

Dear Dr. Nolasco and COMERCAM Partners,

We appreciate the space to present our analysis and comments on the Board's proposal for the modification of NOM-070-SCFI-1994. Regarding the comments kindly consolidated by Dr. Nolasco in Circular # 20, we consider some aspects of the proposal substantially affect the production process used by both Casa Armando Guillermo Prieto and many other industry colleagues who expressed concern.

Please find attached a proposed modification of NOM-070-SCFI-1994 that we have developed with other businesses in the guild, representing X [*sic*] mescal brands and Y [*sic*] production companies. On Monday, June 2 at the workshop that will be held at the DGN we will present the proposal created by the legal representatives of these brands and mezcal-producing companies.

It should be noted that this proposal was drafted taking into account the following issues, among other:

- 1) Mezcal production has a grand history that has fills us with pride and satisfaction but now has a large and promising future, and a long way to go and a lot of potential in terms of volume, global recognition, territories to conquer and brand consolidation to bring this drink with so much history and future to the world.
- 2) The Norm must protect consumers by guaranteeing a quality product that meets the current health regulations, and which allows mezcal producers to distinguish and differentiate their product from the other agave distillates that may or may not be regulated or certified by any authority.
- 3) Any restrictive clauses should be for purposes of consumer protection.
- 4) The Norm should promote economic development throughout the production chain (from the field to the end consumer), investment in Denomination of Origin territories, direct job creation and economic revenue, technological development for greater efficiencies, improved yields to preserve our raw material (agaves), reduced production costs to maintain profits for industry participants (from agave producer to mezcal producer), technology to safeguard the environment and which allows us to control restrictive parameters in order to enter new export markets.
- 5) It is the consumer who must ultimately decide which products they want to consume or try, which production processes create a product most agreeable to their palate, what label information is required to make a consumption decision, the price range that best fits their budget, and other variables. Each company and brand shall decide internally how to adjusting their inputs, raw materials, processes, technology, and communication to adapt to their preferred market or niche they want to serve. They shall always comply with the requirements stipulated in the existing official Norms issued by our authorities under the law and those authorizing COMERCAM to define MEZCAL with Denomination of Origin and to do so with respect and care for the land, water,

environment and collaborators in the production of mezcal in order to make this category sustainable, with sustainable growth in the long term.

In conclusion, the idea is to have a NOM that protects the consumer and the producer, without limiting the latter's innovation that benefits consumers, the environment and efficiencies in production, investment to generate more jobs, economic revenue and category growth. There is much to be done; there is currently a lot of interest in mezcal and we cannot afford to pass up the opportunity to consolidate the category and ramp up volume to worldwide levels for the benefit of all. Remember that although we may not be using a certain technology today, it could be quite useful in the coming years and it would be a shame to make this impossible due to a restriction in the Norm. We must not forget the origins and traditions of mescal; nevertheless to cut off technological advances will only make us less efficient every year and put us at a competitive disadvantage compared to other categories.

We respectfully request your substantial institutional support to propel growth in mezcal production, in accordance with the modern era of international globalization. That is the entrepreneurial spirit promoted by our current President to revive the economy and create more and better jobs. Preserving our traditions, yes, but promoting growth and the economic and technological development of our country, not impeding them, not returning to the past. We are persuaded by his political vocation and progressive vision.

You can appreciate that with this proposal we can reach and support all mezcal producers and expand the spectrum of the market.

In advance we reiterate our appreciation for your institutional openness, but we can not help but express that we do not agree with the procedure that is being followed, it should not be by "majority vote," much less so hastily and knowing that are numerically more small mezcal producers that are not affected by this proposal than there are companies that have invested considerable sums of money to produce greater volumes of mezcal. No, with all due respect decisions should not be made this way, but on the contrary, they should be taken by way of reason and dialogue, **SEEKING AT ALL TIMES WHAT BEST SUITS ALL SECTORS OF THE MEZCAL CHAIN OF PRODUCTION, SEEKING THE GREATEST PROTECTION AND PROMOTION OF ALL; BUT NEVER HARMING US EXISTING PRODUCERS THAT HAVE CONTRIBUTED SO MUCH TO THE BOOM IN DOMESTIC AND INTERNATIONAL CONSUMPTION OF MEZCAL.**

Best Regards,

Javier Flores
Legal Representative
Casa Armando Guillermo Prieto SA de C.V.