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INTER-AMERICAN LEGAL DEVELOPMENTS

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Editor-in-Chief

Lawyer of the Americas

ARGENTINA

Decree 1368 (1974) declared a *estado de sitio* throughout the country in the light of an obvious plan to terrorize the nation.

Resolution 603/74(DNT) establishes sanctions for travel agencies operating without registration or failing to carry out the designated procedural requirements.

The bond issue for national investment and development (Decree 3747, 1971) was increased by one billion pesos per Decree 1347 (1947).

Resolution 22/74(CFAPV) fixed norms and maximum fees applicable to Savings and Loan Housing Associations.

Law 20.757 (1974) promulgated the Charter of the National Bank of Argentina, and Law 20.758 (1974) set forth the Charter of the National Development Bank.

The raising of fees was declared to be in the national interest by Law 20.876 (1974) which also prohibits the introduction of foreign capital into the country if it is destined for the above undertaking.

Resolution 69/74(DI) established a Consultative Appellate Council for Patents to adjudicate appeals based on denials of patent applications.

Resolution 1400/74(C) instituted a "basic price regime" to regulate the sale of services, labor or industrial processes, raw materials, semi-finished goods, or other products.

Resolution 45/74(DI) established fines for failure to renew in time registrations in the National Industry Registry.

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The Fund for the Study of Irrigation and Drainage Works was established by Law 20.946 (1974) to carry out feasibility studies regarding new irrigation and drainage projects throughout the nation.

Decree 1778 (1974) provides that whenever the Boards of State Entities are to have representation from the General Confederation of Workers or General Economic Confederation, these two entities will submit the list of candidates (no more than three) to the Executive who will appoint from the list submitted.

Central Bank Resolution B 1176 (1974) prohibits financial institutions from financing directly, or indirectly, expenses for tourist services aboard, and Circular B 1187 (1975) regulates the issuance of checks by said institutions.

Resolution 654/74(H) made modifications to the explanatory notes accompanying the Customs Nomenclature which replaced the Brussels Nomenclature.

Law 20.954 (1974) approved the budget for 1975. Among its provisions is found one abolishing the National Economic and Social Council established by Law 19.569 (1972); another suspends the enforcement of the nominative character of shares established by Law 20.643.

Law 20.852 (1974) provides benefits to Argentine industries submitting international bids financed through loans from the Inter-American Development Bank.

Resolution 282/74(INOS) empowers the National Institute of Social Work to establish controls to insure compliance by employers of tax and contribution requirements of Law 18.610/70.

Resolution P-2/75(JNC) requires registration with the National Meat Board of owners and operators of vessels engaged in fishing activities.

The Office of Private Secretary to the President has been given a higher stature, making that office one of the five Presidential State Secretariats. The pertinent decree sets forth the duties of the individual concerned.

A decree dated January 30, 1975 extended current labor contracts through May 31, and also authorized the Ministry of Labor to summon labor-management bargaining committees to negotiate agreements with an effective date of June 1, 1975.

The extraordinary session of Congress called in early December, 1947 was adjourned by Executive Decree on January 14, 1975 and pending matters tabled. Accordingly, bills affecting the state of siege, federal intervention in Santa Cruz and Salta, and status of political parties, among others, were "retired".

It is predicted that Congress will be reviewing the current foreign investment law because of its lack of flexibility and unfavorable climate towards the foreign investor.

Internationally, Argentina took the following actions, among others: Approved the Universal Postal Convention (Tokyo, 1969) and ratified an additional protocol to the constitution of the Universal Postal Union (Vienna, 1964). It also approved the Money Order and Postal Traveller's Cheques Agreement (Tokyo, 1969); signed the International Convention for the Safety of Life at Sea (London, 1974); and gave notification of its approval to the recommendations for furtherance of the principles and objectives of the Antarctic Treaty (Wellington, 1972).

The dispute between Argentina and Great Britain over the Falkland Islands (Islas Malvinas) continues. Late in 1974 the Argentine Senate unanimously approved a resolution for the return of the islands which "have been and are Argentinian, historically, juridically and geographically." In March, 1975 reaffirmation of the above was made by the Argentine Foreign Minister, and in April Great Britain replied reaffirming exclusive sovereign rights over the islands and its continental shelf. Also in April, Argentina, in a letter addressed to the Secretary General of the United Nations restated its position and added that it would not recognize the right of any foreign government to exploit mineral or hydrocarbon deposits in the area, considering any such activity a matter of the "highest gravity and importance."

BOLIVIA

Supreme Decree 11988 (1974) granted special privileges to the hotel industry in order to promote tourism.

Reforms to the Agrarian Law in order to improve the lot of the farmer and to bring the law in tune with present day realities are being discussed. Distribution of land to Bolivian farmers began in 1953.

Agreements relating to INTELSAT, Washington (1971), entered into force on February 12, 1972, and the accession to the Protocol Modifying and Extending the Wheat Trade Convention (Washington, 1974) was deposited on December 27, 1974.

The ratification to the Protocol relating to an amendment to the Convention on International Civil Aviation, as amended, (Vienna 1971) has been deposited.

Bolivia's aspiration for an outlet to the sea found support in the Declaration of Panama signed by the presidents of Colombia, Costa Rica, Panama and Venezuela in Panama, March, 1975. Bolivia's landlocked situation was one of a number of subjects dealt with at Panama, the principal one being the conflict between the United States and Panama with regard to the Panama Canal.

BRAZIL

Decree Law 1.356 (1974), amending Decree-Law No. 569/69, grants tax exemption to steel companies. The new Decree-Law grants exemption, until December 31, 1979, from import duty on raw materials, consumer materials, equipment and spare parts for the operation, modernization or extension of steel companies which produce or laminate steel and which are classified as such by the Industrial Development Council (DC) of the Ministry of Industry and Commerce.

Decree 74.870 (1974) authorized the Merchant Marine Superintendency (SUNAMAN) to grant permission, up to December 31, 1975, for foreign vessels to undertake coastal shipping in Brazil in order to assist exclusively in the transportation between national ports of frozen cargoes, edible vegetal oils in bulk, liquid petroleum gas in bulk, unusually heavy cargoes, wheat during the period of harvest, and other primary food-stuffs, in case of public need.

Decree 74.965 (1974) regulates Law 5.709/71, which contains provisions regarding the purchase of rural land by foreigners resident in Brazil or foreign legal entities authorized to operate in Brazil.

Decree 74.966 (1974) on the subject of import duties regulates Articles 8 and 12 of Decree-Law 37/66, which deals with exemption from and reduction of import duty. The basic provisions of the decree cover the prerequisites for exemption from or reduction of duty; grant

power to the Fourth Taxpayers Council to hear appeals from decisions denying such exemption or reduction; establish rules for the transfer of ownership or use, for any reason, of goods imported with exemption or reduction, fix depreciation rates with respect to the lapse of time since customs clearance, and allow payment of duty on the residual value of goods damaged by fire or other accident. Further, it provides that it shall be necessary subsequently to prove that the imported goods are being used for the purpose which motivated the grant of the exemption or reduction. Decree Law 1.364 (1974) altered the "ad valorem" rates of import duty contained in the Brazilian Customs Tariff and established in Resolution 1.959/73 of the Customs Policy Council.

The Minister of Finance has issued Portaria 647/74 providing that the customs clearance of foreign goods, imported with exemption from or reduction of duty pending approval, or pending the formal granting thereof by the appropriate government department, will no longer be granted on a provisional basis, with the signature by the importer of a *termo de responsabilidades*. Goods which have been shipped abroad prior to the date of publication of the Portaria, will be cleared through customs in accordance with the regulations in force prior to the date of shipment.

Portaria 665/74 of the Minister of Finance provides for the right to a credit of IPI on the entry of machinery and equipment of national production, acquired for the installation, expansion or modernization of an industrial establishment, and forming part of the fixed assets. The Portaria lists the products classified in Chapter 84 of the IPI table, which are eligible for the benefit.

Law 6.192 (1974) deals with restrictions on naturalized Brazilians. The law henceforth prohibits any distinction between native and naturalized Brazilians; accordingly all such restrictions contained in existing legislation should be disregarded.

The President of the INPI has issued Portaria 471/74, establishing minimum conditions for the purpose of registration of contracts for the transfer of technology, including specialized technical and/or administrative service for hotel projects. The technology to be transferred must: (a) meet standards which cannot be met or obtained in Brazil, such standards to be ascertained by comparison with skilled labor available within the country or with alternative sources already existing; (b) be for a period limited to that necessary for its performance and/or absorption; and (c) bring about immediate effective advantages for development of the sector.

The Council for Industrial Development issued Resolution 36/74, which refers to Decree-Law No. 1.137/70, regulating incentives and tax exemptions for technological improvements and developments in the chemical and pharmaceutical fields. These benefits will be granted to companies planning to manufacture raw materials for pharmaceuticals used for human consumption and in veterinary medicine.

The Federal Council of Economy has issued Resolution 875/74, providing that the following legal entities are subject to registration with the Regional Councils of Economy: (a) companies which render technical and scientific services of an economic or financial nature, covering plans, projects, studies, opinions, technical surveys, evaluations, arbitrations, consultancy, auditing, business analysis, market research, marketing, rationalization of labor and administrative organization; (b) companies or firms which, in furtherance of their objectives, perform activities within the professional field of economists (even when only as a secondary activity), such as Financing and Investment Companies, *Corretoras* and *Distribuidoras de Títulos e Valores Mobiliários*, Trading Companies and other similar or associated firms; and (c) public or private organizations which maintain economic or financial departments. Registered legal entities must have a responsible economist in their employ.

In order to establish a uniform policy on the appointment of managers and the representation of the quotaholders in limited liability companies, the Commercial Registry of São Paulo, through *Deliberação* 2/74, has decided that: (a) the management of a limited liability company may only be entrusted to a quotaholder; (b) a non-quotaholder may exercise management functions, provided that powers for this purpose have been expressly delegated to him by the managing quotaholder(s). The manner in which such appointment is to be effected may be provided for in the company's articles of association and may be set out either in the articles themselves or in a separate document; and (c) a foreign resident (whether an individual or a legal entity) may be appointed as manager, provided that the effective management powers are expressly conferred on him or its legal representative or delegate, who must be resident and domiciled in Brazil and who must be duly appointed and qualified in the document.

Operations arising from the purchase by naval construction shipyards of machinery, equipment and other manufactured products in the internal market, with export contracts approved by CACEX, and with

the approval of the *Superintendência Nacional de Marinha Mercante*, assure to the producer/seller the fiscal benefits granted by law as export incentives under Decree Law 1.362 (1974).

Decree 75.207 (1975) refers to Law No. 6.136/71, including the maternity salary among the Social Welfare payment.

Decree 75.247 (1975) refers to Decree-Law No. 1.346/74, establishing new norms for mergers, take-overs and other types of combinations or associations between companies which might be considered of interest to the national economy.

The Minister of Finance approved in Portaria Interministerial 25/75 the *Regimento Interno* of the Interministerial Council for Price Control (CIP), establishing a cascading pricing system applicable to the different states in production, commerce and services, in reference to the policies affecting the national economy promulgated by the Government.

The Central Bank issued Circular 245/75, approving the regulations of the National Program of Land Alkalinity which has the following objectives:

- (a) the defense of the national wealth, the land;
- (b) the increase in land productivity through the correction of soil acidity, thus increasing the income of rural producers; and
- (c) the establishment of the necessary basis for the National Fertilizer Program.

Brazil and Spain have signed an agreement to avoid double taxation between the two countries. The agreement, which entered into force on January 1, 1975, exempts from income tax in Spain income from dividends and interest from government securities earned in Brazil, and reduces the tax on royalties from trade marks and patents and fees for technical assistance from 25% to 15%.

On November 26, 1974 Brazil deposited its ratification to the Convention on International Regulations for Preventing Collisions at Sea, London (1972); it also deposited its accession to the Convention Establishing the World Intellectual Property Organization (Stockholm, 1970, TIAS 6932) and signed the International Convention for the Prevention of Pollution from Ship (London, 1973); and by an exchange of notes at Brasilia, it modified and extended its agreement with the United States concerning shrimp fisheries (TIAS 7603, 7770, 7862).

In the area of jurisprudence the following are noted: The Federal Supreme Court, in the Extraordinary Appeals indicated, held (No. 76.297) that the constitutional immunity granted to a civil non-profitmaking company, established for educational purposes, prevails, even if it charges monthly fees from its pupils for the purpose of providing for the payment of scholarships to teachers sent abroad; in No. 73.555 that a ship may be the subject of a guarantee in connection with a credit agreement covered by Law 4.728/65; in No. 74.232 that if a purchaser agrees to buy 500 items and the seller delivers 600, the former is not obliged to accept the whole delivery and return the difference of 100, thereby incurring the trouble and expense of dispatching, freight, etc.

The First Tribunal of Civil Appeals of São Paulo, in *embargos infringentes* (No. 190.959) held that failure to present a check within thirty days does not prejudice a direct summary action by the bearer against the drawer and the guarantors.

The Fourth Civil Chamber of the First Tribunal of Appeals of São Paulo (No. 198.828) held that the law does not prohibit a contract entered into abroad for performance in Brazil with a party resident abroad, provided that conversion into Brazilian currency is made at the time of payment.

CANADA

Among others, the following acts came into force: Weight and Measures Act and Business Corporation Act. The most recent legislative session considered, among others, measures relating to improved pensions, unfair advertising and trade practices, assistance to exports, business incentives, housing programs, farming, war veterans' allowances. A major piece of legislation related to income tax relief.

Canada and the United States extended their agreement relating to a seismic research program known as VELA UNIFORM, and modified their agreement relating to pre-sunrise operations of certain standard (AM) radio broadcasting stations. Canada also signed the Convention on Registration of Objects Launched into Outer Space (New York, 1975) and deposited accession with a declaration to the Convention on International Liability for Damage Caused by Space Objects (Washington, London and Moscow, 1972.) Ratification was deposited by Canada to the Agreement on the Rescue of Astronauts, the Return of Astronauts, and the Return of Objects Launched into Outer Space (Washington, London and Moscow, 1968).

BRITISH COLUMBIA

The following became effective: Administration of Justice Act, Civil Act, Land Registry Amendment Act, Landlord and Tenant Act, Petroleum and Natural Gas Amendment Act, Trade Practices Act, Labour Code of British Columbia Act, Human Rights Act, and Securities Amendment Act.

MANITOBA

The following acts came into force: Consumer Protection Amendment Act, Human Rights Act, and Serial Administration Act.

NEW BRUNSWICK

The following became effective: Judicature Amendment Act, Official Languages Act, Public Purchasing Act, and Crown Prosecutors Act.

NEWFOUNDLAND

The following came into force: Conditional Sales Amendment Act, Condominium Act and Mental Health Act.

ONTARIO

The following became effective: Environmental Protection Amendment Act, Corporation Tax Amendment Act, Judicature Amendment Act, Loan and Trust Companies Amendment Act and Human Rights Code Amendment Act.

PRINCE EDWARD ISLAND

The following are effective: Land Development Corporation Amendment Act, Age of Majority Amendment Act, Human Tissue Gift Act, Insurance Amendment Act and Law Society and Legal Profession Act.

QUEBEC

The following were sanctioned: Amendments to the Industrial Fund Act, Real Estate Development Corporation Act, Courts of Justice Act, Bureau of Statistics Act, Transport Act, Agricultural Societies Act. The following bills were sanctioned: Farm Products Marketing Act, Lands and Forests Department Act, Official Language Act, Bailiffs Act.

The following amendments were assented to: Succession Duties Act, Health Insurance Act, Mental Patients Protection Act, Immigration Department Act, Trust Companies Act, Civil Code. The following were assented to: Travel Agents Act, Social Affairs Commission Act, Inter-governmental Affairs Act, Crop Insurance Act and Collection Agents Act.

SASKATCHEWAN

The following came into force: Community Legal Service Act, Human Tissue Gift Act and Multicultural Act.

*CARIBBEAN**BAHAMAS*

The following Acts, among others, were assented to on the dates specified: the Appropriation (Capital Development) (1975) Act, December 30, 1974, for the appropriation of the sum in excess of US \$26 million for and towards the expenses of the government of the Bahamas for Capital Development for the year 1975, and the Judicial and Legal Service (Prescribed Public Officer Act) 1974, December 30, 1974.

BARBADOS

The Trade Union Act was amended in November 1974 providing for exclusion of certain acts in furtherance of a trade dispute from tort liability. Also, the amended Act makes it a criminal offense if an employer adversely affects the employment of a workman because that workman has engaged in lawful trade union activities.

The Franchises (Registration and Control) Act 1974 has been passed, which provides for the licensing, registration and control of businesses which operate on franchises in Barbados.

The Retail Sales Tax Act, 1974, the first in Barbados to provide for the imposition of a tax on the proceeds of the sale of goods by retail and for connected purposes, was assented to in December 1974; Hotel Proprietors Act, 1975, for the regulation of liability of Hotel Proprietors for loss of or damage to property brought by guests to hotels in Barbados; Paramedical Professions Act, 1975, February 1975.

The following Acts, among others, were amended on the specified dates: Special Loans Act, 1968; December 1974, Barbados Development Bank Act, December 1974; Petroleum Act, December, 1974.

GRENADA

Grenada deposited acceptance of the Constitution of the World Health Organization (New York, 1946; TIAS 1808, 4643).

JAMAICA

The bauxite agreement with Mexico (7 *Law. Am.* 93) has been formalized.

A bilateral agreement with the U.S. to assist Jamaica interdict illicit narcotics traffic between the two countries entered into force on September 23, 1974.

Jamaica has given notification of approval to both the telephone regulations, with appendices and final protocol, and the telegraph regulations, with appendices, annex, and final protocol (Geneva, 1973).

TRINIDAD AND TOBAGO

An exchange of notes with the U.S. took place at Port of Spain amending the Agreement of June 20, 1968, as amended and extended, relating to a program of technical assistance in tax administration.

CHILE

Unless otherwise indicated, legislation covered pertains to 1974.

DL 724 guarantees the inexpropriability of rural farm holdings of eighty or less irrigated hectares, modifying DL 208 of 1973. Specifi-

cally, DL 724 provides that farms of forty hectares will not be expropriated for purposes of agrarian reform. Farms between forty and eighty hectares will not be expropriated if they are the object of some degree of economic exploitation such as agricultural cultivation, raising of livestock, or conservation of forests. All farm holdings belonging to one juridical person will be considered together for purposes of the law. DL 752 authorizes division of farm lands into lots not less than twenty hectares as long as these are destined for farming or cattle raising, and constitute a "farming family unit."

DL 740 established the Institute to Promote Chilean Exports which is to be administered by a Council composed of members from the private and public sectors.

The Customs Regulation affecting personnel were modified by DL 743.

DL 746 establishes a national organ to apply Decision 24 of the Cartagena Agreement with respect to the Foreign Investment Committee established by DL 600 (Foreign Investment Law).

Development banks were affected by DL 748 which amended Law 16.258 in order to facilitate their establishment; DL 749 established new norms for the operation of commercial banks; and DL 818 fixed the ownership regime of banks, established new guidelines for the Boards of Directors, and prohibited the participation in *financieras*.

Severance pay, established by DL 603 (1974), is regulated by Ministry of Labor Decree 155 which sets forth the norms to be followed in implementing that pay, and DL 773 covers election which must be made by public employees covered by more than one pension.

DL 754 authorizes the Government to settle cases in which it acquired private assets between April 11, 1970 and November 9, 1973.

DL 776 amends the Labor Law in the matter of Labor Courts and judges.

According to DL 788, decree laws promulgated up to December 4, 1974 contrary to the Constitution do modify the Constitution. In the future, however, similar decrees have the same effect only if the *Junta de Gobierno* issues them expressly in the exercise of the *Potestad Constituyente*.

Financieras were given additional and operating guidelines by Resolution 26 of the Superintendency of Banks.

DS 822 (1975) of the Ministry of Economy replaces the list of permissible import items established by Decree 1.522 (1967).

Paralyzation of a business and mass discharges are regulated by DS 913 (1975) of the Ministry of Labor. This regulation applies to DL 676 (1974).

The issuance of debentures and mortgage bonds of the National Savings Commission is regulated by DS 138 (1975) of the Ministry of the Treasury.

DS 1530 authorizes the American Bureau of Shipping to carry out activities in the nation for a period of twenty years, to the end of providing faithful and precise classification and registration of both merchant and naval ships.

DS 1942 approves operations for the renegotiation of the foreign debt with the government of Japan in the form and with the conditions proposed by the Council of the Autonomous Office of the Amortization of the Public Debt. DS 1943 is similar, in reference to Canada. A consolidation of the debt with Switzerland for the years 1973 and 1974 is also approved. DS 158 approves the consolidation of the National Mining Enterprise with Lloyd's Bank International, and DS 182 approves operations for the reorganization of the foreign debt with Denmark for the years 1973 and 1974.

Internationally, Chile approved numerous bilateral and multilateral conventions in late 1974 and the first months of 1975. Bilaterally, DS 605 approves a convention for air service between Chile and Fiji. DS 676 approves a maritime transport convention between Chile and Brazil. DS 855 approves a convention with the United States for the sale of agricultural products. DS 800 approves a basic convention of scientific and technical cooperation between Chile and Brazil. Multilaterally, DL 755 approves the International Sugar Convention, subscribed in Geneva in December, 1973. DS 710 approves the International Cocoa Convention of 1972. DS 709 approves the Treaty and Annexed Protocols for the Proscription of Nuclear Arms in Latin America. DS 711 approves the Convention on Infractions and Certain Other Acts Committed Aboard Aircraft. DS 679 approves the statutes of the World Organization of Tourism. DL 891 approves the International Convention concerning Freight Lines adopted in London in August, 1966. DL 907 approves the convention which establishes the World Organization for Intellectual Property, and DL 908 approves the Berne Convention for the Protection of Literary and Artistic Works.

In the area of jurisprudence the following are noted: On November 8, 1973 the Supreme Court held that expropriations not for a public purpose are invalid in contravention of Art. 10 of the Constitution, and on January 8, 1974 that expropriation without prior compensation is also invalid; on June 6, 1974 that Labor Courts have no jurisdiction over cases submitted for adjudication to Special Labor Courts established by Decree 32 and 107 in 1973; on July 18, 1974 that authorizations granted a foreign investor should not be disturbed so as not to breach the contract between the Government and the investor which, in accordance with Art. 1545 of the Civil Code, is law between the parties; on September 6, 1974 that a registered trade mark can only be rendered ineffective by the Industrial Property Department in exceptional and very special circumstances.

COLOMBIA

In the labor and related areas the following are noted: Measures to combat unemployment were incorporated into Decree 2375 (1974) issued by the President of the Republic; Decree 2394 (1974) promulgated new minimum salaries in accordance with Resolution 1 of the National Council of Salaries. The minimum daily salary was fixed at forty pesos (\$1.00 U.S. = \$28.00 Col. pesos) for workers in the District of Bogota and other urban areas. The minimum daily salary for workers in the rest of the country was fixed at thirty-seven pesos. Workers employed in the Primary Sector, however, (agriculture, cattle-raising, forestry, hunting and fishing) are only entitled to a minimum daily salary of thirty-four pesos; under Law 27 (1974) all employers must pay the Family Welfare Institute a sum equal to 2% of their monthly payroll for the creation of child care centers; under Resolution 3455 (1974) new procedures have been established for employer payment of severance compensation to employees; and Law 12 (1975) states that the surviving spouse or permanent female companion and minor children are entitled to the retirement pension of a deceased spouse if the latter had completed the time but not the age requirements for such pension; equal judicial rights for men and women were established by Decree 2820 (1974).

Exports and imports were affected by the following, among others: The system of freight payment for exports under the CIF or C&F value method was regulated by Circular General 51 (1974); Decree 2366 (1974) created incentives to promote the exportation of products which traditionally have not been exported; new modifications to the current

list of maximum prices for product importation were decreed pursuant to Postal Circular SI-91 (1974); the maximum time for selling to the Bank of the Republic all foreign currency earned from exports other than coffee, bananas and goods on consignment has been set at 180 days counted from the date of export registration approval (Resolution 84, 1974); in accordance with Article 55 of Decree 444 (1967) the Bank of the Republic is authorized under Resolution 86 (1974) to buy the foreign currency exporters receive as loans for financing the export sale of bananas, cotton, meat, tobacco and textiles; pursuant to Resolution 87 (1974) Export Promotion Fund's credit quota, under Central Bank Control, will be used to finance the working capital requirements of companies engaged in production, meat, oil, sugar and tobacco for export; new regulations on the financing of coffee and cotton exports were established by the Monetary Board in accordance with Resolution 79 (1974).

Resolution 80 (1974), established the minimum governmental reimbursement (US\$107.50) per seventy kilo sack of coffee destined for export under contracts registered as of November 28, 1974; pursuant to Postal Circular S 1-1 (1975) a ten per cent reduction was decreed for all imports coming from Chile, Peru and Venezuela; Decree 2133 (1974), promulgated by the Ministry of Finance, established a single 15% ad valorem customs duty on imported equipment intended to be utilized in industries providing an economic or social interest to the country.

Customs duty exemptions granted to mining companies in accordance with Decrees 1659 (1964) and 2104 (1974) were regulated by Decree 314 (1975).

Foreign investment in the international commercialization of goods along with the promotion of tourism were regulated by Decree 169 (1974); new regulations were issued concerning insurance company investments in accordance with Decree 102 (1975); new regulations for controlling the manufacture of cosmetics, detergents, drugs, pesticides and certain foodstuffs were promulgated by Decree 281 (1975); Decree 2272 (1974) established new measures to stimulate the development of national tourism; technical assistance contracts involving a value in excess of 50,000 pesos or lower at government discretion, must contain a special form prescribed by the Office of Exchange when presented to the Office (General Circular 79, 1974).

Decree 1651 (1974) authorizes the Chamber of Commerce to issue certificates of origin to national, mixed or foreign companies which have

signed letters of intent to change into national or mixed companies so as to be able to issue the certificate of origin covered in Decree 1900 (1973) of the Andean Pact; Decree 169 (1975) regulates the placing of foreign investment in enterprises engaged in internal marketing promotion of national tourism; and, pursuant to Decree 295 (1975) a special committee was created to negotiate the transformation of foreign banks and other credit institutions into mixed enterprises in accordance with Decision 24 of the Cartagena Agreement. Further, through Decree 1261 (1974), Venezuela was granted a reduction of duties comparable to that previously granted Chile and Peru.

Among others, the Monetary Board issued the following resolutions: No. 47 sets forth the conditions for financing flower production; Nos. 49, 50, 51 and 53 assigns to private banks a credit with the Bank of the Republic up to 50% of the paid in capital and legal reserve of each bank for the purpose of meeting working capital requirements; No. 60 requires a deposit of ten Colombian pesos for each dollar or equivalent thereof in other foreign exchange which travellers take on trips abroad, the deposit is returnable but only six months after being made; No. 73 authorizes the Exchange Office of the Bank of the Republic to register external loans to private parties under specific conditions; No. 75 stabilizes the rediscount quota of the National Institute for Cooperative Financing and Development to 250% of the paid-in capital and legal reserve; No. 76 authorizes the Bank of the Republic to participate in the buying and selling in the open market, of notes, bonds or other securities issued by official entities provided said securities mature within a six month period from the date of purchase; and No. 83 sets the rate of exchange for computing the international reserves of the State at Col. \$26 to U.S. \$1.00.

Regulatory norms for marine transportation and coastwise trade were established pursuant to Resolution 375 (1974).

Decree 1728 (1974) limits to 20% the interest payable on paper issued by specialized institutions engaged in housing construction, and Decree 278 (1975) increased to sixteen percent the interest rate for ordinary and time saving deposits.

A new regime regulating adoption was established by Law 5 (1975). The law amends Title 13 of the first book of the Colombian Civil Code.

On December 4, 1974, Colombia deposited its accession to the Convention for the Suppression of Unlawful Acts Against the Safety of Civil Aviation (Montreal, 1971, entry into force Jan. 26, 1973), and on

November 19, 1974, deposited acceptance to the Convention on the Inter-governmental Maritime Consultative Organization (Geneva, 1948, entry into force March 17, 1958).

Editor's Note: A short article concerning the *Agencia Commercial* in Colombia is found in the NOTE section of this issue.

COSTA RICA

Executive Regulation 4442-MEIC grants fiscal incentives to the hotel and tourist industries through the regulation of Art. 4 of Law 2426 (1959) covering industrial development. The ultimate objective is to improve the inflow of international tourism.

The Sales Tax Law (No. 3914, 1967, as amended) has been regulated through Regulation 4381-H (1974) which establishes a new tax collection method.

The Legislature has passed a Consumer Protection Law (yet to be published officially) after sharp confrontation between the economic sector, labor and farmers. The new law gives the Ministry of Economy, Industry and Commerce far reaching powers in the production and marketing areas. Specially significant are the powers of the Ministry to fix, modify and control profit margins; fix sales prices, regulate supplies for national consumption; and establish consumption quotas. Sanctioning measures include closing the businesses, heavy fines and prison sentences.

Law 4432 (1975) substantially raises consumer taxes in an effort to decrease imports and increase revenues.

The adoption of Spanish as the nation's official language was incorporated into the Constitution. This move is part of the Government's plan to reinforce the integrity of the language and to preserve its purity.

In the legislative area the following are worthy of note: the constitutional process continues to roll regarding the approval of a bill to amend Art. 14 of the Constitution so as to prohibit *Contratos Leyes*, particularly beneficial to foreign companies (7 *Law Am.* 101, 1975); the effective date of the new Code of Criminal Procedure was postponed once again (7 *Law Am.* 101, 1975); the Supreme Electoral Tribunal has presented a bill in which it seeks to become the "fourth power" of the Government; a bill was introduced by the Executive proposing that shares in companies controlling communications media be nominative, and denying foreigners the

right to participate in the financing of such media; a bill seeking honesty in the discharge of public administrative functions through tighter controls was also filed by the Executive.

CUBA

A draft of a constitution that would give Cuba an elected national assembly has been published by the official newspaper *Granma*.

The draft provides for a national assembly to be elected every five years by Cubans of both sexes sixteen years old or older. The Assembly would elect from among its members a thirty-one member state council to include a President, a first vice president and five second vice presidents.

The proposed constitution, which has been approved by the Politburo of the Cuban Committee is to be put before the people in a referendum, the date of which will be announced later. Before this, the draft's 141 articles will be discussed publicly before being submitted to Cuba's first Communist party congress at the end of the year, when the final charter will be drawn up.

The draft declares that Cuba wishes to develop fraternal relations with anti-imperialist and progressive countries. Cuba also wants to maintain friendly relations with nations that respect her sovereignty, regardless of differences in their political, social and economic systems.

The draft also reaffirms Cuba's claim to the territory of the United States naval base at Guantánamo. Although the draft does not mention the base by name, it says that the Cuban state will exercise its sovereignty upon all national territory.

Deposited accession (with declaration) to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards (New York, 1958); ratified the additional protocol to the Constitution of the Universal Postal Union (Vienna, 1964), general regulations with final protocol and annex), the Universal Postal Convention (Tokyo, 1969), and the Convention of Paris for the protection of industrial property (Stockholm, 1967). It also deposited its accession (with declaration) to the Convention Establishing the World Intellectual Property Organization (Stockholm, 1967).

ECUADOR

Substantial statutory activity continued in Ecuador, but to close observers there appears to be a slow down in the type of statutory enact-

ments required to modernize the Ecuadorean society. The absence of appropriate legal norms to give life to those institutions which will bring Ecuador in tune with present day social realities is keenly felt by those who advocate new and progressive norms to meet the needs of the times. Perhaps sensing this undercurrent, the President of the Legislative Commission, in late March, 1975, declared to the news media that substantial progress had been made in the legislative area in the past six months and that in the near future many major laws affecting the Ecuadorean society would come into effect.

Resolution 4303 (1974) establishes regulations for General Shareholder's Meetings and DS 1353, (1974) amended the Company Law.

Foreign companies advising the Central Bank are exempt from the requirement to associate with local firms per DS 1225 (1974).

The Ecuadorean Atomic Energy Commission was established under DS 1250 (1974).

The Penal Code was modified in the area of terrorist acts by DS 1273 (1974), and the Code of Criminal Procedure and the Organic Law of the Judiciary were amended by DS 192 (1975).

DS 1193 (1974) exempted foreign exchange checks issued by the Central Bank, private banks and exchange houses from specified taxes; the Monetary Regime Law and the General Banking Law were amended by DS 69 (1975); DS 70 (1975) modified the National Development Bank Law; DS 156 (1975) made further amendments to the Monetary Regime Law authorizing the Central Bank to operate in the free exchange market; and DS 195 (1975) codified the Cooperative Banks Law.

The Architectural and Engineering Profession's regulatory laws were promulgated by DS 1298 (1974) and DS 1300 (1974), respectively.

A law for Protection Against Fires (DS 1303, 1974) and amendments to the Basic Electrification Laws (DS 24, 1975) were promulgated.

DS 1338 (1974) made effective the Law of Compensation for Public Servants, and DS 83-C (1975) reformed the Labor Code through the designation of funds to the National Children's Fund.

DS 90 (1975) establishes norms relating to the Fisheries and Fisheries Development Law, while DS 12351 (1975) regulates the disposition of fish found in foreign vessels seized for violation of Ecuadorean fishing laws.

The regulation of the National Company for Warehousing and Commercialization of Agricultural Products is found in DS 160 (1975).

DS 189 (1975) contains the National Police Organic Law.

Internationally and in matters related thereto, the following, among others, are of note: DS 1399 (1974) declared 1975 as International Woman's Year; DS 1178, 1179 and 1180 (1974) set forth norms relative to International Labor Conventions on the subjects of carrying excessive weight, minimum age and other standards for workers in underground projects and those engaged in fisheries; DS 1216 (1974) ratified a Telecommunications Convention between Ecuador and Peru and DS 715 (1975) ratified the International Telecommunications Convention; DS 1215 (1974) ratified the Convention for Cooperation in Energy and Mining Matters with Peru, and on November 22, 1974 a convention with Spain on geological and mining matters was also approved; the protocol extending the International Coffee Agreement was ratified by DS 54 (1975); on February 5, 1975 the bilateral air agreement with Switzerland was amended; DS 77 (1975) ratified the Convention for Protection of Endangered Fauna and Wild Plants; DS 92 (1975) ratified the Multilateral Search and Rescue Agreement Between American States; and R.O. 743 of February 17, 1975 approved the Convention on Double Taxation among members of the Andean Pact; and the Convention to prevent crimes against international persons, including diplomatic agents, was ratified by DS 745 (1975).

EL SALVADOR

Aviation charges at the Ilopango Airport were modified by Executive Accord 109 (1974) of the Ministries of Economy and Treasury.

Decree 125 (1974) promulgated the Law of Land Leases whose objective is to regulate leases of agricultural land through its rational exploitation. The Ministry of Agriculture and Animal Husbandry is charged with the implementation of the new legislation, and, specifically, to augment the production of foodstuffs through an increase in the cultivation of idle lands and those lands with substandard production. The law also gives the Ministry authority to establish maximum base prices after taking into consideration the quality of the land and the type of farming involved.

A tax on sugar exports was made effective by Decree 135 (1974) on the premise that sugar export prices were resulting in "extraordinary benefits" to some sectors of the economy.

Decree 136 (1974) promulgated the Law for the Establishment of a Sugar Mill in the Central Zone of the Republic, to be constructed and

operated by the Salvadorean Industrial Development Institute in the public interest. The new legislation provides for expropriation of pertinent lands if the owners are unwilling to sell to the Government.

The Cigarette Tax Law (No. 3122, 1960 as amended) was modified by Decree 163 (1974); the regulation to said law was also amended by Executive Decree 1, 1975.

A new industrial and commercial free zone located in the county of San Bartolo, Ilopango was established by Executive Accord 762, 1974 of the Ministry of Economy.

A Government bond issue for ₡ 100,000,000 was approved by Decree 155 (1974).

On September 2, 1974, El Salvador gave notification that constitutional procedures were completed with relation to the Agreement Amending and Extending the International Coffee Agreement 1968 (London, 1973).

A commercial treaty has been entered into with the Soviet Union.

GUATEMALA

Ministry of Economy Accord 23 (1974) modifies the regulation implementing the Law of Tourist Development.

Ministry of Economy Accord 153 (1974) approves the implementation of an accord by which Guatemala grants Honduras preferential treatment in certain commercial matters, and Accord 154 (1974) amends the regulation of the Central American Convention on Fiscal Incentives for Industrial Development, and the Protocol Granting Honduras Preferential Treatment.

A Governmental Accord of November 21, 1974 authorized general warehouses to operate as *Almacenes Fiscales* in accordance with the guidelines set forth in the Accord.

Legislative Decree 1396 (1974) regulates the Law for the Development of the Siembra del Hule.

A reform to the Civil Code approved by the Congress permits divorce on the statements of both spouses that they do not wish to maintain the matrimonial bond.

Internationally, Guatemala signed the Convention on the Prevention and Punishment of Crimes against Internationally Protected Persons,

including Diplomatic Agents (New York, 1974), and the President ratified the International Sugar Agreement, Geneva, 1973 per D.O. of November 29, 1974.

HONDURAS

The Agrarian Law, Decree-Law 170 (1974), became effective January 14, 1975; it abrogates Decree Law 2 (1962). Starting with a preamble to the effect that it is necessary to establish an equitable social system in the agricultural sector in which the participation of the farmer in the social, economic and cultural development of the nation is assured, the new law transforms the farming structure of the country through the adoption, in lieu of the traditional large and small landholding system, of a plan of ownership covering only land which is being properly exploited. The law is extensive. Its 180 articles are contained in seven titles. Title I covers the objectives and fundamental principles underlying the agrarian reform. Title II deals with the state lands affected in Chapter I, Chapters II and III cover the private property affected and not affected, respectively; Chapter IV sets forth the obligations of the owner of farm lands. Title III covers the implementation of the agrarian reform, and especially Chapter I deals with expropriation procedure, Chapter II with land appraisals, Chapter III with compensation, forms of payment and agrarian reform bonds. Title IV contains provisions respecting the beneficiaries (Chapter I) and Chapter II covers the distribution of the land. Title V deals with technical and financial assistance, and Title VI in Chapters I, II and III covers the establishment, objectives, functions and organization of the National Agrarian Institute, and Chapter VI sets forth special provisions concerning the *Catastro Agrario Nacional*, the National Agrarian Registry and the *Procuradores Agrarios* whose function is to sponsor, before the National Agrarian Institute, the applicants seeking land and other benefits under the law. Title VII contains the usual final provisions. This major piece of legislation has, according to some observers, placed Honduras in the vanguard of Latin American Agrarian reform.

Recently established foreign exchange controls provide that \$2,500 is the maximum transfer permitted abroad without authorization from the Central Bank.

Decree-Law 171 (1974), the Property Registry Law, was promulgated on January 20, 1975 with an effective date sixty days thereafter. The law abrogates the Regulation of the Property Registry of 1960 and

Decree 38 (1973), but does not disturb provisions relating to the Registries of Commerce, Aeronautics and Ships. The new law contains sixty-three articles distributed among eleven main headings covering, among others, the appointment, qualifications and duties of the Registrars, the methodology employed with respect to the Registries, form and effect of the act of registration, inspection, and fees.

Decree Law 214 dated April 9, 1975 establishes an Investigating Commission to look into the allegations made by the Wall Street Journal concerning the alleged bribery of a high Honduran government official. Declaring that the above allegation resulted in grave injury to the Republic and to Honduras' national and international prestige, the Commission was given wide powers to seek facts locally and abroad. The Commission was charged to report to the Honduran people the results of its investigation, and the Attorney General of Honduras was charged with initiating the proper criminal prosecution if the allegations made by the Wall Street Journal were found to be true. (*Editor Note:* On April 22, 1975 a change of government took place in Honduras and a member of the Armed Forces became the new Chief of State).

MEXICO

Art. 43 of the Constitution and related articles covering the political entities which comprise the nation was modified (DO of October 8, 1974), and DO of 23 December, 1974 amends various laws so as to conform with the modification to Art. 43 of the Constitution.

Business concerns subject to the variation price fixing regime receive guidance on compliance in a Circular published in DO of October 30, 1974.

The National Fruit Growing Commission is restructured through a decree in DO of November 4, 1974; corrected in DO of November 18, 1974.

Art. 76, 78, 79, 91 and 161 of the *Ley de Amparo* regulating Art. 103 and 107 of the Constitution were amended (DO of December 4, 1974.)

The General Insurance Law was amended by a decree found in DO of December 20, 1974.

The tariff relating to the General Duty on Exports was promulgated through a law in DO of December 23, 1974, and DO of January 6, 1975 provides norms for the interpretation of the previous legislation.

DO of December 24, 1974 contains various decrees affecting the Federal Labor Law and the Federal Law for Public Workers.

DO of December 30, 1974 contains a number of decrees affecting, among others, the following laws: Art. 28 of the Constitution on the subject of monopolies; the Law of Chambers of Commerce; the Attorney General's Law.

DO of December 31, 1974 carries a substantial number of decrees relating to the following: Organic Law of the Judiciary; General Population Law; Federal Labor Law; Civil Code; Commercial Code; Penal Code; Civil Procedure Code; Federal Radio and Naturalization of Assets Law; Television Law; Social Security Law and the Federal Agrarian Reform Law. In addition, the same *Diario Oficial* affirms the juridical equality of women through modification of Art. 4, 5, 30 and 123 of the Constitution, and promulgates the Law of Civil Responsibility for Nuclear Damage. An errata to this particular *Diario Oficial* appears in DO of January 9, 1975.

Decrees in DO of January 2, 1975 amend the Security Exchange Law and the Organic Law of the *Nacional Financiera*; also a decree which amends the Law on Credit Institutions; the Law of Insurance Institutions and the Federal Guarantee Law. Modifications to the *Financiera* law were made to improve coordination and implementation of the state's finance policy and enable the institution to operate as a savings, deposit and mortgage bank. Changes in the General Law on Credit Institutions and Auxiliary Organizations are designed to foster creation of a multiple banking system whereby banks can provide integrated financial services. The Security Exchange Law aims at expanding information systems regulating brokers' activities, stock exchange operations and requirements for issuing securities.

A decree in DO of January 3, 1975 amends the Law on Ministries and Department of State to create the Ministries of Tourism and Agrarian reform replacing the Department of Tourism and the Department of Agrarian Affairs and Settlement.

Art. 23 of the Constitution (Labor) was amended through a *declaratoria* in DO of February 6, 1975, and Art. 107 dealing with judicial procedures was amended by a decree in DO of February 17, 1975.

Activity in the international sphere in recent months was substantial. From January 2 to February 28, 1975 the following took place: approval of a Cinema Agreement with Venezuela, of commercial agreements with

West Germany and Rumania, and of cultural agreements with Cuba, Austria and Rumania. Bilateral agreements with Brazil covered tourism and maritime transport, and with the United States cooperation agreements were signed to reduce traffic in narcotics. Multilaterally, Mexico approved the Convention for the Prevention of Injuries at Sea, the Convention for the Protection of Worker's Representatives, the Convention Establishing the World Organization of Intellectual Property, Act of Paris of the Berne Agreement for the Protection of Literary and Artistic Works; the Convention Establishing the Latin American Energy Organization; the Agreement Accepting Guyana and Bahamas as members of the Inter-American Development Bank, the Regional Convention Regarding Recognition of Licenses and Diplomas on Higher Studies in Latin America and the Caribbean, the International Sugar Agreement, the Vienna Convention on Treaties; the Convention on Psychotropic Substances, and the Convention on the Elimination of All Forms of Racial Discrimination.

NICARAGUA

Substantial tax reforms were instituted under a new tax reform law which became effective on January 1, 1975. The new law increases taxes on exports, imports, and practically every commodity and product in addition to income.

A Permanent Military Investigation Court and Permanent Military Tribunal were established per Presidential Order No. 5-G of January 25, 1975. The Court is charged with the implementation of the Martial Law through the investigation of all events which could constitute crimes against the internal or external security of Nicaragua, or the public order. The Tribunal, in essence an extraordinary War Council, will hear and adjudicate crimes against the security of the State and the public order, as long as the Martial Law is in effect. The sentences decreed by the Tribunal may not be carried out without the approval of the President of the Republic who may also modify such sentences.

On October 29, 1974, Nicaragua signed the Convention on the Prevention and Punishment of Crimes Against Internationally Protected Persons, including Diplomatic Agents (New York, December 14, 1973), and the agreement with the United States of September 5, 1972 relating to trade in cotton textiles was terminated.

PANAMA

Negotiations with the United States for a new Panama Canal treaty continue to progress, and according to some observers are now at "the decisive stage." Indications remain that Panama will not be satisfied with anything less than substantial gains, which the Executive in the United States appears willing to concede. The mood of the Congress, however, is not so conciliatory and it is predicted that the subject will remain a major issue in Panama and also in the United States. With the Latin American nations pretty solidly behind Panama, the stage is set for a major confrontation between the two countries, a confrontation which will undoubtedly have far-flung negative ramifications in future inter-American relations.

Social security taxes will be increased by 6% under a Social Security bill intended to increase retirement pensions and other benefits to the person insured and his dependents.

PARAGUAY

Acceded (subject to ratification) to the Arrangement Regarding International Trade in Textiles, with annexes (Geneva, 1973); the agreement with the United States relating to the deposit by Paraguay of 10 percent of the value of grant military assistance and excess defense articles furnished by the United States (Asunción, 1972) was terminated January 27, 1975.

PERU

The following Decree Laws (DL), Supreme Decrees (DS), Supreme Resolutions (RS), Directory Resolutions (RD), Ministerial Resolutions (MR) and Resolutions (R), among others, were promulgated in 1974 unless otherwise indicated.

In the area of labor and social legislation the following are noted: RD 000574-74-SA/DS names a working group to formulate technical norms for medical surgical care; DL 21033 establishes regulations for the new Ministry of Nutrition; DL 21042 suspends requirement for employer participation in contributions to illness and maternity benefits until further notice pending changes being made in the Health and Social Security program; DL-21044 extends tax benefits for hospital construc-

tion; DS 019-740TR fixes payment schedules for Social Security contributions by categories; DL 21095 provides government aid to individuals and organizations damaged during the sacking, pillage and vandalism which took place in Lima on February 5 and 6, 1975; MR 0041-75-TR names a commission to deal with Social Security pensions; and MR 085-75-TR names a commission to make recommendations on the collection of Social Security funds.

175-74 MIN/COM/AJ sets tariffs for services of the EPCHAP for both export and local consumption of fish oil and fish meal; 219-74-EF provides that all commerce directed to export will be handled by the Ministry of Commerce, whereas all internal commerce will be regulated by the Ministry of Economics and Finance, and by DS 220-74EF responsibility for the regulation of Customs is imposed on the Ministry of Commerce. In DR 19946 the General Customs Office approved the format for Sworn Declaration and continuation sheet for correct application of the Valuation System; in a General Notice the public was advised that as of January 1, 1975 a monthly detailed accounting of imported goods must be sent to the Department of Analysis of External Affairs of the Central Reserve Bank; DL 20724 sets out requirements for the transfer of automobiles acquired by diplomats and imposes limits on the length of time a vehicle must be held before it may be transferred.

In the public area the following are reported: Due to illegal and unscrupulous sales abroad of certain basic items under DL 20786, the government set up a system of regulation for the supply and dissemination of various products in border states; a new military service law is provided for in DL 20788; judicial procedures for the Declaration of Heirs are eased under DL 20792; DL 21023 establishes norms covering vacancies in the Supreme Court; DL 21057 establishes criteria for the Biennial Budget for National Public Works during the period 1975-76; DS 032-74-PM covers special registration procedures in the Civil Registry; DS 017-74-PM sets forth objectives and guidelines for the National Development Plan 1975-78.

DL 21027 assigns the production of synthetic fertilizers processed from phosphates to the Department of Energy and Mines; R 1093-74 IT/DS named a board for the liquidation of FERTI PERU, a fertilizer producer.

SD 413-74-EF, 416-74-EF and 417-74-EF regulate the organization and the functions of the Inspector General in the Economics Ministry,

the General Directorate of Economic Affairs and the Superior Directorate of Economics, respectively; DL 21020 authorizes COFIDE (Financial Corporation for Development) to issue certain bonds and receive deposits from labor organizations; a commission to study solutions to the problems of falling production and prices of molasses was created under R.S. 167-74 MNCOM/DGCI; a General Notice advises that in order to make any public offering of stocks or bonds it will be necessary to get the proper authorization from the National Supervisory Commission of Business and Securities.

RD 108-74-IT-DGT restricts to 70 the maximum number of travel agencies allowed to operate in Lima and the Constitutional Province of Callao; MR 1066-74-IT/DS establishes an Information Commission for Industry and Tourism, and RD 291-74-IT-DGT provides guidelines for information which must be presented by those interested in investing in restaurants, camping facilities and in transportation dealing exclusively with tourism.

UNITED STATES

The 94th Congress, much like its predecessors, introduced hundreds of bills during the opening days of its first session. Among them, bills which would modify the copyright, trademark and patent laws; give effect to the Patent Cooperation Treaty; establish a Commission on Guadalupe-Hidalgo land rights; establish a conference on Antitrust laws; establish the Metric System; establish a uniform bankruptcy law; amend the Immigration and Nationality Act; establish a contiguous fishery zone (200 miles) beyond the territorial sea.

Most of the legislation presented is still in the early stages of the legislative process, and thus practically no bill with international ramifications has become public law. Highlights of the activity so far are the 1976 budget submitted by the Executive; the economic report of the President, particularly that part relating to the nation's vulnerability to oil embargoes; a bill (HR 3111) to establish a Natural Energy and Conservation Corporation to explore and develop offshore oil sources; hearings on the Securities Amendments Act of 1975 (S 249) revising the securities laws; hearings on HR 38 and HR 2850 to amend the antitrust laws; hearings on HR 3981 to provide Federal rather than private exploratory drilling for oil and gas off the nation's coasts and on HR 3982 seeking to insure against permanent damage to maritime resources from coastal oil and

gas development; hearings and subsequent passage by the Senate of the Foreign Investment Act of 1975 (S 425) providing for disclosure of the beneficial owners of all equity securities of all publicly traded corporations and setting forth other requirements affecting foreign investors; Senate passage of the Standby Energy Authorities Act (S 622) giving the President standby authority to develop and implement regulations for the conservation of energy and rationing of fuels in case of impending energy shortages; activity by the Executive to remove Ecuador and Venezuela from the restrictions imposed by the 1974 Trade Act on OPEC countries; the reorganization of the House Foreign Affairs Committee and the establishment, among others, of the International Political and Military Affairs Subcommittee under the chairmanship of Congressman Fascell (D-Fla.); and Senate resolutions relating to normalization of relations with Cuba and urging retention of U.S. sovereignty over the Panama Canal Zone.

Internationally, matters of interest were: The signing of a pact between the United States and the Northern Marianas under which this territory will eventually gain commonwealth status, similar to Puerto Rico. A number of legislative steps must be completed before commonwealth status is reached; among them, approval of the pact by the Marianas legislature and the U.S. Congress; the signing of a protocol to the extradition treaty with Spain; and the entering into force of the Universal Copyright Convention, as revised (Paris, 1971.) Also, the Senate gave its advice and consent to the following: Convention on Prohibition of Biological and Toxic Weapons (Washington, 1972); Protocol for Prohibition of Poisonous Gases (Geneva, 1925); Amendments to Convention on Facilitation of International Maritime Traffic (London, 1973); lastly, the U.S. signed the Convention on Registration of Objects Launched into Outer Space (New York, 1975).

URUGUAY

Law 14.272 (1974) published the new charter of the Latin-American Energy Organization (OLADE) which contains the principles to govern the signatories on the conservation and utilization of natural energy resources.

Decree 808 (1974) published in one document all laws regulating foreign investment in Uruguay. The "restatement" deals with remission of dividends, transfers of capital, loans, etc.

Law 14.294 (1974) placed all prescription-type drugs (including narcotic drugs) under an exclusive State monopoly, regulating all aspects of the cultivation, manufacture, distribution and use thereof.

To upgrade the "prestige" of checks and checking accounts, the Central Bank published a new set of rules setting forth a uniform system to that end (Resolution of December 3, 1974).

A new Aeronautical Code governing the use of the Uruguayan airspace and related matters became effective through Law 14.305 (1974).

Law 14.306 (1974) made effective a new Fiscal Code governing all aspects of taxation other than customs duties and "departmental" (province) taxation matters.

Law 14.316 (1974) decreed that effective July 1, 1975, there will be issued a "new peso", which will be equivalent to 1,000 of the old variety.

Under Law 14.335 (1975) the Council of State declared tourism an activity in the national public interest, and published a set of regulations setting forth the policies to govern tourism in Uruguay.

VENEZUELA

By a resolution of the Ministry of Development (G.O. 30.544, 1974) international cooperative organizations must be registered in the General Register of Cooperatives to operate legally.

A resolution of the Ministry of Finance (G.O. 30.545, 1974) declared that all ship's manifests and bills of lading prepared for maritime shipments of imports and all transshipments that take place in ports abroad will no longer require certification, visa or consular stamps.

In G.O. 30.549, (1974) the Ministry of Finance reduced by 90% customs duties on all animal imports enumerated in the new customs tariff.

The Government has reserved to itself the importation of grapes, apples, pears, peaches, apricots and strawberries by a joint resolution of the Ministries of Finance, Development and Agriculture. Decree 440 (1974) partially reforms the tax law by increasing to 63½% the tax on profits obtained from the exploitation of hydrocarbons and related activities such as refining and transportation.

The Regulations of the Free Port of Margarita Island are promulgated by Decree 511 (1974). Said regulations provide that all merchandise imported from abroad (with certain exceptions) will not be subjected to any import taxes, internal taxes, nor to any quotas or other quantitative restrictions. Said merchandise may also be reexported abroad without payment of any taxes. Visitors to, and residents of the Island will, in turn, be able to purchase such merchandise duty free, in whatever quantity and without any other restrictions except those expressly contained in the regulations. No juridical persons (corporations) with foreign participation will be able to import under these regulations unless they first submit themselves to the legislation in force and the supervision of competent agencies. Foreign natural persons may not import at all under these regulations.

All merchandise consisting of equipment for maintenance, service and repair of airplanes, luggage and passenger equipment, component parts for terrestrial equipment, safety devices and documentation relating to air transportation may be brought into the country free of customs duties when imported by an international air transport enterprise which is a member of ICAO. (G.O. 30.549, 1974).

Decree 532 (1974) reformed the purpose and the constitution of the Social Fund created by Decree 96 (1969).

Pursuant to Decree 533 (1974) the National Commission of Civil Defense is designated as the government agency responsible for coordinating the activities of all organizations engaged in the prevention and repair of damages, resulting from national calamities.

The Commission for the Establishment of a National System of Information is created by Decree 559 (1974) to make an evaluation of all documents, libraries and archives in existence throughout the country and to recommend the political measures and objectives that should be adopted in connection with them.

Decree 561 (1974) establishes minimum prices guaranteed to coffee producers. It also prescribes regulations whereby persons wishing to trade in coffee must first obtain a license issued by the *Directorio del Fondo Nacional del Café y del Cacao — Sector Café*. Licenses will be issued for one year and shall be renewed every year thereafter.

By Decree 562 (1974) exporters of coffee will receive a government subsidy equal to the difference between the selling prices and the official minimum prices created by Decree 561 (1974).

The Ministry of Agriculture has passed a resolution G.O. 30.563 (1974) prohibiting all exports of coffee corresponding to the 1973-74 harvest which will be used for internal consumption.

A joint resolution of the Ministries of Finance, Development and Agriculture G.O. 30.563 (1974) prohibits the exportation of dried coconut without obtaining prior license.

The Ministry of Mines and Hydrocarbons has ordered that all hydrocarbon concessionaires wishing to construct works or to establish necessary installations for the exploitation of hydrocarbons must first present to the Ministry all plans and layouts for said works and installations, as well as any modifications thereof (G.O. 30.562, 1974).

Decree 580 reserved to the State, for reasons of national interest, the industrial exploitation of iron. Consequently, as of December 31, 1974, all concessions granted by the National Executive for the exploitation of said mineral are revoked. All properties belonging to concessionaire enterprises will pass to the state either by agreement with the Venezuelan Corporation of Guayana (a state corporation), or in absence of such an agreement by expropriation in proceedings before the Supreme Court. A reasonable compensation shall be paid for the value of the expropriated properties (G.O. 30.577, 1974).

A joint resolution of the Ministries of Finance and Agriculture and Stock Raising fixed a ceiling on F.O.B. prices of exported coffee. (G.O. 30.577, 1974).

By joint resolution of the Ministries of Finance and Development all exports of cement are subject to a prior license requirement (G.O. 30.586, 1974).

The Ministries of Finance and Mines and Hydrocarbons have established by joint resolutions (G.O. 30.586, 1974) F.O.B. values at Venezuelan ports for units of natural iron contained per metric ton of mineral exports in 1975, and minimum F.O.B. values for exports of ammonia from January 1 through March 31, 1975.

By resolution of the Ministry of Mines and Hydrocarbons (G.O. 30.581, 1974), beginning on January 15, 1975, the Venezuelan Petroleum Corporation will be the exclusive importer of liquified petroleum gas. It will also, either directly or by agreement with corporations or individuals domiciled in Venezuela, be in charge of warehousing, transportation and distribution of said liquified gases.

All owners of ships passing through the Maracaibo Canal and/or through the canals of Lake Maracaibo shall pay a tariff in accordance with the schedule fixed by resolution of the Ministry of Mines and Hydrocarbons. (G.O. 30.586, 1974).

The Ministry of Foreign Relations has approved the Protocol to the Convention on Wheat Trade of 1971 for the prorogation of said treaty. (G.O. 30.579, 1974).

Decree 611 (G.O. 30.574, 1974) prescribes regulations concerning the issuance and renovation of passports. There are four kinds: ordinary, diplomatic, service and emergency. Applications for diplomatic and service passports should be filed with the Ministry of Foreign Relations at least three days in advance. The Ministry reserves the right to suspend the validity of diplomatic and service passports at any time with or without any reason therefor.

The National Securities Commission promulgated norms for the organization and protection of stockholders. Among the provisions is found a general prohibition of public offerings of stock without prior approval of the common representative of the stockholders by the commission. The norms also provide that stockholders' meetings can be held validly constituted only when more than half the total number of shares outstanding is represented. (G.O. 30.573, 1974).

Decree 612 established a special schedule of tariffs for the Office of Customs of Port Ayacucho and for the territory bordering the Orinoco River between the cities of San Fernando de Atabapo and Puerto Ayacucho. Foodstuffs originating in Colombia will be permitted to enter such territory duty-free without the need to comply with any customs regulations.

A joint resolution of the Ministries of Finance and Mines and Hydrocarbons promulgated norms for the regulation of the Register of Exporters of Hydrocarbons and its derivatives. (G.O. 30.567, 1974).

Decree 695 (G.O. 30.592, 1975) subjects such items as soaps, insecticides, tires and hospital beds to the tariffs established by Decree 483 (1974).

The Ministry of Finance passed a resolution removing all duties formerly imposed on imported books, magazines and newspapers.

A joint resolution of the Ministries of Finance and of Development directs customs officials to accept all exemption orders which are in

effect at the time the merchandise arrived at Venezuelan territory, even though such orders are presented after the effective date (G.O. 30.587, 1975).

Decree 641 (1975) provides norms for the development of the naval industry. To promote and stimulate said development, tariff protection, import restrictions, direct and indirect subsidies, credit financing and tax credit will be granted to the industry.

Decree 692 (1975) promulgates regulations under the law creating a Financial Fund for exports. All exporters of goods produced in the country whose national aggregate value is equal to or higher than 30% are eligible for assistance under said regulations. In addition, all exporters of services are eligible if 80% of the capital belongs to national investors and said proportion is reflected in the technical, financial, administrative and commercial management of the firm, and if no less than 75% of gross salaries and wages are distributed to nationals. Foreign enterprises will have access to said Fund only when the Board of Directors should so determine.

All idle lands located in specified districts are transferred to the National Agrarian Institute for purposes of agrarian reform. (G.O. 30.602, 1975).

Article 58 of the Income Tax Law, which established the tax rates applicable to corporations engaged in the extraction, refining and transportation of hydrocarbons and its derivatives, and to corporations engaged in the purchase of hydrocarbons for export, is modified by Decree 712 (1975). Article 159, dealing with tax reductions for investment expenses made by hydrocarbon concessionaires, is also modified by said decree.

The Ministry of Development has postponed the effective date of its earlier Resolution 6.548 (1974) relating to contracts or lines of credit with banks or foreign financial institutions until July 1, 1975.

A joint resolution of the Ministries of Finance, and Mines and Hydrocarbons establishes basic F.O.B. values of exports of hydrocarbons and their derivatives at Venezuelan ports of shipment or at other points in the frontier where the exportation is effectuated. This schedule applies to all exports made from January 1 through December 31, 1975.

Decree 745 (1975) promulgates Partial Regulations under Article 84 of the Income Tax Law (G.O. 1.702, 1974). By these regulations all

taxpayers coming under the provisions of Article 26 of the law must present an estimated income statement corresponding to the taxable year in progress within 45 days of the beginning of each fiscal year. Such a statement is for purposes of prepayment of taxes in accordance with the norms, schedules and procedures prescribed by said regulations. Also Decree 775 (1975) promulgates the Regulations of Art. 159 of said law, determining the amount of tax credit to which oil companies are entitled for investment made in the year 1975.

Corporate promoters who propose to issue stock subscriptions by way of public offerings shall obtain the authorization of the National Securities Commission. (G.O. 30.624, 1975).

Decree 746 (1975) provides that all contracts, registered under Decree 502 (1974), for the importation of technology and those relating to patents and trademarks, which were in effect on January 1, 1974, must comply with the provisions of Articles 20, 21, 25 and 51 of Decision 24 of the Commission of the Cartagena Agreement by December 31, 1975.

MISCELLANEOUS

The Inter-American Development Bank and twelve industrialized countries from outside the Western Hemisphere have signed the Declaration of Madrid in which the parties signify their intention to take all necessary steps to seek membership in the Bank as nonregional members. The agreement, signed in Madrid on December 17, 1974 included Austria, Belgium, Denmark, Germany, Israel, Italy, Japan, the Netherlands, Spain, Switzerland the United Kingdom and Yugoslavia. The entry of the twelve countries into the Bank would not affect the regional nature of the institution because, under the arrangement, the Latin American countries retain a majority of the voting power.

A five-year treaty aimed at linking the European Market and forty six developing countries of Africa, the Caribbean and the Pacific in a trade and aid partnership was signed at Lome, Togo on February 28, 1975. The principal feature of the Lome Convention is the creation of a fund to help stabilize the developing countries' earnings from their vital exports in times of price fluctuations. The Convention, which is due to bring some 500 million people into a single economic grouping, provides that the European Common Market countries will give trade

concessions to their associates and financial, industrial and technological aid. Western Hemisphere countries involved are Bahamas, Barbados, Grenada, Guyana, Jamaica, and Trinidad and Tobago.

On the initiative of Colombia, Mexico and Venezuela a regional economic organization, excluding the United States, has been formed in the Hemisphere. The Latin America Economic System (SELA) intends to study development strategies, economic cooperation, prices of raw materials, economic integration, foreign investments and transfer of technology, among others. SELA appears to be a defensive forum within which the Latin America nations will seek to resolve economic problems without U.S. intervention. Its proponents claim SELA is not intended to replace the OAS.

The sixth new international conventions negotiated at the OAS Specialized Inter-American Conference on Private International Law held in Panama, January 14-30, 1975 on the subjects of bills of exchange, promissory notes and invoices; checks of international circulation; powers of attorney for use abroad; letters rogatory; obtaining evidence abroad on civil and commercial matters; and international commercial arbitration are scheduled to appear in full in the March 1975 issue of *International Legal Materials*.

This report summarizes a select number of statutory enactments and other developments. Therefore, no decision should be made without consulting the complete texts and related materials. Moreover, consultation with a competent local attorney is recommended.