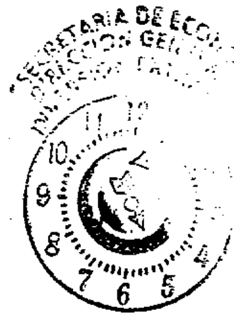

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NOTICE OF INTENT TO SUBMIT A CLAIM TO ARBITRATION UNDER SECTION B OF CHAPTER 11 OF THE NORTH AMERICAN FREE TRADE AGREEMENT

CORN PRODUCTS INTERNAT[illegible]

v.

UNITED MEXICAN ST[illegible]

SECRETARÍA DE ECONOMÍA
DIRECCIÓN GENERAL DE INVERSIÓN EXTRANJERA
Jacqueline Márquez Rojano
Jefa de Departamento de Tratados para América
Insurgentes Sur No.1940, 8° Piso, Col. Florida, C.P. 010[illegible] México, D.F.
Tel.: 52.29.61.00 Ext. 3527 Fax: 52.29.65.07 e-mail: [illegible]onomia.gob.mx

Served on: Secretaría de Economía
Dirección General de
Inversión Extranjera

Filed by:

MILLER & CHEVALIER CHARTERED
Lucinda A. Low
Matthew M. Nolan
Myles S. Getlan

Counsel to Corn Products
International, Inc.

January 28, 2003

SHCP SUBSECRETARÍA DE INGRESOS
ENE. 2003
OFICINA DE CONTROL DE GESTIÓN
12:35 REG.
Folio: 2003 00517

1. Pursuant to Article 1119 of the North American Free Trade Agreement ("NAFTA"), Corn Products International, Inc. ("Corn Products"), the Investor and a U.S. company, submits this Notice of Intent to Submit a Claim to Arbitration on behalf of itself and on behalf of Arancia Corn Products, S.A. de C.V. ("Arancia"), a Mexican company that it owns and controls, for breach of Mexico's obligations under Chapter 11 of the NAFTA.

I. NAME AND ADDRESS OF DISPUTING INVESTOR AND ENTERPRISE

U.S. Investor:

Corn Products International, Inc.
5 Westbrook Corporate Center
Westchester, Illinois 60154

Enterprise of U.S. Investor:

Arancia Corn Products, S.A. de C.V.
López Cotilla No. 2030 Col. Arcos Vallarta
C.P. 44130 Guadalajara, Jalisco
Mexico

II. NAFTA PROVISIONS BREACHED

2. The Government of Mexico has breached its obligations under Article 1102 (National Treatment), Article 1106 (Performance Requirements), and Article 1110 (Expropriation and Compensation) of the NAFTA by imposing a series of measures, culminating in a highly discriminatory tax on soft drinks containing high fructose corn syrup ("HFCS"). Corn Products intends to submit to arbitration claims on its own behalf under Article 1116, and on behalf of Arancia under Article 1117, that the Government of Mexico, by taking these measures and particularly through the imposition of the tax (the "HFCS Tax"), has breached the NAFTA obligations cited above. In the case of the Article 1110 claim (Expropriation and Compensation), the submission of this claim is subject to the provisions of Article 2103 of the NAFTA.

III. FACTUAL BASIS FOR CLAIMS

A. The Investor and the Enterprise

3. Corn Products is a U.S. company. Currently, it is a leading U.S. producer of HFCS in the United States and abroad.[1] HFCS is one of the most significant products for Corn Products, accounting for more than a quarter of its sales.[2]

4. Arancia is a Mexican company, currently indirectly 100 percent owned by Corn Products through two subsidiaries, Corn Products Development, Inc. and Aracorn, S.A. de C.V. Arancia is the leading producer of HFCS in Mexico.

B. HFCS as a Soft Drink Sweetener

5. HFCS is a liquid sweetener used in a number of industrial applications, most notably soft drink production. In the late 1970s, the U.S. corn wet milling industry, including Corn Products, developed the technology necessary to produce HFCS for use as a sweetener in soft drinks. Corn refiners produce HFCS by refining slurry starch produced from corn wet milling through a highly sophisticated, capital-intensive, production process.

6. Prior to the development of HFCS, the only available sweetener for soft drinks (other than non-caloric sugar substitutes) had been sugar. There are two principal grades of HFCS: HFCS-42 and HFCS-55. Corn Products built its first U.S. HFCS-42 production line in

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[1] Corn Products was founded in 1906 as Corn Products Refining Company and later became known as CPC International. In 1997, CPC International spun off its corn refining business to form Corn Products International, Inc., an independent and publicly traded company whose stock is listed on the New York Stock Exchange. Reference to Corn Products herein will encompass both Corn Products and CPC International, as appropriate, unless otherwise noted.

[2] Corn Products produces a number of other products derived from corn wet milling, such as corn starch, dextrose, glucose, and a number of by-products including corn oil and animal feeds.

1976 and its first HFCS-55 plant in the early 1980's.[3] Approximately 90 percent of HFCS-55 is used in the soft drink industry. By the late 1980's, U.S. soft drink bottlers used HFCS exclusively for their caloric sweetener needs.

7. The rapid acceptance and growth of HFCS since the development of the necessary production technology reflects several various important advantages of HFCS over sugar:

- HFCS is sold at lower unit prices, resulting from HFCS' lower unit production costs;
- HFCS is produced as a liquid and distributed to soft drink bottlers in bulk form that can be used without further processing or modification into the soft drink production process;[4]
- HFCS possesses greater consistency of quality than sugar.

C. Corn Products' Decision to Invest in HFCS in Mexico

8. Corn Products first invested in Mexico in 1930, through an affiliate called Productos de Maíz, S.A. de C.V., that produced a variety of products from the corn wet milling process. Corn Products' Mexican operations became one of the principal members of the corn wet milling industry in Mexico. In 1984, Productos de Maíz built a technologically advanced plant in San Juan del Río (the "SJR Facility"), in the State of Querétaro, to add to its existing operations. The SJR Facility's principal products until 1997, when it began to produce HFCS, were corn starch and corn syrup.

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3 Each grade of HFCS contains a different concentration of fructose. HFCS-55, which is the principal grade used in the production of soft drinks, has a greater concentration of fructose and its sweetness level is equivalent to sugar. HFCS-42, while also used in soft drink production, is primarily used in the production of bakery products, such as breads, cakes, and cookies.

4 By contrast, sugar in Mexico is delivered in 50-kilo bags that must be unwrapped, cleaned, and further processed to produce dissolved sugar for use in soft drinks.

9. In 1994, in the wake of NAFTA and other market-liberalization measures, internal and external, adopted by the Mexican Government, and the privatization of the domestic sugar industry, Corn Products entered into a joint venture with the Arancia Group, a Mexican-owned group of companies which was a longstanding producer of products from corn wet milling. Corn Products and Arancia had each for some time been considering investing in HFCS production in Mexico to serve the soft drink industry.

10. The two companies' mutual interest in investing in HFCS production for the Mexican soft drink industry was one of the principal motivations for the joint venture. Several factors led to identifying Mexico as such a strong potential market. Mexico is second in the world in per capita consumption of soft drinks. In addition, Mexico already had a developed corn wet milling industry, with both domestic and foreign-owned companies. Moreover, the close proximity of the United States provided Mexico with a significant source for yellow corn -- the principal input for HFCS -- which is not available in significant quantities in Mexico.[5]

11. However, up to that point, each company had been deterred by several factors. First, the investment required to produce HFCS at the necessary level was significant. Second, the powerful domestic sugar industry's hold on the market and rigid government policies designed to support the sugar industry against open market competition created uncertainties.

12. The Mexican government historically has exercised a close paternal control over production, distribution, and prices of sugar through various decrees that support the 700,000 direct and indirect sugar industry workers. In turn, the labor and industry unions representing these workers are members of the *Partido Revolucionario Institucional* (PRI), the ruling party in Mexico for 71 years, and thus are instrumental in developing policies favorable to the sugar

[5] Most of Mexico's corn production is white corn, rather than yellow corn. For various reasons, yellow corn is preferred over white corn by the corn wet milling industry.

industry that ultimately are supported or adopted by the PRI and its legislators. In this symbiotic relationship, the cane workers have looked to the Government to protect them against low prices; mill owners have been bailed out by Government support or takeovers; and elected officials, by being responsive to industry demands, have enjoyed the support of this powerful sector. The Government's interventionist policies sheltered the sugar industry from the restructuring that market forces would impose given the industry's bloated workforce, high debt, and outdated production processes.

13. NAFTA and contemporaneous changes in the Mexican legal environment materially changed the investment calculus for Corn Products and Arancia. Both companies believed that the NAFTA and related measures dramatically reducing the role of the government in the economy, including privatization of the sugar mills, had solidified Mexico's recent opening to trade and investment, offered an opportunity to compete in an open marketplace, and provided assurance that inputs needed for HFCS production would be available. In addition, the Mexican Government, shortly after the entry into force of NAFTA, had given written assurance in 1994 to the corn wet milling industry of the availability of yellow corn, which has been largely imported from the United States. High Mexican government officials reassured Arancia that investment in HFCS production would be consistent with Mexico's open market policies.

D. Corn Products' Investment In Arancia and Mexico's Sweetener Market

14. Corn Products and Arancia formed a joint venture in September 1994, shortly after the NAFTA became effective. The joint venture — the equity of which Corn Products

eventually owned 100 percent through two subsidiaries[6] — began its investment in an HFCS production line in Mexico in 1995. The two companies decided to locate the investment at Corn Products' SJR Facility, because this facility was the most modern and efficient of the four plants jointly owned by Corn Products and Arancia.

15. Between 1995 and 1997, the parties invested approximately U.S.$100 million to establish an HFCS production line in the SJR Facility. In addition to purchasing and installing the necessary machinery and equipment for HFCS production, the joint venture expanded the wet milling capacity of the SJR Facility, which was then operating close to full capacity in producing slurry starch for its existing family of products. The joint venture partners also invested in a cogeneration facility, the first of its type in Mexico, to satisfy the substantial energy requirements of HFCS production, and in a waste water treatment facility.

16. HFCS production at the SJR Facility began in November 1996. Once major Mexican soft drink bottlers certified the plant as a supplier in May 1997, the joint venture (then known as Arancia-CPC) began selling HFCS produced in Mexico to Mexican soft drink bottlers.[7] The plant's inauguration was heralded by the Government of Mexico as tangible evidence that the anticipated benefits of NAFTA were being realized.

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[6] The joint venture entity, originally named Arancia-CPC, was initially owned 50.3 percent by the Aranguren family (owners of Arancia) and 49.7 percent by Corn Products. In October 1998, CPI entered into certain agreements to purchase its then 49-percent owned non-consolidated affiliate. In December 1998, CPI acquired a controlling interest in the Mexican entity and consolidated this business in its financial statements. In January 2000, CPI increased its ownership in Arancia to 90 percent and in March 2002, CPI acquired the remaining interest in Arancia. Arancia is owned by Corn Products Development, Inc. and Aracorn, S.A. de C.V., both of which Corn Products International wholly owns, directly or indirectly.

[7] The joint venture's first sales of HFCS in Mexico beginning in 1995 were sourced from imported HFCS; throughout the 1997-2001 period, first the joint venture and later Arancia Corn Products relied on imported HFCS to supplement market demand that domestic production could not satisfy.

17. Mexican soft drink bottlers embraced HFCS quickly, due to its price advantage (approximately 15% less expensive than sugar), superior form (liquid versus solid), and other attributes. By 2002, HFCS had captured 25% of the market in Mexico for sweeteners in soft drinks, with the domestic sugar industry supplying the other 75%. Most of the HFCS supply came from the Mexican production of Arancia-CPC and the other Mexican HFCS producer, which also is a U.S. foreign investment.[8]

18. In 1999 and 2000, the SJR Facility's wet milling production capacity was expanded further to meet the demands of the soft drink industry. Corn Products and Arancia made an additional investment of U.S. $65 million to finance this expansion, bringing the total investment of Corn Products/Arancia in HFCS production in Mexico to U.S. $165 million. Additional expansion plans were developed for 2002, but have been frustrated by the discriminatory and wrongful Mexican Government actions described below.

19. From 1997-2001, Arancia's sales of HFCS grew 94 percent, from $58.5 million in 1997 to $113.6 million in 2001. In 2001, it was the embodiment of precisely the type of success that NAFTA had envisioned – Mexican and U.S. companies joining forces and introducing new technology and capital to produce an advanced product competitive on world markets.

E. The Mexican Government's Role in Undermining the Success of HFCS

20. The success of HFCS in supplying the Mexican soft drink industry from 1997-2001 did not go unnoticed by Mexico's powerful sugar interests. As early as 1997, the industry took steps to check the growing success of their competitor and sought the Government's

[8] Arancia is the only producer of both HFCS-55 and HFCS-42 in Mexico. The only other Mexican HFCS producer is Almidones Mexicanos, S.A. de C.V. (Almex), which produces only HFCS-42 and imports HFCS-55. Almex is owned 50 percent by Archer Daniels Midland Co., a U.S. company, and 50 percent by a British company.

support in reversing such success. The Mexican Government acquiesced in the sugar industry's pressure by imposing measures targeting HFCS, both domestically-produced and imported.

21. In 1997, in response to growing imports of HFCS and the displacement of sugar by HFCS as a soft drink sweetener, Mexico's National Sugar Chamber (Cámara Nacional de las Industrias Azucarera y Alcoholera) accused the U.S. industry of dumping HFCS 42 and 55 in Mexico. In January 1998, Mexico's Commerce Secretariat concluded its investigation by imposing final antidumping duties, ranging from $55 to $175 per ton of HFCS.

22. The United States challenged the legality of Mexico's antidumping investigation. Dispute settlement panels under Chapter 19 of the NAFTA and the dispute settlement procedures of the World Trade Organization ruled that Mexico's imposition of antidumping duties on HFCS imports from the United States was unjustified. Nonetheless, the tariffs remained in place until their grudging removal by the Mexican Government in 2002.[9]

23. Also in 1997, it was widely reported in the press that the Mexican Government supported an August 1997 agreement between the soft drink bottling industry and the sugar industry. Under this agreement, as reported, bottlers undertook not to increase their consumption of HFCS beyond 1997 levels, while the sugar industry, for its part, undertook to supply the bottlers with sugar at prices not exceeding 1997 levels.

24. Around the same time, the Mexican Government also began reducing the corn wet milling industry's allocation of yellow corn imports, which had been guaranteed under the 1994 written agreement between the Mexican government and the corn wet milling industry, which guarantee had been a critical element of Corn Products' joint venture and subsequent

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[9] Mexico also tightened its antidumping determination in late 1998 by extending the application of antidumping duties to HFCS-90 and HFCS-95, which are used in conjunction with HFCS-42 to produce HFCS-55.

HFCS investment. These reductions persisted in succeeding years. In 2000, for example, Mexico's HFCS industry (Arancia and Almex) requested 325,000 tons of yellow corn to produce HFCS but was allocated only 140,000 tons.

25. The Mexican Government has attacked the HFCS industry through additional, more recent, actions. Further governmental actions targeting HFCS include:

- a December 31, 2001 requirement that all HFCS imports from the United States be accompanied by an "import permit", without which tariff rates ranging from 156-210% would apply;
- a tariff-rate quota on HFCS for 148,000 tons at a 1.5% duty, and an out of quota duty rate of 210 %, established in April 2002. Mexico indicated that this measure responded to the U.S. decision to limit the U.S. quota on sugar from Mexico to 148,000 tons;[10] and
- an increase in *ad valorem* duties for imported HFCS products from MFN countries announced in October 2001. The previous duties were 15 percent *ad valorem*. The new duties ranged from 156 percent to 210 percent.[11]

These Government actions contributed to a political environment in which even more extreme measures were proposed, including a September 2001 proposal by members of the Mexican Congress to ban all imports of fructose and yellow corn for the production of HFCS.

26. All of these measures highlight the willingness of the Government of Mexico to protect sugar at the expense of HFCS; they also clouded Arancia's future and the future of HFCS in Mexico. Arancia was able to avoid or mitigate the most onerous consequences of

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[10] The United States and Mexico have disputed access for Mexican sugar exports to the United States for several years. The dispute centers on the interpretation of NAFTA's sugar provisions and the methodology for determining whether Mexico is a surplus sugar producer, which dictates whether and to what extent the United States must allow access to Mexican sugar exports. The United States and Mexico engaged in bilateral negotiations on this issue throughout 2002 with no apparent resolution as of the time of this filing.

[11] These duties did not apply to imports from NAFTA countries or other countries with special trade agreements with Mexico.

these measures until late December 2001, when the government suddenly adopted the blatantly discriminatory and devastating HFCS Tax.

F. The Tax on Soft Drinks Containing HFCS

27. In 1980, Mexico adopted a tax known as the IEPS, *Impuesto Especial Sobre Producción y Servicios* (Special Tax on Products and Services). The IEPS replaced a series of previously separate taxes and collected all of them under its umbrella. The IEPS, as its name suggests, is not a generally applicable sales or value-added tax, but is an excise tax that is applied on sales of specific products or services. Its basic purpose is to supplement income tax revenues. Over the past 22 years, it has been applied to gasoline, alcoholic beverages, tobacco, jet fuel, and telecommunications services, among others. Most notably, the IEPS even applied to <u>all</u> soft drinks from 1980-1990.[12] Over the years, the tax rates applicable under the IEPS have varied with the particular product or service covered, and the products and services covered have varied as well.

28. In late December 2001, the Mexican Congress, to the complete surprise of Corn Products and Arancia, and following non-public consultations with the sugar industry to the exclusion of HFCS producers, adopted an amendment to the IEPS containing the HFCS Tax. The HFCS Tax, which became effective January 1, 2002, is a 20 percent tax on the sale of soft drinks and certain other beverages containing fructose. Specifically, the HFCS Tax, enacted as Article 2, paragraph I.G. of the IEPS, applies to:

> Gasified or mineral waters; soft drinks; hydrating or rehydrating beverages; concentrates, powders, syrups, flavor essences and extracts, that when diluted

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[12] Prior to the IEPS, and under legislation that the IEPS replaced, soft drinks were taxed on a non-discriminatory basis from 1957-1980.

allow to obtain soft drinks, hydrating or rehydrating beverages that use sweeteners different from sugar from cane.[13]

29. The HFCS Tax, unlike other provisions of the IEPS, had virtually no revenue-raising goal. Indeed, since the tax operated to preclude production of the very product taxed, it could raise no revenue. Rather, its evident purpose was discriminatory: to protect the domestic sugar industry against the incursions of the foreign-owned HFCS industry into the soft drink sweetener market.

30. The structure of the HFCS Tax is strikingly different from that applicable to other products or services subject to the IEPS, either today or previously. The HFCS Tax distinguishes on its face among identical end products based solely on comparable production inputs. Soft drinks generally are not subject to the HFCS Tax as a result of the 2001 amendment, only soft drinks made with HFCS. Moreover, the HFCS tax rate, 20% on the sales price of the final product, effectively forecloses HFCS from the market for sweeteners used in soft drink production. The amount of tax collected on the sale of a single soft drink is 500 percent more than the value of the HFCS contained in that soft drink.

31. On April 22, 2002, the Federal Competition Commission in Mexico issued a report on the HFCS Tax's implications for competition and free commerce. Recognizing that "both products [HFCS and sugar] are used as sweeteners for the production of [soft drinks]," the Commission stated that "in . . . protecting one specific industry [sugar], the other one [HFCS] is clearly affected, which constitutes a restriction to the efficient functioning of the

13 The IEPS further defines soft drinks: "Soft drinks, the beverages that are not fermented, made with water, carbonated water, fruit extracts or essences, flavorings or any other raw material, gasified or without gas, that may contain citric acid, benzoic acid or ascorbic acid or their salts as preservatives, *as long as they contain fructose*." IEPS Article 3.XV. (emphasis added). This last phrase excluded from taxation soft drinks produced with non-caloric sweeteners such as aspartame. In December 2002, the Mexican Congress voted to maintain the HFCS Tax. In doing so, the Congress extended the application of the Tax to diet soft drinks.

market." This report was purely advisory; the Commission has no authority to order the Tax to be rescinded or to award compensation to injured parties.

32. President Fox attempted to suspend the HFCS Tax in March 2002. However, members of the Congress challenged this suspension and the Supreme Court held in July 2002 that President Fox lacked the constitutional authority to suspend the Tax.

G. Damages To Corn Products and Arancia Caused By The Tax

33. Literally within days of the HFCS Tax's effectiveness on January 1, 2002, bottlers began canceling outstanding orders for HFCS from Arancia.[14]

34. As a direct result of the HFCS Tax, Arancia has been forced to dramatically cut back its production of HFCS. The HFCS Tax to date: (1) has caused Arancia to lose sales of at least U.S. $75 million in 2002 and significantly reduced Arancia's profits; (2) has forced Arancia to shut down its HFCS line and portions of the SJR Facility for substantial periods of time, resulting in higher costs for the remainder of its operations at the SJR Facility; (3) has required Arancia to cancel outstanding orders for equipment, resulting in penalties; and (4) has caused Arancia to incur penalties under energy supply contracts with outside vendors, among other damages. At the corporate level, the imposition of the HFCS Tax had an immediate impact on Corn Products' stock price. Efforts to cause the HFCS Tax to be repealed in 2002 have come to naught, and it is now clear the Tax (which is permanent in character) will continue in 2003. While the company has not yet been forced to write down its assets or show a charge to goodwill, the HFCS Tax will ultimately force Corn Products to confront these issues. Moreover, damages continue to mount on a daily basis.

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[14] President Fox's attempted suspension of the tax between March and July did not alleviate bottlers' concerns about the HFCS Tax, and the loss of business by Arancia Corn Products was significant throughout this period.

IV. LEGAL CLAIMS TO BE PRESENTED

A. National Treatment - Article 1102

35. Article 1102 of the NAFTA requires each NAFTA Party to accord to investors of another Party (and investments of investors of another Party) treatment no less favorable than that it accords, in like circumstances, to its own investors (or investments of its own investors) with respect to the establishment, acquisition, expansion, management, conduct, operation, and sale or other disposition of investments.

36. By discriminatorily taxing soft drinks produced with HFCS and not taxing soft drinks produced with sugar, among other measures, the Government of Mexico has accorded less favorable treatment to HFCS producers generally, and Corn Products and Arancia specifically, than that accorded to domestic sugar producers. The HFCS Tax was adopted to preclude fair and open competition between foreign-owned HFCS producers and the Mexican sugar industry. The Tax eliminates the most significant customer base for Arancia, causing enormous damages. The Tax discriminates against Corn Products and Arancia as a matter of law and fact.

B. Performance Requirements - Article 1106

37. NAFTA Article 1106(1) prohibits a Party from imposing various forms of performance requirements, including a requirement to purchase, use or accord a preference to goods produced in that Party's territory. Article 1106(3) prohibits a Party from conditioning the receipt or continued receipt of an advantage on compliance with such performance requirements.

38. The HFCS Tax, together with the previous measures adopted by the Government of Mexico targeting HFCS, effectively imposes a performance requirement on soft drink and

sweetener producers to procure and produce sweeteners made exclusively from Mexican inputs, more particularly sugar. The measures adopted by Mexico compel the purchase or use of Mexican sugar cane and effectively preclude the use of U.S.-produced yellow corn for the production of sweeteners. Moreover, the measures compel soft drink bottlers to purchase or use Mexican sugar, rather than HFCS produced by U.S.-owned foreign investments, for the production of soft drinks.

39. At the time of Corn Products' investment in Arancia, the Government of Mexico accorded certain advantages to the investment, including freedom from discriminatory taxation, a guarantee of sufficient allocation of the yellow corn import quota for HFCS production, and access to HFCS imports in accordance with NAFTA.

40. By imposing the HFCS Tax and the preceding series of measures targeting HFCS, the Government of Mexico has conditioned the continued receipt of the advantages described in the preceding paragraph to Arancia's compliance with the requirement that Arancia purchase Mexican inputs and sweeteners for its sweetener production and sales. In addition, the Government of Mexico has conditioned the continued non-taxation of soft drinks produced with sugar on compliance with the requirement that soft drink producers purchase Mexican sugar.

C. Expropriation - Article 1110

41. Under NAFTA Article 1110, no Party may directly or indirectly expropriate an investment of an investor of another Party in its territory or take a measure tantamount to expropriation, except: (a) for a public purpose, (b) on a non-discriminatory basis, (c) in accordance with due process of law and Article 1105(1), and (d) on payment of compensation, in accordance with its provisions.

42. By virtue of the HFCS Tax and other HFCS-related measures adopted by the Government, Mexico has expropriated, or has taken measures tantamount to an expropriation, of an investment of an investor of another Party, namely Corn Products. The measures adopted by Mexico, including the HFCS Tax, have rendered the current operation of Arancia's specialized HFCS production line at the SJR Facility economically infeasible as a consequence of the Tax's disruption of the Mexican soft drink sweetener market. This will remain the case for as long as the Tax remains in effect, and will ultimately force Corn Products to make difficult business decisions regarding the line's continued viability.

43. Because the Mexican Government did not adopt the expropriatory measures for a public purpose, on a non-discriminatory basis, or in accordance with due process of law and Article 1105(1), Mexico's actions have rendered the expropriation unlawful under Article 1110(a)-(c).

44. In addition, neither Corn Products nor Arancia has to date been paid any compensation for the effective expropriation of Arancia's major business line, as required by Article 1110(d).

V. ISSUES TO BE PRESENTED

45. Has the Government of Mexico taken measures that are inconsistent with its obligations under Articles 1102, 1106(3), or 1110 of the NAFTA?

46. If so, which measures are inconsistent and with which of these provisions, and at what time(s)?

47. If so, what are the damages that are properly compensable to Corn Products in respect of the losses it or its indirectly wholly-owned enterprise Arancia have suffered as a result of the Government of Mexico's breaches of its NAFTA obligations?

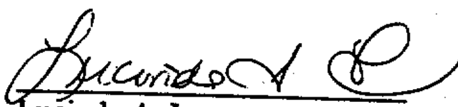
VI. RELIEF SOUGHT AND APPROXIMATE AMOUNT OF DAMAGES CLAIMED

48. Corn Products intends to claim damages for the following:

- Damages in excess of U.S. $250 million arising out of the Government of Mexico's breaches of its NAFTA obligations;
- Damages to compensate it for costs associated with its and Arancia's efforts to prevent and remedy the Government of Mexico's breaches of its NAFTA obligations;
- Costs associated with these proceedings, including all professional fees and disbursements;
- Prejudgment and post-judgment interest at a rate to be fixed by the tribunal; and
- Such further relief that the tribunal may deem appropriate.

Respectfully submitted,

DATE: January 28, 2002



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