

June 18, 2001

VIA FACSIMILE

Ms. Gabriela Alvarez-Avila
Secretary of the Tribunal
International Centre for Settlement
of Investment Disputes
1818 H Street, N.W.
Room No.: MC12-408
Washington, D.C. 20433

Re: Waste Management, Inc. v. United Mexican States
(ICSID Case No. ARB(AF)/00/3)

Dear Ms. Alvarez-Avila:

As allowed by the Tribunal at the June 8, 2001 Organizational Meeting, Claimant Waste Management, Inc. ("Claimant") hereby submits its observations on the question of venue of this arbitration. Venue is to be established under Article 1130 of the North American Free Trade Agreement ("NAFTA") and Chapter IV of the ICSID Arbitration (Additional Facility) Rules ("Additional Facility Rules"). For reasons set forth below, the Tribunal's decision on venue should be guided by three primary considerations: (1) the neutrality of the host State, (2) the suitability of the host State's local law on arbitral procedure, and (3) cost and convenience factors. Claimant submits that all three considerations favor Washington, D.C. as the place of arbitration for this case.

Contrary to the contentions expressed by Respondent's counsel during the Organizational Meeting, Canada would provide no more neutral a forum than would Mexico because the Government of Canada has chosen to intercede on behalf of Mexico in Claimant's dispute with Respondent. Canada's lack of neutrality - an important consideration by itself - becomes a paramount concern when viewed in combination with the current confusion regarding Canada's laws on arbitral procedure. The dangers posed by combining a non-neutral host State with domestic laws that allow for excessive interference with the arbitral process have been aptly demonstrated by Mexico's ongoing judicial challenge to the award issued in *Metalclad v. United Mexican States*, ICSID Case No. ARB (AF)/97/1 ("*Metalclad*").