUNT AGREED UPON, SUBJECT TO BUDGETARY AUTHORIZATION UNDERTAKEN FOR SUCH PURPOSES, IN ADDITION TO COMPLIANCE WITH THE FOLLOWING:
- A) THE PRICE OF THE SERVICES, REASON FOR THE INCREASE, SHALL THE BE SAME AS ORGINALLY NEGOTIATED.
 - B) THE DATE ON WHICH THE AMENDMENT IS TO TAKE EFFECT SHALL BE AGREED UPON BY THE PARTIES.
 - C) THE INCREASE IN THE SERVICE SHALL BE DULY JUSTIFIED BY SAGARPA'S HIGHEST OFFICIAL AND AUTHORIZED BY THE HEAD OF THE DECENTRALIZED ADMINISTRATIVE ENTITY.
 - D) THE SAVINGS GUIDELINES ISSUED BY THE DEPARTMENTS OF THE TREASURY AND PUBLIC DUTIES SHALL BE COMPLIED WITH.
- FIFTEEN:** IN THE EVENT OF NONPERFORMANCE OF THE CONTRACT BY THE "PROVIDER," ESTABLISHED IN ARTICLE 53 OF THE PUBLIC SECTOR PROCUREMENT, LEASING AND SERVICES ACT AND ARTICLE 64 OF THE REGULATIONS OF THE PUBLIC SECTOR PROCUREMENT, LEASING AND SERVICES ACT, A CONTRACTUAL



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PENALTY OF 2% PER BUSINESS DAY OF DELAY SHALL BE APPLIED TO THE PORTION OF THE CONTRACT NOT PERFORMED, FOR UP TO THE AMOUNT OF THE PERFORMANCE BOND.

"SENASICA" MAY INITIATE THE CONTRACT'S ADMINISTRATIVE RECISSION PROCEDURE AND IMPLEMENT THE BOND FOR THE PORTION OF THE CONTRACT NOT PERFORMED OR DEMAND ITS PERFORMANCE, IMPLEMENTING THE ABOVE-MENTIONED CONTRACTUAL PENALTY.

SIXTEEN: "SENASICA" MAY ADMINISTRATIVELY RESCIND THIS CONTRACT AT ANY TIME IN THE EVENT OF NONPERFORMANCE BY THE "PROVIDER," IN ACCORDANCE WITH THE FOLLOWING PROCEDURE:

- A) IT SHALL BE INITIATED AT THE MOMENT THE "PROVIDER" IS NOTIFIED IN WRITING ABOUT THE NONPERFORMANCE, SO THAT WITHIN A PERIOD OF FIVE BUSINESS DAYS IT SETS FORTH WHAT IS IN AND CONTRIBUTES TO ITS BEST INTEREST, IN ITS CASE, THE EVIDENCE THAT IT DEEMS RELEVANT.
- B) UPON CONCLUSION OF THE TERM MENTIONED IN THE PREVIOUS PARAGRAPH, IT SHALL BE RESOLVED CONSIDERING THE ARGUMENTS AND EVIDENCE THAT HAVE BEEN RECOGNIZED.
- C) "SENASICA" SHALL SERVE WRITTEN NOTICE TO THE "PROVIDER" OF THE DETERMINATION OF WHETHER OR NOT TO RESCIND THE CONTRACT, IN ACCORDANCE WITH THE PROCEDURE ESTABLISHED IN ARTICLE 54 OF THE PUBLIC SECTOR PROCUREMENT, LEASING AND SERVICES ACT, WITHIN 15 BUSINESS DAYS AFTER THE TERM SET FORTH IN PARAGRAPH A.
- D) THE CORRESPONDING SETTLEMENT SHALL BE FORMULATED WHEN THE CONTRACT IS RESCINDED, FOR THE PURPOSE OF CERTIFYING THE PAYMENTS THAT "SENASICA" MUST MAKE FOR SERVICES PROVIDED UNTIL THE RECISSION.

SEVENTEEN: "SENASICA" MAY TERMINATE THIS CONTRACT IN ADVANCE ON THE GROUNDS OF PUBLIC INTEREST, OR WHEN JUSTIFIED CAUSES ELIMINATE THE NEED FOR THE SERVICES COVERED UNDER THIS CONTRACT, AND IT IS DEMONSTRATED THAT CONTINUED PERFORMANCE OF THE CONTRACTED SERVICES WOULD CAUSE SOME DAMAGE OR HARM TO THE STATE, OR THE DEPARTMENT OF PUBLIC DUTIES DETERMINES THAT THE TRANSACTIONS THAT GAVE RISE TO THE CONTRACT ARE NULLIFIED IN WHOLE OR IN PART FOR THE PURPOSE OF RESOLVING A DISAGREEMENT. UNDER THESE CIRCUMSTANCES "SENASICA" SHALL REIMBURSE THE "PROVIDER" FOR NON-RECOVERABLE EXPENSES INCURRED, PROVIDED THESE ARE REASONABLE, DULY VERIFIED AND DIRECTLY RELATED TO THE CORRESPONDING CONTRACT.

EIGHTEEN: IN THE EVENT THAT UNFORSEEABLE CIRCUMSTANCES OR FORCE MAJEUR ARISE DURING PROVISION OF SERVICE, "SENASICA," UNDER ITS OWN LIABILITY, SHALL BE ABLE TO SUSPEND SERVICE PROVISION, IN WHICH CASE ONLY THOSE SERVICES THAT HAVE BEEN EFFECTIVELY PROVIDED SHALL BE PAID AND THE UNAMORTIZED ADVANCES SHALL BE REFUNDED.



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NINETEEN: THE "PROVIDER" ACCEPTS THAT IN CASE THE SERVICE IS NOT PERFORMED, UNDER THE NEGOTIATED TERMS, "SENASICA" SHALL BE ABLE TO CONTRACT THIRD PARTIES TO CARRY OUT THE WORK, AND THE "PROVIDER" SHALL COVER THE COST OF THE RESULTING INVOICE.

TWENTY: THIS CONTRACT CONSTITUTES THE ENTIRE AGREEMENT BETWEEN THE PARTIES WITH RESPECT TO THE PURPOSE HEREOF AND RENDERS NULL AND VOID ANY OTHER NEGOTIATION OR OBLIGATIONS BETWEEN THEM, WHETHER WRITTEN OR ORAL, PRIOR TO THE DATE OF EXECUTION HEREOF.

THE PARTIES REPRESENT THAT IN THE EXECUTION OF THIS CONTRACT, THERE HAS BEEN NO DEFECT, FRAUD OR BAD FAITH AFFECTING THE CONSENT GRANTED HEREIN.

TWENTY-ONE: THE PARTIES AGREE TO SUBMIT TO THE PROVISIONS OF THE PUBLIC SECTOR PROCUREMENT, LEASING AND SERVICES ACT AND THE FEDERAL CIVIL CODE FOR ALL MATTERS NOT EXPRESSLY SET FORTH IN THIS CONTRACT.

TWENTY-TWO: SHOULD A CONFLICT OR DISPUTE ARISE IN THE INTERPRETATION AND/OR PERFORMANCE OF THIS INSTRUMENT, THE PARTIES EXPRESSLY SUBMIT TO THE JURISDICTION OF THE FEDERAL COURTS OF MEXICO CITY, FEDERAL DISTRICT, HENCEFORTH WAIVING ANY RIGHT TO ANY OTHER JURISDICTION TO WHICH THEY MAY BE ENTITLED BY REASON OF PRESENT OR FUTURE DOMICILE, OR FOR ANY OTHER REASON.

UPON READING THIS INSTRUMENT, AND DULY INFORMED OF THE LEGAL SCOPE AND CONTENT OF ITS CLAUSES, THE PARTIES EXECUTE THIS CONTRACT IN TWO COUNTERPARTS, IN MEXICO CITY, FEDERAL DISTRICT, ON MARCH FIRST, TWO THOUSAND SIX.

FOR "SENASICA"

FOR THE "PROVIDER"

[signature]

[signature]

DR. JAVIER TRUJILLO ARRIAGA
 MANAGING DIRECTOR

MR. IRWIN P. ALTSCHULER
 LEGAL REPRESENTATIVE

WITNESSES

[signature]

[signature]

MS. ALMA ROSA ZEPEDA GARCIA, CPA
 DIRECTOR GENERAL OF ADMINISTRATION
 AND INFORMATION TECHNOLOGY

MS. ALICIA ULLOA FLORES
 DIRECTOR OF MATERIAL RESOURCES
 AND GENERAL SERVICES



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EXHIBIT I

**TECHNICAL PROPOSAL SUBMITTED BY GREENBERG
 TRAURING, LLP TO SAGARPA**

(THIS EXHIBIT CONTAINS 19 PAGES*)

THIS EXHIBIT IS SIGNED IN TWO COUNTERPARTS, IN MEXICO CITY, FEDERAL DISTRICT, ON
 MARCH FIRST, TWO THOUSAND SIX.

FOR "SENASICA"

[signature]

DR. JAVIER TRUJILLO ARRIAGA
 MANAGING DIRECTOR

FOR THE "PROVIDER"

[signature]

MR. IRWIN P. ALTSCHULER
 LEGAL REPRESENTATIVE

WITNESSES

[signature]

MS. ALMA ROSA ZEPEDA GARCIA, CPA
 DIRECTOR GENERAL OF ADMINISTRATION
 AND INFORMATION TECHNOLOGY

[signature]

MS. ALICIA ULLOA FLORES
 DIRECTOR OF MATERIAL RESOURCES
 AND GENERAL SERVICES

* Translator's Note: There are 15 pages, including the unnumbered page following this one, in the English translation.

EXHIBIT 1

Greenberg Traurig

GREENBERG TRAUIG, LLP

2006 PROPOSAL: SERVICE AREAS

It has been a pleasure for us to continue our relationship with the Ministry of Agriculture, Livestock, Rural Development, Fisheries and Food ("SAGARPA") in 2005 and we hope to continue this relationship in 2006 as well as in the future. At Greenberg Traurig, LLP ("GT") the SAGARPA "team" remains intact, and our increased capabilities allow us to provide our services to SAGARPA under the highest standards of quality and confidentiality, seeking the best possible cost-benefit ratio.

Our ongoing mission representing SAGARPA is to provide the combination of our knowledge in the area of international trade and customs law with our experience in policy-making in the U.S. government (and personal relationships with key members of Congress and the Administration), thereby assisting SAGARPA and its decentralized administrative entities, such as ASERCA, SENASICA, CONAPESCA, etc., to increase opportunities for Mexican agricultural products on the U.S. market. We have achieved the above by identifying barriers to Mexican agricultural products and suggesting new approaches in order to eliminate those barriers. Likewise, we have assisted SAGARPA in its effective effort to directly facilitate trade activity.

It is expected that 2006 will be another critical year with respect to Mexico-United States agricultural trade relations. Both countries will continue to work on various topics dealing with sensitive products, such as pork, where import duties have already been eliminated under NAFTA. We must work to prevent U.S. congressional actions directed specifically against Mexico, broadcasting the successful performance of agricultural trade between the United States and Mexico. The powerful United States Farm Bill and its impacts will continue to represent a problem (especially with the expiration of the WTO "peace clause"), and Mexico will face new challenges. As the United States takes actions to implement policies such as legislation on country of origin labeling requirements for fish and shellfish (for the purpose of inducing consumers to purchase U.S. products) and on an identification system for cattle, we will be involved in the development and implementation of response strategies to minimize the negative impacts that this could have for Mexico.

During 2005 we deepened our relationships with key SAGARPA officials. We respond on a daily basis to the requirements of the team located in Washington. We also responded to the requests of various SAGARPA officials in Mexico, among others, the Minister and other directors. We are sure that SAGARPA has benefited as we have integrated ourselves more with SAGARPA's functions. We propose to continue improving these communication channels in order to provide even more support in 2006.

[initials]

Below we present a summary of the service areas that GT proposes to continue and increase in 2006. We are also attaching an Appendix with a list of key projects and a description of our achievements during 2005.

AREA 1: POLITICAL AND LEGAL MONITORING, ANALYSIS, AND STRATEGY

GT shall continue to provide SAGARPA with critical information obtained through its contacts with officials in the Administration and in the Congress of the United States. The firm, whose group of professionals includes staff previously employed in Congress, the Administration and the U.S. International Trade Commission, has established a network of contacts that allows it to have access to information that is not always available to the public, thereby allowing SAGARPA to anticipate events before they occur. SAGARPA shall be provided advance notice of, among other things, changes in USDA, USTR and FDA policies, bills to be discussed in the United States Congress, notices on quota amounts by the Office of the United States Trade Representative (USTR), hearings to be held in U.S. Congress, opportunities to submit comments on regulations and the United States position with respect to the World Trade Organization (WTO), among other matters. Such advance notice has allowed SAGARPA to develop a response strategy for these events, before they actually occur. Our team's extensive network of contacts has grown during the nine years we have worked for SAGARPA on various matters related to agricultural trade, which are a key component for trade between Mexico and the United States.

During 2005 we advised SAGARPA on several high-level visits that were held with regard to the Binational Commission, the Security and Prosperity Partnership for North America, and the Consultative Committee on Agriculture, as well as on other occasions on which Mexican officials met with their United States counterparts. In preparation for the meetings, we provided important discussion points for Minister Usabiaga's meetings with USDA's Secretary Johanns, and we supported in the drafting of speeches for the Minister's presentations to private sector groups, and the drafting of press releases. We also provided presentations on the general political climate and related negotiations so the Minister and his team were fully informed when they attended the meetings.

In 2005 we provided SAGARPA with a similar service for the Produce Marketing Association meeting in Atlanta, Georgia. GT supported various SAGARPA officials, especially for this event, in preparing speeches and press releases. We also provided support to ensure access to the United States of those shipments of Mexican products to be used in exhibits by most of the Mexican exhibitors. As SAGARPA continues to increase its participation in exhibitions and promotion of initiatives (in the United States and other places) we predict that this function will become even more important, and therefore the relevance of our support has increased.

As part of this function, we review public information on a daily basis, such as the press and specialized journals, in order to be able to draft any report necessary for any public relations activity. GT's staff includes professionals with prior experience as journalists, as well as media experts, and we have assisted SAGARPA and its decentralized administrative entities with the task of publishing editorials and information in appropriate information outlets.

[initials]

GT will continue providing SAGARPA with information on a daily basis when an issue warrants immediate action. In turn, we will submit weekly reports (including a special edition for the Minister) in order to keep SAGARPA officials up to date on issues relevant to international and bilateral agricultural affairs. The report will also include general background information, analysis, dates of hearings, urgent terms for submission of comments and trial dates. For example, in 2005 we provided weekly updates on the development of U.S. legislation and regulations on bioterrorism, rules on country of origin labeling, bilateral disputes over BSE (bovine spongiform encephalopathy), pork, sugar, beans, melon and scallions, as well as the reactions of the United States Congress on these issues.

The regulations on bioterrorism, in effect since August 2004, are the result of the increasing concern in the United States in the matter of security, which we are convinced will continue in 2006. GT will work with SAGARPA to identify in advance security measures that may damage Mexico-United States agricultural trade and to mitigate the impact of such policies. We will continue to work with the Ministry of the Economy and other interests to oppose Senator Grassley's so-called "tequila bill" and we will carry out other lobbying activities as instructed. Specific bilateral disputes will surely arise in 2006 on the issues of pork, beans, corn, sugar, HFCS, melon, scallions and BSE. GT will continue to work with SAGARPA to anticipate such issues and develop case strategies to confront them. GT will also continue working with SAGARPA to minimize any harm these disputes could have on the reputation of Mexico's horticultural products on the U.S. market.

As a part of this function, GT will provide deep analysis and strategic information on matters specifically requested. For example, in 2005 we prepared reports and studies on the consistency of the United States decision in the case of total prohibition of Mexican melon access under the protection of NAFTA and the WTO, proposing suggested solutions. We also prepared reports on Mexican import needs in the matter of dairy cattle and on the WTO aspects surrounding the tuna dispute issue. GT also analyzed the congruence with NAFTA and the WTO of the Mexican fructose tariff (HFCS) and continued to review the measures on beans, as well as preparing a study on United States trade order regulations and policies and their adaptation to the Mexican situation.

We will provide extensive legal and technical consulting to SAGARPA. This function includes assistance in the drafting of comments and letters on a wide variety of matters, including those related to food safety, country of origin labeling, proposed promotion orders (avocados and mangos), BSE and bird flu and other importation issues before the U.S. government authorities and Congress.

In 2002 the U.S. Food and Drug Administration prohibited the importation of cantaloupe from Mexico on the basis that it posed a food health risk. This prohibition continued on a national level for almost all of 2005. We supported SAGARPA in its efforts to mitigate the effects of this prohibition, particularly by seeking, with the FDA, a solution to this health problem. We worked on seeking support for Mexico from USDA and USTR. In October 2005 we supported SAGARPA in the negotiation of a solution to this problem and in the preparation of a Memorandum of Understanding signed by SENASICA and FDA. It is expected that under

this MOU Mexico will recover its status as the principal importer of cantaloupe to the U.S. market. We anticipate continuing to support the implementation, review, and follow up of this MOU in 2006.

At the same time, GT will continue in 2006 to monitor the FDA's detention actions on other Mexican products. In 2005 the FDA adopted detention actions on several products on a per company basis. We will help SAGARPA to anticipate such FDA actions and work with the FDA to avoid comprehensive detention actions against any Mexican product.

We predict that in 2006 GT will cooperate extensively in the preparation of comments on FDA and USDA regulations that affect agricultural products, and assist in the presentation of these documents in the appropriate formats and according to the procedures required. We have assisted SAGARPA, SENASICA, ASERCA and CONAPESCA in the presentation of comments on regulations proposed by FDA and USDA. There are additional regulations on this matter on which GT continues to provide services to SAGARPA regarding their analysis and comments, and in preparation of material against them. We predict that in 2006 there will be more regulatory bills related to the U.S. organic program, changes in U.S. radiation policy, changes in the trade and promotion orders and in the guidelines on the issue of fresh fruit and vegetable importation.

GT has vast experience in the legal and technical aspects of WTO and NAFTA agreements. If required, GT is prepared to analyze the consistency of U.S. Farm Bill programs with WTO. We have prepared and provided analysis related to the U.S. subsidy programs and whether or not those programs are in agreement with WTO ("blue box, green box, amber box"). On behalf of SAGARPA, we have also analyzed the provisions of the agreements and sanitary and phytosanitary regulations (SPS) under the jurisdiction of the Animal and Plant Health Inspection Service (APHIS) to determine the validity of certain U.S. actions that create barriers to Mexican imports. In turn, analysis was performed on the SPS provisions of the CODEX Alimentarius Commission, which is increasingly relevant for issues of food safety.

Another area of specialization in which we have provided services to SAGARPA and its decentralized administrative entities is practice and litigation in antidumping and countervailing duty matters. GT has a solid and recognized legal practice in this area. In 2003 and 2004 we cooperated extensively with SAGARPA when the U.S. Department of Commerce implemented new provisions with regard to the tomato suspension agreement. Our work included analysis and comments on the U.S. initiative to raise the reference price in the agreement, and cooperation to propose and analyze options for SAGARPA to encourage the participation of Mexican producers in the suspension agreement. Likewise, based on our strategic recommendations regarding the position of Mexican industry in the shrimp antidumping case, Mexican industry avoided becoming a target in that investigation. GT continues to monitor this dumping case, providing SAGARPA with up to date information on the status of the investigation, given the importance of its effects on Mexican shrimp shipments to the United States market. We have a long history of providing services representing Mexican companies in antidumping and countervailing duty cases initiated by United States companies. This history goes back nearly 20 years, to the defense in the case of countervailing duties against Mexican asparagus producers. This experience has been essential since in 2005, upon the direction of SAGARPA, we began work to support the

Mexican asparagus producing industry as U.S. producers of this product are considering filing an antidumping or safeguard investigation request against U.S. asparagus imports from Peru and Mexico.

Also in 2005, as in previous years, we provided SAGARPA with legal consulting to confront the challenge procedures against access of the Mexican avocado to the U.S. market, against change of the "dolphin safe" definition on tuna, on the suspension of market orders, and on the legal analysis regarding topics in the area of duty classification and other diverse customs issues, including the country of origin in the case of transshipped products.

Below we briefly list other activities in the legal and policy areas in which we are involved and represent SAGARPA:

A. *NAFTA*

- Reporting on the development of key cases and weekly reports.
- Providing special reports on the development of bilateral consultations, panels, and disputes under NAFTA.

B. *WTO*

- Reporting on the development of agricultural negotiations, in the weekly reports.
- Monitoring of GT's contacts in order to provide information on the development of United States agricultural negotiations, including the American perspective on the position of Mexico and other key countries.
- Providing special reports on WTO dispute resolution matters, such as the United States-Brazil cotton dispute and the European Union sugar program.

C. *The U.S. Farm Bill*

- Providing information on the development of the application of the U.S. Farm Bill, in the weekly reports.
- Monitoring of GT's contacts in order to provide information on the priorities for the application of the U.S. Farm Bill, including information on its consistency with the WTO.
- Analyzing and providing information on the impact of the Farm Bill in the Mexican agricultural sector.
- Analyzing and providing information, as well as strategic consulting, on the U.S. Congress's annual process of appropriations and distribution of expenses.

- Monitoring the series of events (seminars, discussion workshops, hearings) relating to a new U.S. Farm Bill.

D. EMERGING ISSUES

- Providing information and strategic consulting on the development of biotechnology issues in agriculture, including progress in the WTO agricultural negotiations; the inclusion of this issue in the negotiations for the Free Trade Area of the Americas (FTAA); the Biosafety Protocol; and the development of issues in individual countries. In 2006 we will continue:
- Reports of interest to developing countries on biopiracy as more developed nations obtain patents on plant varieties or species.
- Examining and providing information and strategic consulting on the development of and trends in electronic commerce in agro-industry.

**AREA 2: HANDLING DEFENSE BEFORE CONGRESS AND THE EXECUTIVE
BRANCH**

GT will continue to collaborate with SAGARPA and its decentralized administrative entities on specific subjects to develop strategies to resolve trade disputes and remove barriers to market access. These duties include the development and implementation of strategies to influence the Congress and Executive Branch of the United States government on the search for solutions favorable to Mexican agricultural producers. With our long history of cooperation with SAGARPA, GT has the experience in Mexico-United States trade and the specialists to be able to assist SAGARPA with this activity. This service also includes monitoring, at the technical level, in the U.S. agencies with regard to specific subjects and regulations.

In 2005 the firm's team worked with SAGARPA to oppose legislation on obligatory country of origin labeling and Congress's criticism of Mexican agricultural trade policy. During the entire legislative process, work was performed directly through meetings with members of Congress to educate them about the approach that it uses to observe the relationship with Mexico. We also worked with a wide coalition from U.S. industry that opposed country of origin labeling. For 2006, bearing in mind SAGARPA's instructions, we will continue working closely with Congress to monitor the topics about Mexico and keep Congress informed about Mexico's positions on important topics.

In recent years the issue of food safety has become a political issue of general interest in the United States. As the U.S. Congress apparently moves toward stricter legislation that could limit Mexico's access to the United States market, GT has worked with SAGARPA to develop a cooperative strategy that seeks to reject such legislation. In the wake of the tragedy of September 11, 2001, the United States Congress has considered various initiatives in the area of food safety. Through our contacts, in an effort to prevent or modify the development of strict legislation on this matter, meetings were organized to educate key Congressional staff on the potential impact such regulations could have on prices and U.S. consumers. This issue will continue in 2006, and

therefore we predict that in 2006 some members of the U.S. Congress will undertake campaigns favoring new legislation on food safety. We expect that GT will be involved in analysis of this legislation with regard to its impact on Mexico, and will develop a strategy to influence the legislative result.

With respect to other miscellaneous issues, upon prior approval by SAGARPA, GT will outline a legislative strategy in 2006. For example, GT will consider the possibility of a legislative strategy for market orders applicable to Mexican imports.

Below is a brief outline of some of our activities before Congress and the Executive Branch, on behalf of SAGARPA.

A. *NAFTA*

- Using NAFTA to influence the Congress and Executive Branch in the observance of the agreements, to seek solutions favorable for Mexico.
- Providing SAGARPA with specific consulting with respect to technical barriers to trade, both existing and emerging, as well as on sanitary and phytosanitary issues in the context of NAFTA.

B. *WTO Negotiations*

- Advising SAGARPA on the monitoring of discussions and measures adopted by WTO member countries, particularly the EU, the Cairns Group, MERCOSUR countries, as well as Japan, the United States and developing nations.
- Analyzing these events and providing key strategies, and collaborating with SAGARPA in these negotiations.
- Advising on the development of agricultural negotiation topics.

C. *Other Issues*

- Collaborating with SAGARPA on the development of political strategies on various antidumping issues regarding agricultural products and monitoring the tomato suspension agreement between Mexico and the United States.
- Cooperating with SAGARPA on issues of interest to Mexico that have arisen in the most recent negotiations within the FTAA framework.
- Collaborating with SAGARPA in its efforts to demonstrate continuous concrete progress in the area of food safety, following up on the Joint Statement on Food Safety of June 1998.

- Collaborating with SAGARPA to reach specific goals in resolving various specific matters in the sector pending before the United States government.

AREA 3: CRISIS MANAGEMENT/RAPID RESPONSE TEAMS

This service area includes our experience in communication media, government and public relations. We worked with SAGARPA when the United States press published a series of clearly biased articles calling the safety of Mexican melon and scallions into question (2003 and 2004). We cooperated in setting up meetings with key USDA and FDA officials and providing information and educational materials to members of Congress and their staff to counteract the press reports. We will continue to use our public relations experience to address negative press related to Mexico's agricultural policies.

Given our firm's considerable experience in the areas of mass communication and crisis management, we have started to work with the SAGARPA Washington office on a training program. We will continue this effort in 2006 and seek to establish a crisis management strategy.

With major changes in the key personnel of Congress and Administration staff, we will seek to ensure that these new policy-makers are informed about SAGARPA's substantial efforts on a range of issues, including: food safety; bilateral trade in pork; market access for Mexican Hass avocados; residual tariffs under NAFTA; tuna dolphin labeling; Mexican sugar imports into the U.S. market; and the current Mexican soft drink tax. We will also continue to schedule meetings with the Administration and with Congress to ensure that they are all aware of the agricultural trade agenda between the United States and Mexico.

AREA 4: MULTILATERAL FORUMS AND NEGOTIATIONS

The WTO negotiations on agricultural matters reached a critical stage in 2005; efforts to accommodate the diverse positions represented by the Contracting Parties in a substantive proposal will be an essential action in 2006. In 2005 the United States presented an ambitious proposal focused on its position on domestic subsidies, calling for a reduction of all domestic subsidies, but other Contracting Parties, including the EU and Japan have not responded accordingly. In 2005 we provided SAGARPA with information on the process that the United States was giving to these negotiations, as well as on the U.S. political climate that was affecting this negotiation. We also provided information about the negotiating positions of other WTO Contracting Parties.

We will continue supporting SAGARPA creatively in the timely review and resolution of matters pending before the WTO and some NAFTA bodies. When appropriate, we will assist in the development of potential cases before the WTO. We will report on developments that affect agricultural trade, including the case the United States filed against the EU for its policies pertaining to genetically modified foods. We will evaluate, recommend and implement strategies to expedite the consideration of issues pending before the Sanitary and Phytosanitary, Agricultural Trade, Agricultural Standards, Chemical Residues and other Subcommittees and their various working groups. We will report and provide strategic assistance on sanitary and phytosanitary issues and standards that affect other WTO members.

AREA 5: MARKET RESEARCH AND PROMOTION

A. Issues with China

In 2005 our work for SAGARPA included the search for market trends for Mexican agricultural products in China. GT previously described, in detail, which agricultural products China imports and what possible markets exist for Mexico. GT also arranged some meetings for SAGARPA officials with officials and business contacts in Mainland China and Hong Kong.

In 2006 GT will continue advising SAGARPA on possible methods of Chinese market penetration. The research will include the examination of the potential for entering the market through other distributors who have already done so. GT will continue monitoring information on trade with China and exploring viable options for winning this market for Mexico. At the same time, GT is monitoring commercial opportunities for Mexican agricultural products in other Asian markets such as Japan and Korea.

B. Korea

During 2005 GT used its contacts in the Korean government to assist this government to develop its position on the opening of its market to the Mexican Hass avocado. In addition, with the support of these contacts, we obtained specific information on the position of the Korean officials regarding a possible free trade agreement with Mexico.

In 2006, as needed, we will continue working with our contacts in the Korean government to support Mexico's goal of greater opening in this market.

C. General Issues

We will continue to issue reports on the development of the agricultural markets of the United States and other countries; we will carry out trade research on behalf of SAGARPA as a result of the recent WTO negotiations, and will continue with strategic consulting on the promotion of agro-business between Mexico and the United States. This activity includes the development of contacts with state promotion organizations and the governors' offices in key states.

We will also provide consulting to SAGARPA on the structuring of a promotion order program model for various Mexican agricultural products in order to find them new markets. In developing this model, and in carrying out pilot promotion programs, we will seek the cooperation of the United States Agricultural Marketing Service (AMS). To explore this possibility, this project will require research in the promotion programs area, as well as meetings with Mexican producers.

With respect to the promotion objectives for Mexican agricultural exports, GT will provide its services to cultivate additional contacts on a state-by-state basis. GT has close relationships with some governors and state organizations. GT will use these contacts to

determine whether there are any state programs or opportunities to establish agricultural partnerships.

In addition, there are some agricultural products with which the American consumer is not familiar, such as the guava, pitaya (dragon fruit), etc. In this area, work could be done with federal and state agricultural agencies to develop promotion and consumer education programs on these relatively unknown Mexican exports. This campaign would include U.S. agricultural producers who must be shown the potential for mutual benefit in a bilateral agricultural exchange partnership between Mexico and the United States.

AREA 6: ENOLA BEAN PATENT DISPUTE

Over the past three years, we have been involved in complex litigation on behalf of SAGARPA in response to a petition for patent violation filed by Pod-Ners, LLC, holder of a United States patent on the Enola bean, against Tutuli Produce Corporation. In the petition, Pod-Ners alleges that the bean importers (Tutuli Produce and Rebecca Gilliland) infringed on Pod-Ners' patent rights in the United States by importing and selling the Mexican yellow mayocoba bean. Our primary objective is to have Pod-Ners' patent rejected or nullified. Our secondary objective is to obtain compensation for Tutuli Produce for the damages caused by the lawsuit. We believe that total victory is important in order to dissuade anyone from trying to obtain a patent on a Mexican agricultural product and then trying to exclude the importation of that product.

In 2005 through GT's services, SAGARPA obtained a partially favorable resolution as the patent rights alleged by Pod-Ners were declared null and void by the Supreme Court and the Patent Office; therefore our defense work was successful. In 2006 GT must continue to follow this matter with regard to the secondary objective of the case, compensation for the United States importer of this Mexican bean.

This litigation on the Enola bean patent demonstrates the usefulness of our firm's specialized knowledge. GT is a firm that offers a complete set of services and this allows us to assist SAGARPA in a wide variety of cases, including intellectual property, corporate, real estate or contracts, or others as necessary. As an example of our practice and in consideration of SAGARPA's request, in 2005 GT assisted the Mexican company Barbara Berry, a limited liability company dedicated to the production and sale of raspberries, in a similar legal matter that involved raspberry seeds, against the U.S. company Spooner Farms, in Puyallup, Washington.

AREA 7: HASS AVOCADO MARKET ACCESS

We have worked closely with SAGARPA to expand U.S. market access for the Mexican Hass avocado. During 2005 and in previous years, GT continued working with SAGARPA to pressure the United States to open the market to Mexican avocados in all 50 states, 12 months per year. At the beginning of 2005 APHIS amended United States regulations on Mexican Hass avocado importation, allowing complete unlimited territorial and seasonal access, with the exception of two years for California, Florida and Hawaii. GT has been assisting SAGARPA as

well as Mexican avocado exporters. Our efforts include monitoring current import regulations and Mexican export flows in order to ensure compliance with the law and market access. In 2005 Mexican producers and exporters started to seek additional modifications to the United States regulations since after several years without any incidents in their shipments, they state that the strict regulations, which require, among other actions, the opening of millions of avocados to look for infestations, have no purpose and impose a high cost on Mexican exporters.

In 2006 GT will continue working with SAGARPA and with Mexican producers to review current United States regulations and guidelines on the importation of Mexican avocados, in order to be able to suggest possible amendment options for the most onerous provisions.

AREA 8: THE BYRD AMENDMENT

The Byrd Amendment establishes that antidumping and countervailing duties on imports be delivered directly to the petitioning U.S. industry. This order was approved and enacted as a law at the end of the 2000 congressional session. In 2004 the WTO ruled against the Byrd Amendment and requested that the United States modify its legislation. However, there are some U.S. representatives who will resist the change. In 2005 although the Ministry of the Economy is also working on this matter, we will continue collaborating with SAGARPA by reporting on U.S. progress in complying with the WTO ruling as well as about the possible reprisal measures, now that WTO has agreed with them. This is important given that the Byrd Amendment creates a strong incentive for U.S. companies to file dumping cases. In 2006 GT will continue following matters related to the Byrd Amendment, particularly bills introduced in the U.S. Congress to put an end to this amendment.

AREA 9: DISPUTES ON SUGAR AND HFCS (HIGH FRUCTOSE CORN SYRUP) BETWEEN MEXICO AND THE UNITED STATES

This matter constitutes a high profile dispute between Mexico and the United States. During 2005 we tracked the progress of the bilateral negotiations between the industries of both countries. In the event an agreement is reached, GT will collaborate by evaluating the agreement reached and its entry into force.

In previous years, we provided legal analysis on the consistency of Mexican taxes on HFCS with the WTO and NAFTA and we educated United States Congressmen with regard to the position of President Fox's Administration on this matter in order to diminish the pressure of the U.S. Congress to take any action against Mexico, such as the "tequila legislation." GT continues its tracking and reports to SAGARPA on any event and reform related to the ongoing disputes between the Mexican and U.S. sweetener industries.

AREA 10: PENDING ISSUES IN MEXICO-U.S. AGRICULTURAL COOPERATION

We continue assisting SAGARPA with the topics pending within the framework of Mexico-U.S. agricultural cooperation—essentially those arising from the agreements established during the previous Binational Commission meetings and those on the Consultative Committee

on Agriculture's (CCA) current agenda. During CCA's most recent meeting (October 2005), we provided support by identifying key issues and developing strategies to deal with those issues.

In 2005, GT continued working with SAGARPA officials to seek resolution on the following matters, many of which will require activity in 2006 and beyond:

- Complete access of the Mexican avocado to the United States and access of the Californian avocado to the Mexican market.
- Regional spread of swine fever in Nayarit.
- Regional spread of poultry issues, particularly in the case of Exotic Newcastle Disease.
- Poultry equivalence: FSIS is awaiting additional information; once it is received and reviewed, FSIS will perform the applicable inspection.

[Translator's Note: There is an interruption in page and item numbering in the original.]

We will continue monitoring this case during appeal and will provide assistance as necessary to the Mexican industry, SAGARPA and the U.S. government, which is defending the original decision of the Secretary of Commerce. In 2006 we will continue working with SAGARPA and the Mexican industry in all these areas, and exploring the possibility of challenges to any adverse result before NAFTA or WTO.

B. Maintaining Access to the Shrimp Market

During 2005 issues such as the antidumping case, the use of turtle excluder devices (TEDs), the use of antibiotics, and the extinction of wild shrimp have resulted in growing pressure by U.S. shrimpers and non-governmental organizations on the Mexican industry. Although Mexico has been excluded from the dumping investigation, the danger remains, especially when due to recent climate problems there has been a negative impact on the U.S. shrimp industry, yet it continues to object to increasing importation. GT will continue to work with SAGARPA to monitor development of these cases and ensure that Mexico's interests are protected. We will also continue to monitor all other issues that could threaten the Mexican shrimp industry, and thus be prepared to notify SAGARPA of situations where Mexico's share of the U.S. import market for shrimp could be affected.

AREA 12: FORESTRY AND LUMBER ISSUES

Traditionally, Mexico has been the largest single export market for U.S. forestry products in Latin America. NAFTA has facilitated the trade flow between the two countries by eliminating the 15 percent duties on lumber product exports from the United States, particularly on sawn lumber, since the agreement took effect in January 1994. NAFTA also created a forum for the discussion of sanitary and phytosanitary matters that have periodically hindered U.S. lumber trade with Mexico. The maquiladora processes and programs in Mexico have permitted

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the manufacture of furniture that returns to the United States as finished product. The Mexican government has provided additional resources for the construction of new infrastructure projects requiring lumber.

As previously requested by SAGARPA, in 2006 we will continue to monitor and provide analysis on various forestry and lumber-related trade matters within the context of NAFTA, the WTO and other forums; we will examine these matters from a trade, environmental and sustainable development perspective.

AREA 13: TRADE PROJECTS

Since 2001 we have been assisting SAGARPA in its new trade project approach. We finished the project to identify major commercial food chains and the agricultural product buyers within those chains, in order to benefit independent Mexican farmers by increasing sales to supermarket chains based in the United States. We also set up SAGARPA meetings with these contacts, in order to strengthen trade relationships between U.S. buyers and Mexican farmers in the long term.

In 2004 Mexico established an office for the Fruit and Vegetable Dispute Resolution Corporation "DRC Mexico". We collaborated with SAGARPA to write the draft legal agreement that facilitated this initiative, which promises to facilitate the sale of fruit and vegetables from Mexico. In 2006 GT will continue to advise SAGARPA as Mexico implements its destination inspection service and the DRC Mexico City office enters its third year of operations.

In 2003 and 2004 we collaborated with SAGARPA on the Society for Prosperity initiative that involves Texas A&M University and the Center for Strategic International Studies. We participated decisively in this matter and in the San Francisco meetings of the Society for Prosperity. In 2005, as requested by SAGARPA, GT followed the various topics related to the recently created Security and Prosperity Partnership of North America (SPP). In 2006 when it seems that the Society for Prosperity may disappear before the increasing power of the new SPP, GT will use its resources to collaborate with SAGARPA to identify projects and facilitate synergies.

Since 2003 we have assisted SAGARPA with the "Five a Day" initiative for which we have assisted the Mexican delegations that have visited Washington, DC to arrange important meetings with the U.S. Administration. During 2006 GT will use its resources to assist SAGARPA with the legal aspects of carrying out the program, as well as finding sponsors for this initiative.

We will collaborate in the preparation of the annual meeting of the Produce Marketing Association (PMA) for 2005 in Atlanta, Georgia, just as we have done for previous PMA meetings. We expect to participate in this event in 2006 as well.

CONCLUSION

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Our SAGARPA team has increased in strength. Now integrated in GT, it has supported GT in becoming a full partner to SAGARPA, not only in the United States, but also around the world. For 2006 we expect to expand our support of SAGARPA even more. We have broad institutional knowledge about important agricultural trade issues between both countries. We will continue to provide added value to SAGARPA activities under a cost-effective strategy. We hope to increase our activity even more, with greater participation in SAGARPA's trade initiatives.

We invite SAGARPA to allow us to collaborate in all areas of consultation and support described in our proposal. We are available to meet with SAGARPA whenever necessary, whether in Mexico City or any other city or entity in the country or abroad (for example, at international negotiations or dispute resolutions). We are also prepared to support SAGARPA in those cases where we may provide our services directly to the private Mexican agricultural sector, negotiating discounted fee structures for those Mexican parties in recognition of SAGARPA's relationship with our firm.

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