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Translated - JTG -

SAGARPA ASERCA 2006

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A 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, HEREINAFTER "SAGARPA," THROUGH THE AGRICULTURAL AND LIVESTOCK MARKETING SUPPORT AND SERVICE AGENCY (*APOYOS Y SERVICIOS A LA COMERCIALIZACIÓN AGROPECUARIA*), HEREINAFTER "ASERCA," REPRESENTED BY MS. ANA GRACIELA AGUILAR ANTUÑANO, IN HER CAPACITY AS DIRECTOR, AND "GREENBERG TRAUIG, LLP," REPRESENTED BY MR. IRWIN P. ALTSCHULER, IN HIS CAPACITY AS LEGAL REPRESENTATIVE, HEREINAFTER THE "ASERCA" AND THE "PROVIDER," RESPECTIVELY, AND JOINTLY AS THE "PARTIES," IN ACCORDANCE WITH THE FOLLOWING RECITALS, REPRESENTATIONS AND CLAUSES:

RECITALS

- I. At the Fourth Regular Meeting of the SAGARPA's Central Procurement, Leasing, and Services Committee, held February 23, 2006, the contracting of the services covered under this contract was approved by direct award to the "PROVIDER," due to the fact that the Consulting Services in Agro-Business Trade Policy and Agricultural Trade Legislation have been provided on an annual basis in response to a real need by SAGARPA to benefit from focused monitoring of various matters implicit in its relations with the US government, as well as those relating to various Mexican sectors.

The Professional Service covers various issues, all related to the agro-industrial sector, including:

- Political and legal monitoring, analysis and strategy.
- Case management and defense before congress and the executive branch.
- Crisis management/rapid response teams.
- Multilateral forums and negotiations.
- Market research and promotion.
- Trade projects.
- Fisheries issues.
- Forestry and lumber issues.
- Pending issues in US-Mexico cooperation in the agricultural sector.

Most of these topics are a continuation of the services provided by the "PROVIDER" in prior years, and must continue until they may be considered complete.

The matters to be addressed by the "PROVIDER" include negotiations with various sectors involved in the matters referred to above [for which] they must consult with SAGARPA officials, represented by its Decentralized Administrative Entities, in those situations which could jeopardize the interest of the nation and of the involved national sectors.

- II. This contract was awarded to the "PROVIDER" by Direct Award, pursuant to the provisions of Articles 19, 22 section II, 25, 26 section III, 40 and 41 section X of the Public Sector Procurement, Leasing and Services Act.
- III. "SAGARPA" has the budget line item authorized to meet the expenditures arising from this contract.

REPRESENTATIONS

I. "ASERCA" REPRESENTS:

I.1 That it is a Decentralized Administrative Entity of the Ministry of Agriculture, Livestock, Rural Development, Fisheries and Food, pursuant to Articles 17 of the Federal Public Administration Act; 3 section III and 32 of the Internal Regulations of the Ministry of Agriculture, Livestock, Rural Development, Fisheries and Food.

I.2 That Ms. Ana Graciela Aguilar Antuñano, in her capacity as Director, is authorized to execute this contract pursuant to the provisions of Articles 35 sections II and III, 48 sections I and VII of the Internal Regulations of the Ministry of Agriculture, Livestock, Rural Development, Fisheries and Food.

I.3 That its place of business is located at Municipio Libre No. 377, Piso 6, Ala "B," Colonia Santa Cruz Atoyac, Delegación Benito Juárez, Postal Code 03310, Mexico City, Federal District, which it indicates for all legal purposes and effects of this contract..

I.4 That it has the authorization of the applicable Minister, issued in Official Notice No. 100-0213 dated February 21, 2006, for the applicable expenditure to fulfill the purpose of this contract.

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 in favor of contracting the services required under this contract.

I.6 That its Federal Taxpayer Identification is: ASC910416PK9.

I.7 That it requires Consulting Services in Agro-Business Trade Policy and Agricultural Trade Legislation.

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.

II.5 That it is aware of "ASERCA's" requirements and has the experience, human resources, and materials, as well as the proper tools necessary to provide the services under this contract.

II.6 That it is the sole employer of each and every one of the individuals who will participate in the performance of this contract, and therefore releases "ASERCA" and SAGARPA" from any labor-related liability.

II.7 That the most recent modifications, if any, to any documentation accrediting the legal existence and representation of the legal entity are included in this section.

III. THE "PARTIES" REPRESENT:

III.1 That they wish to enter into this Consulting Service Contract and be bound in accordance herewith.

LEGAL GROUNDS

BY VIRTUE OF THE FOREGOING, AND PURSUANT TO ARTICLES 9, 26 AND 35 OF THE FEDERAL PUBLIC ADMINISTRATION ACT; 1793, 1794, 1798, 1858, AND OTHER RELATED PROVISIONS OF THE FEDERAL CIVIL CODE; 1, 3 SECTION VIII, 19, 22 SECTION II, 25, 26 SECTION III, 40, AND 41 SECTION X, AND OTHER APPLICABLE PROVISIONS OF THE PUBLIC SECTOR PROCUREMENT, LEASING AND SERVICES ACT; 62, 64, 66 AND OTHER APPLICABLE PROVISIONS OF THE PUBLIC SECTOR PROCUREMENT, LEASING AND SERVICES ACT; 2 SECTION IV, 4, 13 AND 25 OF THE FEDERAL PUBLIC BUDGET, ACCOUNTING, AND EXPENDITURE ACT; 1, 3, 11, 14 SECTION VII, 24, 27 OF THE COPYRIGHT ACT; 1 AND 31 OF THE FEDERAL EXPENSE BUDGET FOR FISCAL YEAR 2006, 5 SECTION VI, 64 OF THE CURRENT BUDGETARY STANDARDS MANUAL FOR THE FEDERAL PUBLIC ADMINISTRATION; 3 SECTION III, 32, 35 SECTION II AND 48 SECTIONS I AND VII OF THE CURRENT INTERNAL REGULATIONS OF THE MINISTRY OF AGRICULTURE, LIVESTOCK, RURAL DEVELOPMENT, FISHERIES AND FOOD; AND THE BYLAWS OF THE "PROVIDER," THE "PARTIES" ENTER INTO THIS CONTRACT IN ACCORDANCE WITH THE FOLLOWING:

CLAUSES

ONE: PURPOSE OF THE CONTRACT

The "PROVIDER" agrees to perform 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 OF I "DESCRIPTION OF SERVICE,"** which, duly executed by the "PARTIES," forms an integral part hereof.

TWO: SERVICES

The "PROVIDER" agrees to perform the Consulting Services on Agro-Business Trade Policy and Agricultural Trade Legislation in accordance with the instructions it receives on such matters from "ASERCA" through the **Mexican Agricultural and Livestock Office in the United States, based in Washington, D.C.,** performing such services in accordance with the provisions of **EXHIBIT I OF I "DESCRIPTION OF SERVICE,"** and the following specifications:

The matters to be addressed by the "PROVIDER" include negotiations with various sectors involved in the matters addressed in this contract [for which] they must consult with SAGARPA officials, represented by its Decentralized Administrative Entities, in those situations which could jeopardize the interest of the nation and of the involved national sectors.

The procurement of the services under this contract shall represent a continuation of those still in the process of being completed and those being monitored, as well as issues that arise and require immediate attention.

The "PROVIDER" shall submit a monthly report on activities performed to the Director of the **Mexican Agricultural and Livestock Office in the United States, based in Washington, D.C.**

The "PROVIDER" shall meet the technical and quality standards set by "ASERCA," and shall provide outstanding performance through specializes in the fields of international trade negotiations, diplomatic, political, economic, and legal affairs, and a professional practice in international matters.

THREE: LOCATION AND TERM OF SERVICE

The "PROVIDER" agrees to perform the services covered under this agreement in its offices located at 800 Connecticut Avenue, N.W., Suite 500, Washington, D.C. 20006, United States of America.

FOUR: AMOUNT OF CONTRACT

"ASERCA" agrees to pay the "PROVIDER," through "SAGARPA," as consideration for the service under this contract, **the total amount of \$5,000,000.00 (FIVE MILLION AND 00/100 MEXICAN PESOS)**, for the consulting services rendered in the United States of America.

The "PARTIES" agree that the amount of consideration for the services under this contract includes all expenses, materials, and tools appropriate and necessary for the rendering of such services.

FIVE: FORM OF PAYMENT

The payment for the services under this contract shall be made by "ASERCA" to the "PROVIDER" as follows:

- a) **Ten payments of 10% (ten percent) each** of the total amount of the contract on March 31, April 28, May 31, June 30, July 28, August 31, September 29, October 31, November 30 and December 29, all in 2006, each in the amount of \$500,000.00 (FIVE HUNDRED THOUSAND AND 00/100 MEXICAN PESOS), upon submission by the "PROVIDER" of a monthly report of activities undertaken and certification by the Director of the **Mexican Agricultural and Livestock Office in the United States, based in Washington, D.C.** that it has received the services to its full satisfaction by reporting this to the Director of "ASERCA." The final payment shall be made once the "PROVIDER" has satisfactorily completed the entire service, upon submission of an original copy of the delivery-receipt certificate certifying that the **Mexican Agricultural and Livestock Office in the United States, based in Washington, D.C.** has received the entirety of the services to the full satisfaction of "ASERCA" and this is reported in writing to the Director of "ASERCA."

The payments shall be made by "ASERCA" through the Ministry of Agriculture, Livestock, Rural Development, Fisheries and Food (SAGARPA), within 8 (eight) business days following the submission of the applicable invoices, which shall meet all tax requirements, at Calle de San Lorenzo, No. 1151, piso 2, ala "A," Col. Santa Cruz Atoyac, Delegación Benito Juárez, Postal Code 03310, Mexico City, Federal District, by electronic fund transfer, for which the "PROVIDER" shall provide evidence from a financial institution of the existence of a checking account in its name.

The "PROVIDER" shall indicate all items to which the payment applies. Invoices shall be submitted to the abovementioned place of business, 8 days in advance, for their review prior to payment.

In the event that the "PROVIDER" is subject to the penalty set forth in Clause Twelve, payment for the services under the contract shall be subject to the payment of said penalties to be made by the "PROVIDER."

"ASERCA" agrees that in the event that the invoices submitted by the "PROVIDER" contain errors or defects, it shall notify the "PROVIDER" thereof within three calendar days of receipt shall indicate in writing the defects to be corrected, and therefore the established date of payment shall be delayed in proportion to the delay caused by such errors.

SIX: TAXES AND DUTIES

The taxes incurred due to the performance of this agreement shall be applicable to the "PARTIES" pursuant to current tax legislation in the countries of the "PROVIDER" and of "ASERCA," respectively. Therefore, each party shall be responsible for the payment of the taxes applicable thereto arising from the provisions set forth herein.

SEVEN: PATENTS, TRADEMARKS AND LICENSES

The "PROVIDER" shall assume full responsibility in the event that in rendering the services to "ASERCA" it violates the patent, trademark, licensing rights or copyrights of third parties in relation to the services covered under this contract.

EIGHT: PERFORMANCE BOND

In order to guarantee compliance with the obligations arising from this contract, the "PROVIDER" agrees to deliver, within 10 calendar days following execution of this contract, a bond issued by a legally authorized National Institution, to the order of the National Treasury, and available to "ASERCA," for the amount of 20% of the amount of the contract, in Mexican Pesos. This bond shall be effective from the date of its issue and shall remain in force through completion of all legal appeals or lawsuits filed, until a final ruling is issued by the competent authority, such that its term may not be limited by the term of performance of this contract. The bond shall also remain effective, even in the event that "ASERCA" grants extensions or postponements to the "PROVIDER" for compliance with the obligations covered by the bond. "ASERCA" must issue an express written request for the bond to be released.

In the event of extensions or postponements granted to the "PROVIDER," for performance of the contract, arising from the execution of an agreement to extend the term hereof, the "PROVIDER" agrees to amend the bond accordingly.

NINE: AMENDMENTS TO THE CONTRACT

By common agreement, the "PARTIES," on founded, explicit grounds, in the case of "ASERCA," may amend this contract, pursuant to the provisions of Article 52 of the Public Sector Procurement, Leasing, and Services Act and other applicable provisions.

TEN: COPYRIGHT

The "PARTIES" agree that "ASERCA" shall be the holder of the Copyrights arising from the performance of the services under this contract.

The data, information and results obtained through the rendering of the services under this contract are property of "ASERCA" and therefore the "PROVIDER" agrees not to publish or market, in whole or in part, the results and documents generated as part of the service or the information that "ASERCA" provides it in order to perform the service, without the express, written consent of "ASERCA."

ELEVEN: RESCISSION

"ASERCA" may rescind this agreement, without any liability and without any court order whatsoever, with the only requirement being that it communicate its decision in writing to the "PROVIDER," in the cases mentioned below:

- A. When, for causes attributable to the "PROVIDER," the services are not performed in the agreed upon terms or under the agreed upon conditions.
- B. When the "PROVIDER" has failed to make the necessary corrections during the term of performance of the services.
- C. When services that have been rejected are not replaced during the term of receipt and guarantee.
- D. Due to breach clause fourteen of this contract on confidentiality.
- E. Due to breach of the other obligations agreed upon herein.

In the case of the foregoing paragraphs, the rescission procedure shall begin at any time after "ASERCA" is aware of such events.

If, prior to the decision to rescind the contract, the obligations are fulfilled, the procedure initiated shall be null and void, upon prior acceptance and verification by "ASERCA" that there continues to be a need for the services under this contract, with the application of the contractual penalties, if applicable.

“ASERCA” may decide not to rescind the contract when, during the procedure, it notes that the rescission of the contract could give rise to damage to or impact on the duties it has entrusted.

This rescission procedure shall be carried out as follows:

I. It shall begin when the “PROVIDER” is served written notice of its nonperformance, granting the “PROVIDER” a term of five business days to assert its legal rights and submit, as applicable, the evidence it deems pertinent.

II. After the term referred to in the foregoing paragraph, “ASERCA” shall resolve the matter considering the arguments and evidence submitted.

III. The determination of whether or not to rescind the contract shall be duly founded and reported to the “PROVIDER” within 15 business days after the term set forth in paragraph I above.

IV. When the contract is rescinded, “ASERCA” shall draft the applicable settlement in order to determine the payments to be made for the services rendered through the time of the rescission.

In the event of rescission, the application of the performance bond shall be proportional to the amount of the obligations not fulfilled.

TWELVE: CONTRACTUAL PENALTIES

In the event of delay by the “PROVIDER” in the performance of the services under this contract, a contractual penalty of 2% per business day of delay shall be applied for the amount of the services that are not performed due to causes attributable to the “PROVIDER,” within the indicated time frames, up to the amount of the performance bond, in which case “ASERCA” may opt to rescind the contract and execute the bond, or accept the service.

The “PROVIDER” agrees that in the event it must pay this contractual penalty, it shall deliver the amount thereof to “SAGARPA.”

THIRTEEN: HUMAN RESOURCES

The “PARTIES” agree that this contract is executed with the understanding that the “PROVIDER” has the necessary staff and resources to render the services under this contract, and therefore, at no time shall “ASERCA” be considered an intermediary with respect to said staff. Therefore, “ASERCA” and “SAGARPA” are henceforth released from any labor, tax, or social security-related liability that could arise in this regard. Therefore, the “PROVIDER” agrees to assume responsibility for the claims of its workers.

Moreover, the “PROVIDER” agrees to assume the costs for any damage, loss, destruction or deterioration, duly confirmed, caused by said staff during the performance of the services under this contract.

FOURTEEN: CONFIDENTIALITY:

The “PROVIDER” agrees to maintain the information to which it has access under this agreement in strict confidence, and that the staff hired by it shall maintain absolute confidentiality with respect to such information. Therefore it assumes responsibility for the misuse its staff makes of such information both during and after the end of the term of this instrument.

FIFTEEN: LIABILITY

The “PROVIDER” agrees to assume responsibility for the quality of the services, as well as to assume any liability it may incur under the terms of this contract, pursuant to paragraph two of Article 53 of the Public Sector Procurement, Leasing and Services Act.

SIXTEEN: TERM

The term of this contract shall run from March 3, 2006 to December 31, 2006.

SEVENTEEN: ADVANCED TERMINATION

“ASERCA” may terminate this agreement in advance on the grounds of public interest, or when justified causes eliminate the need for the originally contracted service, and it is demonstrated that continuing with the performance of the agreed upon obligations would cause damage or loss to the State, or the nullity of the acts giving rise to this agreement is declared, in whole or in part, on the grounds of the resolution of nonconformity issued by the Ministry of Public Duties, by serving notice to the “PROVIDER” ten days in advance of the date such termination is to take effect, in which case “ASERCA” shall pay the “PROVIDER” the amount applicable to the services actually rendered as of the date of the advanced termination of the contract.

When in the performance of the service, a case of force majeure or an act of God arises, “ASERCA” may take responsibility for suspending performance of the service, in which case only those services actually rendered shall be paid for.

EIGHTEEN: ASSIGNMENT OF RIGHTS

The “PARTIES” agree that the “PROVIDER” may not assign its rights and obligations arising from this agreement to third parties, whether they be individuals or legal entities, with the exception of collection rights, in which case it shall have the prior written consent of “ASERCA.”

NINETEEN: OVERSIGHT AUTHORITY

“ASERCA” designates the director of the Mexican Agricultural and Livestock Office in the United States, based in Washington, D.C. as the party responsible for oversight of compliance with the technical aspects of the purpose of this contract and the other obligations set forth herein, and for communicating this to the Office of the Director so it can take the appropriate actions before the Ministry of Agriculture, Livestock, Rural Development, Fisheries and Food for the distribution of the payments to the “PROVIDER,” set forth in Clause Five, “Form of Payment” herein.

TWENTY: CONTINGENCIES

The “PARTIES” agree to submit to the provisions of Book Four, Part One, Title One, Chapter I, and Part Two, Title Ten, Chapter II and other applicable provisions of the Federal Civil Code for all matters not set forth in this contract.

TWENTY-ONE: JURISDICTION

For the interpretation and performance of this contract, the “PARTIES” submit to the jurisdiction of the Federal Courts in Mexico City, Federal District, and therefore, waive their rights to any other jurisdiction to which they may be entitled by reason of their present or future domiciles, or for any other reason.

Upon reading this contract, and duly informed of the content and legal force of its clauses, the “PARTIES” execute it in three counterparts, in Mexico City, Federal District on March 3, 2006.

FOR “ASERCA”

FOR THE “PROVIDER”

[signature]

MS. ANA GRACIELA AGUILAR ANTUÑANO
DIRECTOR

[signature]

MR. IRWIN P. ALTSCHULER
LEGAL REPRESENTATIVE
GREENBERG TRAUIG, LLP

[signature]

MR. CARLOS VAZQUEZ OCHOA

**MINISTER OF THE MEXICAN AGRICULTURAL
AND LIVESTOCK OFFICE IN THE UNITED
STATES, BASED IN WASHINGTON, D.C.**

**SOLE EXHIBIT
DESCRIPTION OF SERVICE**

The PROVIDER, during the contract period, shall perform the following activities:

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

The PROVIDER shall continue to provide SAGARPA and ASERCA 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 and ASERCA to anticipate events before they occur. SAGARPA and ASERCA 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 and ASERCA 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 and its decentralized entities like ASERCA 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 and ASERCA 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 and ASERCA with a similar service for the Produce Marketing Association meeting in Atlanta, Georgia. The PROVIDER 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 and ASERCA continue to increase their 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. The PROVIDER's staff includes professionals with prior experience as journalists, as

well as media experts, and we have assisted SAGARPA and its decentralized administrative entities, including ASERCA, with the task of publishing editorials and information in appropriate information outlets.

The PROVIDER will continue providing SAGARPA with information on a daily basis when an issue warrants immediate action. In turn, we will submit weekly reports to SAGARPA and ASERCA (including a special edition for the Minister) in order to keep SAGARPA and ASERCA 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. The PROVIDER will work with SAGARPA and ASERCA 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. The PROVIDER will continue to work with SAGARPA and ASERCA to anticipate such issues and develop case strategies to confront them. The PROVIDER will also continue working with SAGARPA and ASERCA to minimize any harm these disputes could have on the reputation of Mexico's agricultural products on the U.S. market.

As a part of this function, and in support of SAGARPA and its decentralized entities, including ASERCA, the PROVIDER 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. The PROVIDER 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 and ASERCA. This function includes assistance in the drafting of comments and letters on a wide variety of matters, including those related to country of origin labeling, market access, proposed promotion orders (avocados and mangos), and other importation issues before the U.S. government authorities and Congress.

We predict that in 2006 the PROVIDER 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 and ASERCA in the presentation of comments on regulations proposed by FDA and USDA. There are additional regulations on this matter on which the PROVIDER continues to provide services to SAGARPA and ASERCA 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.

The PROVIDER has vast experience in the legal and technical aspects of WTO and NAFTA agreements. If required, the PROVIDER 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").

Another area of specialization in which we have provided services to SAGARPA and its decentralized administrative entities, particularly ASERCA, is practice and litigation in antidumping and countervailing duty matters. The PROVIDER 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 and ASERCA to encourage the participation of Mexican producers in the suspension agreement. 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 and ASERCA, 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 and ASERCA with legal consulting to confront the challenge procedures against access of the Mexican avocado to the U.S. market, 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 and ASERCA:

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 the PROVIDER'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 the PROVIDER'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

The PROVIDER will continue to collaborate with SAGARPA and its decentralized administrative entities, including ASERCA, 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 and ASERCA, the PROVIDER has the experience in Mexico-United States trade and the specialists to be able to assist SAGARPA and ASERCA 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 and ASERCA 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.

With respect to other miscellaneous issues, upon prior approval by SAGARPA and ASERCA, the PROVIDER will outline a legislative strategy in 2006. For example, the PROVIDER 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 and ASERCA.

A. NAFTA

- Using NAFTA claims to influence the Congress and Executive Branch in the observance of the agreements and 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 and ASERCA 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 and ASERCA on issues of interest to Mexico that have arisen in the most recent negotiations within the FTAA framework.
- Collaborating with SAGARPA and ASERCA 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 and ASERCA 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 - ASERCA 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 and ASERCA's substantial efforts on a range of issues, including: bilateral trade in pork; market access for Mexican Hass avocados; residual tariffs under NAFTA; 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 and ASERCA 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 and ASERCA 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 and ASERCA included the search for market trends for Mexican agricultural products in China. The PROVIDER previously described, in detail, which agricultural products China imports and what possible markets exist for Mexico. The PROVIDER also arranged some meetings for SAGARPA officials with officials and business contacts in Mainland China and Hong Kong.

In 2006 the PROVIDER 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. The PROVIDER will continue monitoring information on trade with China and exploring viable options for winning this market for Mexico. At the same time, the PROVIDER is monitoring commercial opportunities for Mexican agricultural products in other Asian markets such as Japan and Korea.

B. Korea

During 2005 the PROVIDER 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 and ASERCA 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 and ASERCA 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, the PROVIDER will provide its services to cultivate additional contacts on a state-by-state basis. The PROVIDER has close relationships with some governors and state organizations. The PROVIDER 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 and ASERCA 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 the PROVIDER's services, SAGARPA and ASERCA 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 the PROVIDER 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. The PROVIDER is a firm that offers a complete set of services and this allows us to assist SAGARPA and ASERCA 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 the PROVIDER 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 and ASERCA to expand U.S. market access for the Mexican Hass avocado. During 2005 and in previous years, the PROVIDER continued working with SAGARPA and ASERCA 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. The PROVIDER has been assisting SAGARPA and ASERCA 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 the PROVIDER will continue working with SAGARPA and ASERCA 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 the PROVIDER 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, the PROVIDER 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." The PROVIDER 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 and ASERCA 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, the PROVIDER continued working with SAGARPA and ASERCA 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.
- Livestock Identification System: SAGARPA and USDA agreed that this system needs to be compatible with other countries. This topic must be the subject of further discussion.
- Guava: SAGARPA requested access to the U.S. market for Mexican guava.

AREA 11: 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 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 and ASERCA, 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 12: 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 the PROVIDER 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, the PROVIDER 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, the PROVIDER 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 the PROVIDER 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

Our SAGARPA team has increased in strength. Now integrated in the PROVIDER, it has supported the PROVIDER in becoming a full partner to SAGARPA and its decentralized entities, including ASERCA, not only in the United States, but also around the world. For 2006 we expect to expand our support of SAGARPA and ASERCA even more. We have broad

institutional knowledge about important agricultural trade issues between both countries. We will continue to provide added value to SAGARPA and ASERCA activities under a cost-effective strategy. We hope to increase our activity even more, with greater participation in the trade initiatives of SAGARPA and ASERCA.

We invite SAGARPA and ASERCA to allow us to collaborate in all areas of consultation and support described in our proposal. We are available to meet with SAGARPA and ASERCA 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 and ASERCA 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 the relationship of SAGARPA and its decentralized entities, like ASERCA, with our firm.

Mexico City, Federal District, on March 3, 2006

FOR ASERCA

[signature]

MS. ANA GRACIELA AGUILAR ANTUÑANO
SENIOR DIRECTOR

[signature]

MR. CARLOS VAZQUEZ OCHOA
MINISTER OF THE DEPARTMENT OF
AGRICULTURE OF MEXICO IN THE UNITED
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FOR THE PROVIDER

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