Inter-American Legal Developments

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Recommended Citation

R. C. Benitez, Inter-American Legal Developments, 7 U. Miami Inter-Am. L. Rev. 81 (1975)
Available at: https://repository.law.miami.edu/umialr/vol7/iss1/7

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ARGENTINA

The following enactments, among others, were promulgated in 1974.

The Food Code (Law 18.284, 1969) was amended by Decree 51, and Resolution 867 (Economy) suspended the exportation of certain basic products.

Decree 1695 republishes the Financial Entities Law (No. 18061/69, as amended) and brings together in a new statutory enactment the previous law and subsequent modifying legislation.

Hotels designated as international tourist hotels are affected by Decree 70 which, among other things, grants certain tax benefits with relation to profits, capital and patrimony.

Decree 11 governs the procedure relative to the change of situs of industrial plants already established in Argentina (Law No. 20.560, 1973).

Decree 308 creates and establishes the jurisdiction of Juntas Zonales y Regionales de Catastro Agrario.

Law 20.631 establishing the value added tax, effective January 1, 1975, is regulated by Decree 499.

Art. 199 of the Criminal Code was modified by Law 20.708 with respect to aerial hijacking.

A National Commission on prices, income and living standard was created within the Ministry of Commerce by Decree 560. Among others, the Commission will fix criteria so that the Ministry of Commerce may implement price adjustments; study problems of supply facing the nation.

*The assistance of the following attorneys in the preparation of this report is gratefully acknowledged: W. T. Boone, Jr.; R. W. Brown; H. A. Elkan; G. T. Ramani; N. H. Roan.
and make pertinent recommendations; recommend ways to improve the living standard of the worker; and establish subsidiary commissions. Ministry of Commerce Resolutions 71, 78, 129, 132, 918 and 942 are pertinent on the subject.

Decree 318 sets forth the charter and regulates the Small and Medium Business Corporation (COPYME) established by Law 20.568. The Corporation is a State entity whose objective is to promote the development of small and medium businesses, considered important to the national economy.

Law 20.705 promulgates the operating regime of State business associations (Sociedades del Estado) which are defined as those which, without private capital, are established by the State to carry out industrial and commercial activities, or exploit public services.

Argentine workers have the right to avail themselves of a "worker's telegram" (telegrama obrero) in cases of labor conflicts. The service is free and is entitled to priority when the telegram is filed in a National Telegraph Office.

Decree 828 delegates to Ministers and Secretaries of State authority to act on specific matters within their statutory jurisdiction.

A National Integrated Health System was established by Law 20.748 which declares health a basic right of the inhabitants of Argentina to be made effective by the State (Art. 1), through a newly established Federal Health Administration. The objectives of the System are contained in Art. 3 which, in general, affirms a national policy to promote the health of the nation. Art. 10 provides for Health Councils in the different provinces of the country. Law 20.749 supplements the above law and establishes a career Health Service.

Law 20.743 abrogated the contracts approved by Law 18.166 (1969) with Siemens Argentina and Standard Electric Argentina, among others, relative to the supply of telephone equipment.

Resolution 163 of the Sub-Secretariat of Mining approved the norms agreed upon with the National Development Bank with respect to credit and financing operations in the Mining Promotion Law (No. 20.551).

Subversive activities, whatever their nature, are heavily sanctioned by Law 20.840, and Law 20.771 also carries heavy criminal penalties for those engaged in the production, sale or traffic of drugs.
A new National University was created in the province of Buenos Aires by Law 20.753.

A new law in the labor area (No. 20.744) has been promulgated. The new law entitled “Labor Contract Law” states that labor contracts and work relations are to be governed by its provisions, professional laws and statutes, collective labor contracts or awards, the expressed will of the parties, and usage and custom. The law is highly favorable to the worker and repeatedly establishes that the rights of the worker cannot be renounced. Safety safeguards, the right to check company books in specific cases, guarantees for receipt of wages, minimum wages, vacations and leaves of absence, women’s prerogatives, the right to strike, seniority, compensation for disablement and pensions are among the many subjects covered in this new inclusive statutory enactment in the area of labor relations.

Law 20.794 on Agreements for Transfer of Technology replaces Law No. 19231 (1973). The new law, stricter than its predecessor, requires registration of agreements producing effects in Argentina even in the absence of royalty payments or other consideration. License agreements not in compliance with the new law are null and void. Other provisions include heavy sanctions for violation of the law.

An addition to Art. 32 of the Civil Code provides for the protection of the private life of the individual by sanctioning one who, even without gross negligence or fault, intervenes in the private life of another person so as to “mortify him in his way of life or upset his privacy” (Law 20.889).

Law 20.923 established a National Commission for the incapacitated. The objective is to implement a national policy to rehabilitate incapacitated persons through coordinated social, medical, educational, professional and labor efforts. An incapacitated person is one who, through accident or disease has a different physical, psychical or social personality from that of a normal human being.

Resolutions 1308 and 1309 (Economy) affect foreign investments (Law 20.557). The former requires foreign investors who acquire share capital or participation in an Argentine company registered in Section A of the Foreign Investment Registry to report the fact within 45 days or lose their rights granted by the Foreign Investment Law. Resolution 1309 provides that foreign capital permanently established in Argentina may resort to local sources of credit, if certain specified procedures are followed.
Internationally, Argentina took the following actions, among others: Approved the Final Act of the Fourth Meeting of the Mixed Argentina-Paraguay Commission on Corporation and Coordination in May 1974; approved an amendment to the Constitution of ILO (1972) in June 1974; ratified the Convention on Beef between the Argentine Meat Board and that of Uruguay in July 1974; executed into law Decree Law 17.079 (1966) which approved the acts of the XV Universal Postal Union (Vienna, 1964) in September, 1974; and also in September 1974 amplified the list of customs exemptions pertaining to Paraguay.

BOLIVIA

Decree 11.550 (1974) extended the right of foreign banks to accept demand, sight and time deposits. The restriction against the above banks was to become effective at the end of June 1974 through Decision 24 of the Andean Pact.

Following the rebellion which ended in November, the government banned all political parties, labor unions, and students and business associations. Later in the month the citizenry was subject to a “Civil Service Draft” under which any Bolivian over twenty-one is amenable to government service. Those who decline face exile or a two year prison sentence.

Bolivia is hopeful that the Act of Ayacucho which, among others, contains a statement to the effect that the signatories “have the deepest understanding for Bolivia’s mediterranean situation” will be translated into concrete steps to give it access to the sea. The above Act stems from the meeting at Ayacucho, Peru in December, 1974 in which eight Latin American nations sought common ground on current problems (Ed. Note: See last item this report).

BRAZIL

With respect to import duties, the President has signed Decree-Law No. 1.334 (1974) altering the ad valorem rates of import duties contained in the Tarija Aduanera do Brasil and established in Resolution No. 1.959/73 of the Customs Policy Council.

Decree-Law 1.345 (1974) extended until 1978 the fiscal incentives referred to in Decree-Law 880/69 relative to investments effected in the state of Espirito Santo.
In the area of mergers and incorporations, Decree-Law 1.346 (1974) provides that, for the purpose of merger, incorporation, and other forms of corporate association considered beneficial to the national economy, legal entities may revalue their fixed assets in excess of the monetary correction limits and up to their market value, without paying income tax on the increased value resulting from such revaluation. The Decree-Law provides that proposed corporate mergers, incorporations, or associations shall be considered beneficial to the national economy if the purpose thereof coincides with the guidelines to be established by decree at the proposal of the Commission for the Merger and Incorporation of Companies (COFIE).


Decree 73.995 (1974) sets the new minimum salary table applicable to the different regions of Brazil. For São Paulo, Rio de Janeiro and Guanabara, the table fixes the sum of Cr $376,80 (U.S. $53.13) per month as of May 1, 1974.

Decree 74.170 (1974) regulates Law No. 5,991 (1973) which deals with the health controls relating to the sale of drugs, medicines, pharmaceutical products and the like.

Concerning baggage entering from abroad, Decree 74.177 (1974) established a new basis for calculation of duties and exchange charges payable upon transfer of ownership of goods brought in as baggage and released free of payment.

The Governor of the State of Guanabara has signed Decree No. 7.075 of June 7, 1974 setting up the State Tourism Council, which will be entrusted with the formulation, coordination and direction of the state tourism policy to be carried out by Riotur. The decree includes in the state tourism policy activities arising from all enterprises linked to the tourist industry, whether in the private or public sector, whether isolated or inter-coordinated, provided that they are of interest to the economic development of the State.

Decree 74.219 (1974) provides that applications for the importation of civil aircraft, and their accessories, submitted by federal, state and municipal administrative departments, direct or indirect, as well as by individuals or legal entities, for any purpose, depend on the prior approval of the Commission for the Coordination of Civil Air Transportation
(COTAC) of the Air Ministry. COTAC, when considering such applications, will take into account whether there exist Brazilian made aircraft for the purpose required.

Complementary Law 19 (1974) provides that from July 1, 1974, the funds generated by the Program of Social Integration (PIS) and the Programa de Formação do Patrimônio do Servidor Público (PASEP) are to be applied for the same purpose, principally for special investment programs prepared and revised from time to time in accordance with the directives and validity periods laid down by the National Development Plans (PND). The National Development Bank (BNDE) is entrusted with the preparation of the special programs and the application of the funds in investments and credits, in accordance with the investment policy guidelines approved by the President of Brazil.

Decree 74.607 (1974) created the Programa de Pólos Agropecuários e Agrominerais da Amazônia (POLAMAZONIA), for the purpose of promoting the integrated development of the agricultural, forestry and mineral potential in priority areas of Amazonia.

Decree 74.794 (1974) established the Development Program for Integrated Areas in the Northeast (POLONORDESTE) for the purpose of promoting the development and modernization of agricultural and cattle-breeding activities in priority areas of the Northeast.

The period of exemption from import duty and IPI on the importation of equipment and material for the installation, extension and renovation of studios and cinematographic laboratories was extended until December 31, 1977 by Decree Law 1355 (1974).

Decree 74.870 (1974) authorized the National Superintendency of the Merchant Marine (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 for which special lifting equipment is required on board, due to the absence thereof at the port of loading/unloading; national wheat in sacks or in bulk, during the period of harvest, and other primary foodstuffs, in case of public need.

Decree Law 1.336 (1974) authorized the Bank of Brazil, through its agencies abroad and in accordance with legal regulations regarding the country's foreign indebtedness, to participate as financial backers of foreign credit operations.
The San Francisco Valley Development Company (CODEVASE) was established by Law 6.088 (1974) in order to exploit, for agricultural and cattle-raising purposes, the water and soil of the Valley directly or through public and private entities, promoting the integrated development of priority areas and the establishment of agricultural and cattle-raising districts.


The President of the Brazilian Forestry Development Institute issued Portaria 178-P/74 allowing individuals to participate in forestation enterprises, under Law No. 5.106/66. The enterprise must necessarily have, as an ostensible partner, a firm specialized in reforestation, registered with the IBDF.

Ministers of State were authorized to proceed, in the current financial year, with the revision of building contracts relating to work in progress within the ambit of their respective Ministries, by means of the addition of a clause allowing the readjustment of the price and extension of time (Decree Law 1.339, 1974).

A new law, (No. 6.093, 1974), establishes the National Development Fund for the purpose of financing priority projects in strategic areas for the economic and social development of the country, with particular emphasis on the infra-structure thereof.

In the area of jurisprudence the following are noted: Federal Supreme Court in Appeal No. 74.792 held that a social welfare organization does not lose its status as such by charging persons who are not members of the organization for services rendered, and in Extraordinary Appeal No. 72.526 that a contractual clause providing for monetary correction is valid, even where unsupported by any legal provision, in view of the principle of freedom of contract; Federal Appeals Tribunal in Agravo No. 71.037 that payment made to employees by way of overtime is in the nature of a salary by way of remuneration for work done, whether resulting from an individual agreement or collective contract, or resulting from a unilateral action of the employer in the events permitted by law. Accordingly, the amounts paid to the employees by way of overtime must be included in the total of remuneration on which the percentage of eight percent to be deposited is payable, in Accord No. 34.599 that interest, financial charges and monetary correction, relating to loans for the purpose of the acquisition of fixed assets (in this case buses of a passenger
transport company), must be capitalized at their acquisition price for annual depreciation, and not deducted as an expense, and in Appeal No. 36.521 that, although the quotaholders of a *limitada* cannot generally be sued in respect to the company’s debts, in exceptional circumstances execution may be levied against the managing quotaholder, as in the case where a *limitada* was no longer carrying on business and had no assets, but had not been duly liquidated, and the managing quotaholder had set up a new firm to carry on the same business. The improper activities of the managing quotaholder were held to constitute sufficient grounds for excluding limited liability; *Appeal's Tribunal of São Paulo* in embargo proceeding No. 158.531 that a guarantee given by a husband without the wife’s consent is void, and in Appeal No. 188.882 that an action to secure the filing of an alteration to the articles of association of a company in the *Junta Comercial* must be brought against the remaining partners and not against the company.

The President has promulgated the Commercial Agreement between the Federative Republic of Brazil and the European Economic Community (Decree No. 74.421, 1974).

Brazil and Denmark have signed an agreement to avoid double taxation between the two countries. The agreement provides that, as from 1975, dividends arising in Brazil, income from real estate and interest from Brazilian public securities shall be exempt from tax in Denmark. Other interest, royalties and technical assistance fees received from Brazil by Danish firms shall be subject to a reduced rate of tax in Denmark of 25% (previously 50%). Brazilian tax on interest and technical assistance fees shall be reduced from 25% to 15%.

The Minister of Finance has issued *Portaria* No. 271/74 regulating the application of the Double Tax Convention between Brazil and Belgium, and fixing the rates of income tax to which dividends, profits, interest, royalties and remuneration from technical assistance and services resulting from investments and contracts registered at the Central Bank are subject in Brazil. The *Portaria* provides that when a person resident or domiciled in Brazil receives from Belgium income taxable in Brazil, he may deduct from his Brazilian tax the tax paid in Belgium on such income.

An economic agreement with Ghana was signed in November, 1974, and the ratification to the Strasbourg Agreement on International Patent Classification was deposited on October 3, 1974.

The promulgation of a new corporate law is expected in the new future, and a draft law regulating the ownership of rural real estate by
foreigners is under consideration. The latter fixes the maximum size of these properties and establishes National Security Council norms for the ownership of rural lands by foreigners. In case of land belonging to corporations, no foreigner can be majority shareholder with voting rights. Any foreigner buying rural real estate in Brazil must be domiciled in the country, according to this draft law. Another clause requires presentation of an exploration plan, in case the land area is from 20 to 50 modules—this being the maximum ceiling for foreign ownership; over this figure direct authorization from the President is required. Size of the module varies from 100 hectares in case of agriculture and 1,000 in case of livestock raising.

CANADA

Among others, the following acts came into force: Weather Modification Information Act and Weights and Measures Act. The following were amended: Yukon Act, Northwest Territories Act, Canada Elections Act and Customs Tariff Act.

Acceptances were deposited to the following conventions on the date indicated: Amendments to the International Convention on Load Lines on August 14, 1974; Amendments to the International Convention for Safety of Life at Sea on August 14, 1974; Amendments to the International Convention for the Prevention of Pollution of the Sea by Oil on October 12 and 14, 1974.

ALBERTA

The following are new acts: Expropriation Act, Forest Development Research Trust Fund Act, Industrial Development Repeal Act, and Natural Gas Rebates Act. The following were amended: Agricultural Development Act, Alberta Labour Act, Clean Air Act, Clean Water Act, Oil and Gas Conservation Act, and Wildlife Act.

BRITISH COLUMBIA

The following became effective: Administration of Justice Act, Coal Act, Department of Economic Development Act, Mineral Royalties Act, Prospectors Assistance Act, and Trade Practices Act. Amended were the following: Companies Act, Constitution Act, Development Corporation of

**BRUNSWICK**

The following was amended: Judicature Act.

**MANITOBA**


**NEWFOUNDLAND**

The acts amended were: Bills of Sale Act and Conditional Sales Act.

**NOVA SCOTIA**

The new act which came into effect was: Expropriation Act. The act amended was: Environmental Protection Act.

**ONTARIO**


**PRINCE EDWARD ISLAND**

The following new acts became effective: Reciprocal Enforcement of Judgments Act, Rehabilitation of Disabled Persons Act, and Revenue Tax
Act. The following were amended: Credit Union Act, Judgment and Execution Act, Land Development Corporation Act, Legal Profession Act, Mental Health Act, Probate Act, Real Estate Trading Act, and Revenue Tax Act.

SASKATCHEWAN

The following new acts came into force: Northern Saskatchewan Economic Development Act and Saskatchewan Development Fund Act. The act amended was: Industrial Development Act.

All the above new acts became effective or were amended in 1974, and represent only a partial list of the total legislative action in Canada late in 1974.

THE CARIBBEAN

ANTIGUA

A new Land Development Control Bill will provide procedures to insure orderly development of land, now being developed without adequate planning. A Development Control Authority has been created to implement the new legislation.

BAHAMAS


The following Acts, among others were also amended on the dates specified: The Lotteries and Gaming Act, August 1974, which enumerates various offenses under the Act, the commission of which is punishable by
fine or imprisonment; the Casino Taxation Act, August 1974; the Civil Aviation Act and Bahamas Bar Act (1971), both in September, 1974.

The Price Control (General) Regulations were amended in August 1974 by the replacement of the existing Schedule by a new price schedule which indicates the maximum wholesale and retail prices of various articles permissible by law. Also in August 1974, Price Control (Liquefied Petroleum Gas) Regulations came into operation, fixing the maximum selling price of liquefied petroleum gas. Selling at a price exceeding the maximum so fixed, is punishable by fine or imprisonment.

An Act to repeal the Gaming Machines Tax Act was assented to in August 1974.

The following Acts, among others came into effect on the specified dates. The Hire-Purchase Act, Oct. 1974, which makes provisions for the Regulation of Hire-Purchase, Credit Sales and Conditional Sale Agreements; the Bahamas Development Bank Act, October 1974 which establishes a Bank known as the Bahamas Development Bank, whose principal functions would be a) to promote industrial, agricultural and commercial development in the Bahamas through the financing of, or investments in approved enterprises; b) to encourage the participation in approved enterprises by citizens of the Bahamas; and c) generally, to promote and enhance the economic development of the Bahamas.


BARBADOS

The Hotel and Restaurants (Sales Tax) Act, 1974, assented to in September, 1974, provides for the imposition of a tax on the proceeds of the letting of hotel accommodations and the sale of food and beverages in hotels and restaurants, and for connected purposes.

The following Acts, among others, were amended on the dates specified. The Petroleum Act, April 1974; Infants Act, May 1974; and Land Valuation Act, August 1974.

In September 1974, the House of Assembly approved a series of constitutional amendments. Among them, some affecting the judiciary and specifically their appointments. Other amendments affect the Office of the Attorney General and the diplomatic service.
GRENADA

Grenada, fully independent since early 1974, has applied for membership in the OAS. If approved Grenada would become the twenty-fourth member of the organization which now counts among its membership three English speaking Caribbean nations—Barbados, Jamaica, and Trinidad and Tobago.

Grenada, on September 17, 1974 was admitted to membership in the United Nations and became a party to the Statute of the International Court of Justice.

JAMAICA

Jamaica and Mexico are negotiating to engage in joint bauxite mining operations and in the production of alumina and aluminum.

SAINT VINCENT

The following Act, among others, was amended on the date specified: Price and Distribution of Goods Act, March 1974. In addition, the Industrial Workers Wage Regulation Order came into effect in October 1973 whereby the minimum wage for workers was fixed at $5.25 per day (men) for an eight hour day, and $3.90 per day (women) for an eight hour day. Import and Export (control) Regulations came into force in February 1974.

TRINIDAD and TOBAGO

The following Act among others, was amended: Hotel Development Act, April 1974 granting exemption from tax of interest from approved loans.

CHILE

In the public area the following, all effective in 1974, are noted: DL 604 prohibits entrance into Chile to those who may threaten the internal or external security of the country, as well as the public order. The Ministry of Interior is charged with issuing the appropriate regulations; DL 640 coordinates norms relative to emergency measures such as: internal and
external wars, assemblies, and estados de sitio, among others; and DL 574 amends legal norms concerning the acquisition, administration and disposal of fiscal assets, among others.

A decree promulgated by the Department of Justice in D.O. of August 12 fixes the maximum fees for notaries.

Agriculture Decree 173 authorizes the free importation of agricultural machinery, and Decree 183 promulgates the regulations governing fishing operations by foreign fishing vessels.

DL 585 modifies the regulations of the National Savings Commission established by Law 17318 (1970), and DL 637 regulated the operations of Administradoras or Financieras concerning vehicles and other personal property.

DL 679 creates a Council to classify motion pictures.

Funds held abroad are affected by DL 694 which establishes the procedure to liquidate foreign holdings and return them to Chile.

DL 690 gives the National Mining Company authority to contract in foreign exchange. Commencing on October 17, 1974 credit operations are subject to the procedures established by DL 455. DL 710 approved the operation with Braden Mining Co. relating to the expropriation of El Teniente Mine, and DL 601 that with Anaconda with respect to its expropriated properties.

Educational Decree 668 regulates the operation of the Management Center, and DL 741 that of the Student's Center.

DL 701 affects the national forests by establishing the legal regime for this natural resource, and, among other things, sanctions those who will not develop forests in lands so designated by the State.

In the labor and related areas Decreto Previsión 75 (D.O. July 6) approved the regulation of DL 307 affecting all public and private employees; DL 603 established subsidies (unemployment compensation) for discharged employees; DL 627 granted a bonus to public and private employees; DL 670 granted a salary readjustment commencing October 1, 1974, extended collective bargaining agreements and the operation of Conciliatory Commissions to March 1976, and modified Art. 146 of the Labor Code; DL 676 authorizes the Labor Director to nullify fines not claimed under Law 14.972 and modifies regulations concerning individual discharges, as well as mass discharges (despidos colectivos) under Act 86 of the Labor Code.
Public Works Decree 15840 established a *Comisión de Hombres Buenos* to fix compensation except in expropriation cases where agreement is reached with the interested private party.

In the economic, financial and related areas the following is noted: Central Banks Directives (September 23 and 28) establish a new regime for foreign transportation companies, and new money quotas for foreign travellers, respectively; Directive (October 7) establishes the currency applicable to imports and exports and sets forth the manner in which import registries may be modified; *Acuerdo* (19 October) permits repatriation of investments reregistered in accordance with DL 326.

Internationally, Chile took the following actions, among others: Approved the Convention for the Protection of Artists and Producers under Foreign Relations Decree 390, and by Decree 422 approved the Protocol on Commercial Negotiations Between Developing Countries, signed at Geneva in 1972.

**COLOMBIA**

Decree 1245 (1974), promulgated by the Ministry of Mines and Energy, regulates the distribution of mining royalties and taxes. The municipalities in whose territories the exploitation of mines, other than of precious metals, emeralds and salt, is carried out, will be entitled to all royalties paid to the Colombian Government by the exploiter of said mines. Decree 1246 established new regulations concerning the distribution of hydrocarbon royalties among the various State entities.

Regulations for the functioning of the Chambers of Commerce, pursuant to Title VI of the Code of Commerce, were promulgated by the National Government in accordance with Decree 1361 (1974).

Regulations concerning the mandatory investments for insurance and reinsurance companies were established by the Ministry of Economic Development Decree 1523 (1974), and Decree 1651 (1974) of the same Ministry decreed that the Chambers of Commerce will certify the origin of national, mixed and foreign companies so as to designate which enterprises will be able to enjoy the advantages derived from the tariff-cutting program of the Cartagena Agreement.

On September 17, 1974, the President of the Republic declared a State of Economic Emergency in accordance with Article 122 of the Constitution. That article, in part, reads as follows:
When events occur ... that upset or threaten to upset, gravely and imminently, the country's economic or social order, or which constitute a grave public calamity, the President of the Republic may, with the signature of all Cabinet Ministers, declare a state of economic emergency for periods that in total may not exceed ninety days per year ... Pursuant to said declaration, ... the President may ... issue decrees with the force of law directed exclusively to warding off the crisis and to prevent the spreading of the effects.

The legislative Decrees issued pursuant to the powers herein referred to shall be sent by the Government to the Supreme Court on the day following their date of issuance so the Court may decide on their constitutionality.

In accordance with the above stated Article 122 the President issued Legislative Decree 1970 (1974) which set out the reasons for declaring the economic emergency. Because of its importance Decree 1970 is reprinted herein.

Whereby the State of Economic Emergency is declared, the President of The Republic of Colombia, exercising the power vested in him by Article 122 of the Constitution, having received a favorable response from the Council of State, and,

Considering: That in order to protect incomes and salaries and to review the full employment of the human and natural resources in the national territory, pursuant to Article 32 of the Constitution and provisions complementary thereto, the fight against inflation and the constant rise in the cost of living must be intensified; That the devaluation of the peso and of real salaries is caused mainly by the issuing of money to balance a fiscal deficit; That as a result of the said deficit, the moment has arrived in which the State has been forced to postpone the payment of wages and salaries to its employees, which constitutes a grave and imminent threat to the economic and social order of the country; That the keeping of artificial prices and subsidies for some essential commodities has cause their flight to neighboring countries due to the price gap existing between local and international markets; That the price drop of some of our principal export products in the international market may seriously affect the scheme of our foreign trade; That a transitory and unexpected calamity, the landslide of Quebradablanca, has isolated a great part of the regions located to the east of the Eastern Mountain Range,
thereby depriving the Special District of Bogotá from its principal source of supply and the Eastern Llanos from elements essential for the normal development of its agricultural and cattle breeding activities, such as fuel, means of transport, agricultural machinery, storage facilities for crops and timely supply of fertilizers; That immediate measures must be adopted to ward off the crisis and to prevent the extension of its effects, DECREES:

Article 1. The whole national territory is hereby declared to be in a state of economic emergency for a term of 45 days.

Article 2. This Decree shall be in force as of today. (September 17, 1974).

Decree 1970 and the measures promulgated thereunder resulted in bitter legal and political controversies in Colombia. The state of emergency was lifted on schedule on November 1, but in the interim its constitutionality was challenged in the Supreme Court. This Court, on October 16, ruled Decree 1970 constitutional, but its challengers have promised further attacks on the specific measures taken by the President under the powers granted him by the decree.

The basis for determining the profit-remittance tax was clarified by the Ministry of Finance in Circular 00002 (1974) pursuant to the State of Economic Emergency.

Legislative Decree 1978 (1974) was promulgated subjecting the exploration and exploitation of unassociated natural gas to the foreign exchange rules in force for crude oil.

The customs’ exemptions for decentralized entities of the national and municipal governments were eliminated pursuant to Decree 1979 (1974).

A program of austerity regarding the expenditures of public organizations was initiated by Decree 1982 (1974).

In accordance with the declared State of Economic Emergency, Decree 1988 (1974) revising the sales tax system was promulgated, but upon review the Supreme Court, on October 23, 1974, declared certain parts thereof unconstitutional.

Decree 2004 (1974) establishes a substantial reduction with respect to the Certificado de Abono Tributario (CAT), effective on January 1, 1975. CAT is a bearer security, freely negotiable and except from all
types of taxation, received by an exporter in connection with an exporting operation, and which may be used for income tax payments. Decree 2004 was later modified by Decree 2247 (1974).

Pursuant to the State of Economic Emergency the entire income tax system was reformed by Decree 2053 (1974), subsequently clarified by Decree 2348 (1974), and further modified by Decree 2247 (1974).

Oil and mining state enterprises were exempted from customs duties, and sales taxes for natural gas and oil derivatives were clarified pursuant to Decree 2104 (1974).

Decree 2143 (1974) modified the inheritance regime affecting taxation of estates, assignments and donations.

New procedures for filing tax returns and sales declarations along with methods for appealing against tax assessments were promulgated by Decree 2247 (1974).

Pursuant to Decree 2195 (1974), the tax withholding rates on individual salaries were lowered.

Regulations modifying the sales tax reform were promulgated by Decree 2368 (1974).

Decree 2310 (1974) abolished the concession system for petroleum exploration and exploitation, and reestablished tax exemptions for petroleum and mining depletion.

The Monetary Board issued, among others, the following resolutions in 1974: No. 38 set forth regulations requiring exporters to guarantee the Colombian Institute of Foreign Trade that they will sell to the Bank of the Republic the total amount of foreign exchange earned by a particular export; No. 51 authorizes banks to pay interest on Time Deposit Certificates up to a maximum of 24% yearly; No. 60 requires travelers abroad to pay a deposit of 10 pesos per dollar for the acquisition of foreign exchange; No. 64 authorized rediscount of those pledge bonds (bonos de prenda) guaranteed with products related to agriculture and the cattle industry; No. 71 established new terms and conditions for financing imported goods; and No. 73 set forth new requirements for registering foreign loans to private parties.

Pursuant to Resolution 18 (1974) of the National Council of Economic and Social Policy, new exchange rules concerning foreign investments in the nickel mining sector were promulgated.
Procedures were issued to all entities subject to inspection by the Banking Superintendency for calculating their pension reserves in Circular DB-083 (1974), and Circular OJ-143 (1974) reaffirmed that only banks are authorized to issue checks. Circular OJ-070 (1971) established the life of Cheques de Gerencia at ten years in accordance with the provisions of the Civil Code; the life of traveler's cheques was set at five years.

The position of the Banking Association concerning the establishment of Foreign Banks within Colombia was published in Legislación Económica, No. 523, Vol. 45, (July 31, 1974).

On June 5, 1974, the Commission of the Cartagena Agreement adopted Decision 85, a new set of regulations regarding patents and trademarks. These rules will not, however, become effective in Colombia until Congress has approved them. The main provisions of the regulations are available from the Lawyer of the Americas upon request. On the subject of trademarks it is well to recall that under the Colombian Trademark Law a registered trademark can be cancelled by anyone if it is not used for five consecutive years beginning on January 1, 1972. This provision is not applicable to defensive marks so registered.

The Colombian Congress has approved deep seated reforms in the Concordat signed with the Vatican in 1887. Among others, the new measure eliminates a clause found in the Concordat making Roman Catholicism the official religion of Colombia.

**COSTA RICA**

Executive Decree 3470-P (1974) establishes mandatory insurance for motor vehicles with a minimum of responsibility of 25,000 colones and a maximum of 50,000 colones, per accident.

Law 5495 (1974) creates an entity dependent on the Supreme Court to oversee the performance of judicial officials. This is a novel institution, which, as a supervisory body over the administration of justice, will henceforth insure prompt and faithful performance of duty by judicial functionaries.

The National Planning Law (No. 5525, 1974) seeks to coordinate the economic and development policies of the country. The law decrees mandatory coordination between pertinent ministries in the above areas.

Private firms which have construction contracts with the State are required to register with the Costa Rican Construction Chamber or the Road and Bridge Building Construction Chamber under Law 5518 (1974).
Law 5501 (1974) provides for readjustment of prices in contracts negotiated with national firms or with the Government in cases where it can be proven that there have been substantial changes in the costs of materials, labor, equipment or services.

Costa Rica has been chosen to be the site of the Latin American Institute of Social Protection (Instituto Latinoamericano de Défensa Social) similar to comparable institutions already existing in Cairo, Tokyo and Rome. The Institute, which will result from an agreement between the United Nations and Costa Rica, should be operational in early 1976. The goal of the Institute is the prevention of crime, control of criminality and the humane treatment of the criminal. The Institute will be headed by a Director, a non-Costa Rican appointed by the United Nations, and a Co-Director, a Costa Rican national; financing will be by the U.N. and Costa Rica. A new building to house the Institute has been offered by the Supreme Court of Costa Rica.

The procedures governing the Technical Transport Commission appear in G.O. 105 of 5 June, 1974. The Commission was established to deal initially with all matters relating to concessions concerning public motor vehicles on land.

Laws 5501 and 5518 relating to construction contracts were regulated on September 23, 1974. In essence, the regulations fix norms and conditions which will govern contract prices with, among others, foreign construction firms when it is determined that local firms are unable to carry out necessary constructions in the country.

A regulation (G.O. Sept. 6, 1974) prohibits the sale of alcoholic beverages on holidays and Sundays, and on installations reserved for sporting events; and Executive Decree 4230-H (1974) exempts from duty the importation of whiskey by the National Production Council.


Modifications to the Radio Law were instituted by Law 5514 (1974) to raise the cultural level of radio and television broadcasts.

The operation of civil aircraft was regulated by Regulation 4203-T in G.O. 212 of November 7, 1974, and Regulation 4204-T (G.O. of November 8) regulates aeronautical statistics.

Law 5602 (1974) suspends the effectiveness of Law 4558 (1970), as modified by Law 4928 (1971), until a new law is promulgated relat-
ing to the lease and sale of beach properties. The lease, sublease and sale of beaches and islands is temporarily forbidden.

Law 5377 (1973) promulgated the new Code of Criminal Procedure, with an effective date of January 1, 1975. The new Code is a radical departure from its predecessor and revolutionizes Costa Rica’s criminal procedure by establishing new entities and criminal jurisdictions. The Code calls for two investigating procedures; one, summary procedure by an Agente Fiscal, and a second called Judicial Investigation (Instrucción Judicial) by members of the judiciary. Of particular importance is the total separation of the investigatory phase, whether by an Agente Fiscal or an Investigating Judge, from the trial phase in the criminal courts. Thus the archaic figure of the judge who formerly investigated, tried and sentenced is eliminated in order to bring to the criminal process a larger measure of impartiality and objectivity. In the absence of any further legislative reform the new Code will become effective as presently drafted on January 1, 1975. In connection with the above it is worthy of note that the Supreme Court has submitted a bill to the Legislature entitled Special Law on the Jurisdiction of the Courts (G.O. of October 16, 1974) on the grounds that is impossible to create on short notice the Criminal Courts and other entities contemplated by the new Code. Under the above bill, the Court proposes a different effective date for the new Code in different parts of the country. This raises the interesting issue of the inequality of the law for criminals in different sections of the country. Also of interest to an outsider is the novel procedure whereby the judicial branch introduces legislation in the legislative branch.

The Costa Rican Legislature is also considering a bill which will amend Article 14 of the Constitution to prohibit Contratos Leyes under which foreign companies have allegedly negotiated most favorable contracts without future possibility of amendment by the other party.

Lastly, a Committee of the Legislature is studying a bill seeking to regulate the operation and the services of Costa Rican radio and television. The bill proposes that 51% ownership be taken over by the Government, and that foreigners be excluded from control of these means of communication.

DOMINICAN REPUBLIC

A price freezing bill is under consideration by the Senate after passage by the House of Deputies in late 1974, and in early December
the Government directed an increase in worker's wages and increased the domestic price of sugar to 16 cents per pound.


In October, 1974 Spain officially published two Conventions entered into with the Dominican Republic. One, an Economic Convention signed in Madrid on June 2, 1972; the other, a Financial Cooperation Convention signed in Madrid on March 5, 1974. The agreements became effective on August 6, 1974.

ECUADOR

Ecuador's Legislative Commission continues to achieve significant results. A substantial number of Supreme Decrees (D.S.) have been promulgated in the last months of 1974, and the projections for 1975 call for continued efforts to streamline past legislative enactments, as well as the promulgation of new laws to meet the social, economic and political changes which the nation is undergoing. Significant activity is also noted in the international area. All legislation and agreements cited hereafter became effective in 1974.

D.S. 719 modified the Stamp Law with reference to letters of credit and checks related to foreign transactions.

The Fisheries and Fisheries Development Law was regulated by D.S. 759.

D.S. 803 promulgated the Hydrocarbon Law.

D.S. 888 eliminated the Special Courts, and D.S. 891 promulgated a new Organic Law for the Judiciary which changes radically the Ecuadorian judicial system so as to make it more efficient and speed up the administration of justice. D.S. 1076 abrogated a previous decree imposing certain monetary charges to those availing themselves of the judicial process. This, a highly impopular act, served to restrict the administration of justice to those with adequate economic resources.

The functions of the Superior Council for Foreign Commerce relative to the treatment of foreign capital were established by D.S. 887.
D.S. 937 made major reforms to the Agrarian Law and specifically affected minifundios and expropriation, among other subjects; and D.S. 941 promulgated the regulations pertaining to the Agrarian Law. The basic law had remained virtually inoperative since its inception for lack of adequate regulation. The regulatory enactment now permits implementation of the principles of agrarian reform previously adopted by the country.

The law of the Ecuadorian Petroleum State Corporation (CEPE) was promulgated by D.S. 641, and D.S. 1018 contains the law for the Exploration and Exploitation of Asphalts.

D.S. 945 amends the Maritime Police Code, and D.S. 909 reforms the law relating to the Control and Fiscalization of Traffic in Drugs.

The National Culture Law was amended by D.S. 927. The object is to broaden the national culture by reaching the less privileged social classes, and Acuerdo 5489 codified the Ley de la Cultura to give added impetus to the cultural development of the country.

D.S. 1040 gives the Comptroller General authority to promulgate laws and decrees inherent to his statutory functions. In essence, this official is given legislative powers by the new measure.

The Ley Orgánica de Hacienda was amended by D.S. 1065; the basic Electrification Law by D.S. 1104; and D.S. 1096 regulates the Mining Development Law.

The following enactments concerning the professions and trades are worthy of note: D.S. 915 promulgates the Law for the Exercise of the Profession of Economist; D.S. 916 the Law of Professional Administrators; and D.S. 1151 the Law for the Protection of the Laborer.

D.S. 1143 amends the Income Tax Law with reforms, among others, affecting the dissolution of companies; and D.S. 1045 the Ley de Participaciones en Rentas Fiscales.

In the international sphere, agreement was reached with the German Federal Republic on (1) an extension of Agricultural Development San Isidro; (2) technical assistance to CEPE; establishment of a Professional Center in Guayaquil for the Motor and Metalworking Trades. And, with the following nations as indicated: (1) Spain—a bilateral air agreement; (2) Switzerland—air transport services; (3) Argentine—diplomatic exemptions concerning motor vehicles; (4) Guatemala—diplomatic immunities and privileges; (5) Andean Group—health cooperation.
In Decree 604 (1974), the Legislative Assembly approved a new Ley de Catastro (tax-list of the real property in every district of the country). The law is divided into nine titles, the first dealing with the nature and objective of the tax list. A coordinating committee composed of the Departments of Housing, Public Works, Justice, Agriculture, and the Executive Secretary of the National Council of Economic Planification and Coordination will execute the law. Its objective is to locate all parcels of real property with their respective measurements, nature, economic and productive value, and to clarify the title of each parcel. The project, by its nature, encompasses fiscal, economic, physical and juridical aspects.

Legislative Decree 65 (1974) establishes a tax on certain items set forth in a chart published in the Diario Oficial of August 23, 1974, pages 9062-9064, and applies to national products as well as imports. Responsible for the payment of the tax are the producers in cases of national products and the importers in cases of imports. Exempt from the selective consumer tax are items imported by the government, municipalities and other official institutions, merchandise imported by diplomats, national products designed for exportation, and products defined by Art. 9 of the law as "national handicrafts".

Minimum wages for workers in the agricultural and cattle industries were set by Decree 73 (1974) of the Ministry of Labor, and minimum salaries for industrial, service and commercial workers are found in D.O. of July 23, 1974.

Decree 86 of the Ministry of Economy promulgates the regulations governing petroleum concessions in the territorial sea. The decree consists of thirty-seven articles explaining in detail the procedures to be followed by those seeking a license to explore and/or exploit petroleum in the territorial sea. It establishes the National Commission of Petroleum to handle the requests for concessions, control and supervise the concessions already awarded, make recommendations concerning requests submitted for its consideration, and propose new regulations to the Ministry of the Economy on future activities in the petroleum field. The Commission will be under the Ministry of the Economy.

Reforms to the Law Establishing the Financing and Guarantee Fund for Small Businesses (No. 324, 1973) are found in Legislative Decree 80 (1974). The modifications include Art. 5, 6, 7, 8 and 11. The changes are basically administrative in nature, clearly defining the role of the
directors of the Fund and their method of selection. Art. 7 sets the term of office of the President of the Fund as three years, and two years for other members of the Board.

Legislative Decree 81 (1974) promulgates the Law for the Promotion of Exports. The decree declares that the State must direct national policy on exports according to the guidelines established by the National Plan for Economic and Social Development. It is advisable for the social and economic development of the state to grant special benefits to products destined for exportation, and to establish brief and adequate procedures in the fiscal, customs, and exchange fields. The law is divided into twenty chapters dealing, among others, with the object and classification of exports (Chap. 1), net export industries (Chap. 2), mixed industries (Chap. 3), commercial export enterprises (Chap. 4), obligations, proceedings, and responsibilities (Chap. 5), free trade zones (Chap. 6), acquisition of real property (Chap. 7), customs (Chap. 8), exchange (Chap. 9), sanctions (Chap. 10), the creation of the National Council for Foreign Commerce (Chap. 11), the creation of the Institute of Foreign Commerce of El Salvador (Chap. 12), funds for export credits (Chap. 13), and certificates of origin (Chap. 18).

The Code of Criminal Procedure of El Salvador, adopted on October 11, 1972, was amended by Decree No. 622 (1974). The amendments consist of thirty-nine articles originally suggested by the Revisionary Commission of the Code of Criminal Procedure. A further revision was made by Legislative Decree 56 (1974) on matters relating to the jury system. Specifically, mayors of all municipalites are responsible for handing a list of all potential jurors in their municipality to the local judge by September 15 of every year. By October 15, the judge, along with the district attorney, the mayor, and the representative of the local bar association, will have looked into the qualifications of potential jurors and disqualify those ineligible to serve. A list of qualified candidates will be drawn. From this list will be selected partial lists of twelve men and women to serve as jurors of particular trials. An effort will be made to have jurors of diverse backgrounds.

The Legislative Assembly made substantial modifications to the Penal Code adopted on February 13, 1972 through Legislative Decree 621 (1974). The changes to the Code were suggested by the Revision Commission designated for this specific purpose. The modifications include a new Art. 6 which deals with the subject of territoriality and defines the jurisdiction of the laws of El Salvador to encompass all acts committed
in the territory and other places within the country's jurisdiction, as well as crimes committed aboard ships and aircraft of El Salvador, whether private or commercial, in foreign territories when the persons involved have not been tried by the Government of the territory where the acts were committed. A new Chapter III was added after article 15 to deal with the application of the penal laws to persons. Also, Title IX has been added after article 150 to define the scope of political crimes. Other modifications affect: defamation (Art. 181), exclusion of culpability (Art. 182), insult (Art. 183), offenses against the memory of a deceased person (Art. 185), defamation of a legal entity (Art. 186 and 187), aggrieved parties (Art. 188) indirect offenses (Art. 191), seduction (Art. 197), aggravating circumstances (Art. 198), persons who may bring actions (Art. 213), extinction of penal action (Art. 214), pardon (Art. 215), fiduciaries (Art. 217), threats (Art. 224), special aggravating circumstances (Art. 225), abuse of the right to work and strike (Art. 226), robbery (Art. 237), qualified robbery (Art. 238), theft (Art. 241), adultery (Art. 265), failure to provide economic support (Art. 275), production of illicit goods (Art. 297), disloyal administration of medications (Art. 298), clandestine or fraudulent traffic of drugs (Art. 301), damage to the credit of the State (Art. 338), and national credit institutions (Art. 339), speculation (Art. 356 and 357), falsification (Art. 364), (Art. 365), insufficient bank funds (Art. 372), contempt against the country, its symbols and heroes (Art. 395), defense of a crime (Art. 405), definition of public employees and public authorities (Art. 459, and final provisions (Art. 530).

GUATEMALA

Decree 40 (1974) promulgates the Law for the Development and Cultivation of Basic Grains obliging farmers to plant basic grains in a percentage of the land under cultivation, while Decree 65 (1974) promulgates a law protecting the cultivation of tobacco.

The Army's Organic Law (Legislative Decree 1782) was modified by Decree 63 (1974).

Decree 48 (1974) exempts from the stamp tax the receipts issued by insurance companies to reinsuring companies for payments made to beneficiaries.

Governmental Acuerdo of August 19, 1974 prohibits increases in prices of articles of daily consumption (consumo diario), of basic products for the national industry, and ordinary sales (productos de venta
ordinaria) in the country; and Acuerdo 76 (1974) of the Ministry of Economy establishes maximum prices for certain articles.

The Consular Tariff (Decree-Law No. 279) was modified by Legislative Decree 78 (1974).

Taxes on stamped paper and stamps; custom’s lists; vehicles; passports; cigarette consumption; mail; immovables; departure from the country and income were modified by Legislative Decree 80 (1974).

Legislative Decree 50 relative to export duties on certain products, e.g., coffee, meat, cotton, sugar and shrimps was regulated by an Acuerdo dated September 25, 1974 from the Ministry of Economy and Public Finances.

Governmental Decree 17 (1974) imposes mandatory fumigation on articles originating outside of the Organismo Internacional Regional de Sanidad Agropecuaria (OIRSA).

The Law to Combat Tax Evasion was promulgated by Decree 84 (1974).


An Acuerdo of the Ministry of Defense of September 9, 1974 regulates the importation, storage, transportation and use of explosives for industrial use.

The International Sugar Agreement approved in Geneva on October 13, 1973 was sanctioned by Legislative Decree 90 (1974).

MEXICO

Lands containing phosphorite deposits are incorporated in the national mining reserves per an Acuerdo of the National Patrimony Secretariat (D.O. July 19, 1974).

Postgraduate studies in Criminology carried out at the Attorney General’s Technical Institute are granted official recognition in an Acuerdo appearing in D.O. of July 23, 1974.

An Acuerdo in D.O. of August 8, 1974 established the Comité Consultivo de Teleinformática under the Office of Telecommunications.
A special increase of the base salary of personnel working for the State was decreed in September, 1974. Such increase was intended as a compensation for inflation and those with a salary of $5,000 pesos per month were granted an increase of 22%. Those earning more than $5,000 were increased by $1,100 pesos per month. The increases applied to persons working for the Federal executive, legislative and judicial branches and the Department of the Federal District, as well as for the Government of the Federal Territories, and for the armed forces from September 1, 1974. As to those who had been granted an increase of salary between May 1st and August 31st, only the difference between such increase and the 22% figure, or the $1,100 per month, would be received by them (D.O. September 19, 1974).

Technical rules for the installation and operation of cable television were promulgated in D.O. of September 24, 1974.

The Federal Labor Law was reformed on September 30, 1974 to adjust the minimum wage-fixing system and term of contractual wage enforcement to the country’s prevailing economic conditions. In order to ensure greater freedom of negotiation between the parties represented in the National Commission on Minimum Wages, it was decided to continue the same procedures employed up to now, even though the term for minimum wage revision was reduced from two years to one. Revision of the other collective labor contract clauses will continue to be made every two years, except in the case of the daily-rate wage, which will be revised on a yearly basis. Raises in this area will have a direct impact on other benefits, which jointly constitute worker’s net earnings. This does not affect other fringe benefits obtained in the course of overall biennial labor contract negotiations. The measures approved make it possible to apply wage increases gradually, thereby averting the danger of a simultaneous pay raise in all branches of economic activity. In periods of relative price stability, pay increases responded to the need to restore the purchasing power of wage-earners, and biennial revision was deemed adequate. Present inflationary conditions demand adjustment in both current earnings and in the periodic revision of minimum wages. It is estimated that the new measures will benefit some 62 percent of the country’s labor force. Indirectly, small artisans, persons performing certain services and all non-wage-earners can adjust the price of their products or services to market conditions. Further, new price supports have been established for the major farm commodities to protect farmers’ income. The above reforms become effective on May 1, 1975.
In October, 1974 the President signed a decree amending Art. 43 and other pertinent articles of the Constitution to grant the territories of Baja California and Quintana Roo full statehood.

Major tax reforms were submitted by the Executive to the Congress in October, 1974. Main thrust is to combat inflation and increase revenue through new or increased taxes on gasoline, new cars, boats, private airplanes, restaurants, hotels and nightclubs; an increase in the maximum tax rate to 50%; and a sharp reduction in corporate tax deductions.

A new price regulation system went into effect on October 3, 1974 to permit producers, distributors and retailers to increase prices, subject to authorization by the Ministry of Industry and Commerce, when they are able to show a cost increase of over 5 percent. The intention is to prevent unwarranted price rises, while allowing businessmen to pursue their activities, and to maintain adequate conditions for investment. The new system meets the need to adapt price policy to the inflationary spiral. The decree states that “faced with this phenomenon, it is imperative to adopt the necessary measures to protect the purchasing power of the weaker sectors of the population, which suffer most severely from the high cost of living, without detracting from our growth, from the creation of job opportunities and from the achievement of our social objectives.” Official prices were fixed for only 29 of the 80 products chosen for control; another 13 articles suffered price modifications that had previously been considered necessary, and the remainder were simply subject to price surveillance. Under the new policy, a rigid price-fixing system will continue to be applied to a small number of basic commodities. The other products covered will be regulated by a price-fixing mechanism adjusted to cost variations, by which prices may be raised “when the company’s total outlay shows an overall increase of more than 5 percent” in proportion to the cost rise, which must be demonstrated in the relevant request submitted to the Ministry of Industry and Commerce. The new price policy forms part of a larger body of measures—fiscal, credit, budgetary, wage—aimed at adapting the Mexican economy to the international inflationary phenomenon so as to ensure the continuity of high rates of development and raise the living standards of the majority of the people.

Internationally, a series of decrees approved or promulgated the following documents, multilateral agreements or bilateral agreements with the foreign nations indicated: Convention to Prevent and Sanction Acts of Terrorism Against Persons, subscribed at Washington, D.C. in 1971 (D.O. July 23, 1974); Instruments adopted by the X Congress of the
Postal Union of the Americas and Spain, held in Santiago, Chile in 1971
(D.O. July 26, 1974); Resolution 264 extending the International Coffee
Agreement (1968) to September 30, 1975, approved in London in 1973
(D.O. July 29, 1974); Air Transport Agreement with Cuba, signed in
Mexico City in 1971 (D.O. August 1, 1974); Convention on International
Responsibility for Damages Caused by Space Objects, signed in Wash-
ington, London and Moscow in 1972 (D.O. August 8, 1974); Convention
on Prohibition of Development, Production and Storage of Bacteriological
(Biological) and Toxic Arms and their Destruction, approved by the U.N.
in 1971 (D.O. August 12, 1974). The ratification to the Vienna Conven-
tion on the law of treaties was deposited on September 25, 1974.

NICARAGUA

Decree No. 414 (1974) authorized loans between the government of
Nicaragua and foreign banking institutions for projects in Laguna de
Perlas and Ciudad Rama. The funds will be used for drainage and con-
struction of port facilities and for the acquisition of drainage equipment
and cargo transport.

All agricultural products imported into the country will undergo
fumigation and disinfectant treatment under a program established by
the Department of Agriculture and Livestock and conducted by the
Organismo Internacional Regional de Sanidad Agropecuaria (OIRSA).
The program will cover all packages and articles which have the potential
of being carriers of plagues and other diseases not presently in existence
in the country (D.O. Aug. 16, 1974).

Decree No. 34-G (1974) reformed the Code of Retirement and Pen-
sions of the National Guard by abolishing Art. 15 of the Code and amend-
ing Art. 28 referring to Pensiones de Montepío.

Decree No. 51-DNR (1974) declared some mineral deposit areas of
the departments of Segovia, Madriz and Esteli as zones of national reserve.
No additional permits will be granted to explore or exploit minerals in
these zones which encompass an area of 1.683 sq. km. Permits granted
prior to this decree will be honored but will not be renewed after their
expiration.

Decree No. 411 (1974) created the National Technological Institute.
The Institute is designed to contribute to Nicaragua’s economic develop-
ment and raise the standard of living of its citizens by the formation and adaptation of the labor force to the different levels required for the efficient functioning and development of different sectors (industrial, agricultural, and services administration), at each stage of technological progress.

New procedures governing extradition are set forth in Decree 428 (1974).

Decrees 505 and 506 (1974) amended the Penal Code on the subjects of cattle stealing (Art. 272) and illegal detention and assault (Art. 230). The latter article now sanctions anyone who, while on a private or public vehicle, illegally detains, deviates or prevents the vehicle from proceeding as intended.

A new Law of Amparo became effective on November 11, 1974 replacing the previous law dated November 6, 1970.

The Martial Law of December 13, 1950 has been repealed and supplanted by a new law of the same name, effective November 11, 1974.

A General Sales Tax and Tax on Selective Articles for Consumption became effective on November 16, 1974.

PANAMA

A regulation dated October 18 from the National Banking Commission authorizes banks to deposit surplus funds with other local banks. The measure should result in attracting further foreign deposits to Panama and relaxes a previous policy under which surplus funds could only be used for local loans or redeposit abroad.

The National Institute of Communications entered into an agreement with Western Union International on October 29, 1974 under which all Western Union installations in the country were transferred to the above State entity.

On October 30, 1974, the National Assembly ratified the agreement signed by Panama, Colombia, Guatemala, Costa Rica and Honduras on September 17, 1974 which set up a Union of Banana Exporting Countries. In a related action the Supreme Court of Panama on October 16 had denied the request of Chiriqui Land Company that the export tax on bananas be declared null. The action of the Court was procedural inasmuch as it ruled that the petition of Chiriqui was presented two days late.
PARAGUAY

A cadastral survey will be undertaken by Paraguay under a $2.3 million loan made available by AID. In addition to determining property holdings, the project will establish modern automated tax recording systems and revise tax collection procedures.

Effective January 7, 1975 a new peso is scheduled to become official in Uruguay. The new unit will be formed by eliminating the last three zeros from existing units, e.g., 10 new pesos correspond to 10,000 old pesos.

On July 1, 1974 an agreement with the United States relating to the payment of defense articles entered into force.

PERU

The following Decree Laws (D.L.), Supreme Decrees (D.S.), Supreme Resolutions (R.S.), Directory Resolutions (R.D.) and Resolutions (R.), have, among others, been promulgated in 1974.

D.L. 20636 facilitates obtaining short term loans to be granted to businesses affected by the disaster of May 31, 1970 and to carry out the government policy of recovery and development of the affected area. Funds for the short term loans are obtained from a fund set up by the Peruvian government and the U.S. through AID.

D.L. 20637 provides for modification, reduction or enlargement of the list of industries which will receive first priority established by D.L. 18350, as authorized by the Ministers of Industry and Tourism and Economy and Finance.

A national Commission for Aerospace Research and Development promoting the peaceful uses of space technology and encouraging Peruvian participation and cooperation in all phases of the international space effort is provided for in D.L. 20643.

In accordance with that set out in Art. 1 and 3 of D.S. 051-74 EF, D.S. 157-74 seeks to determine which minerals and deposits will be subject to the 10% special tax, and to establish a price for such minerals and deposits upon which to value the additional tax. Attached to the decree is a schedule which sets out in detail a listing of the various groups of minerals and deposits to aid in carrying out the computations. D.L. 20784 promulgated the organic law of Minero Peru Comercial, the state entity charged with the commercialization of Peru's mining products.
R.S. 127-74 MINCOM/DGCI authorizes new prices for assembled cars affecting Chrysler, Nissan Motor Co., Toyota and Volvo.

Imported agricultural pesticides are included on the list of goods subject to price controls as per R.S. 129-74 MINCOM/DGCI.

D.D. 014-74-MA provides for shipping companies and agencies to designate counsel or representatives in all ports in which they operate to represent them on a permanent basis in any court action brought against them.

Resolution CNSEV 024-74 EF/94.01 prohibits the Manco Capac Mining Co. from continuing its public stock offering because of its failure to secure proper authorization.

A new press statute was promulgated by D.C. 20680 (6 Law.Am. 765) with the avowed purpose of bringing the mass media in line with the policies and ideals of the government. Under the new statute the State will recognize and guarantee freedom of expression as long as the press does not exceed the bounds of respect for the law, general morality and respects truth, personal and family honor, and privacy. The press must exclude all information or opinion which might tend to arouse criticism or discrimination based on race, sex, social, economic or political position or which might encourage immorality. In addition, although the State will not require the total nationalization of the press, the State will appropriate a number of publications to present, propagate and defend the government position and will dedicate others to express the position of various other sectors of the community. The statute also provides that the sale, circulation or dissemination of foreign publications or broadcasts which would tend to undermine the security and supremacy of the State or its economic and social institutions and public morality will be prohibited.

In accordance with the provisions of the new press statute, under D.L. 20681 certain publications have been expropriated in order to serve as a means of expression for particular organizations. The dailies have been assigned as follows:

*El Comercio* to the agricultural cooperatives.

*La Prensa* to labor in industry, mining and fishing.

*Correo* is assigned to professionals such as lawyers, engineers, doctors and economists.
Ojo to artists, writers and intellectuals in general.

Empresa Editora Lima to service organizations, mutuals, banking, construction, commerce, transportation and others.

Editora Nacional to education.

Under D.L. 20682 the publishing of La Crónica and Variedades, and the daily La Nueva Crónica will be taken over by the State and will be managed and edited by the National Information Center.

D.S. 013-74-MINCOM provides regulations for commercial offices of the Ministry of Industry and Commerce abroad.

D.S. 014-74-MINCOM prohibits the exportation of certain woods without authorization from the Agricultural Ministry in order to protect natural resources.

Circular 46-61 EF/70.01 provides directives for Customs Officials in Callao.

A commission of Energy and Mining charged with studying and analyzing factors and recommending measures to be taken to comply with D.C. 20598 is provided for by R.M. 697-EM/DS.


R.M. No. 01094-74-PE fixes a tariff for technical inspections of fishing industries, and cod fishing is suspended in the southern sector of the port of Huarmey by R.M. 01095-74-PE.

R.S. 232-74-TR names committees to administer the expropriated publications named in Article 9 of D.L. 20681.

Industry will be required to set aside 2% of its net income to be used for technological and industrial research to be conducted by ITINTEC as set out in R.D. 192-74-ITINTEC-DG-DA.

Rules and regulations for implementing D.L. 19990 creating a National Social Security Pension System are provided for in D.S. 011-74-TR.


D.S. 016-74-TC authorizes the importation of CKD packages to be used in the assembly of vehicles to be used for public transportation without additional duties or requirements.
D.L. 20696 sets out organization and regulations for the Peruvian Shipping Co. (CPV).

Guidelines for the National Development Plan 1975-1978 have been approved in D.S. 017-74-PM.

Enlargement of the scope of the Financing Fund for Promotion of Industrial Plants is provided for in D.L. 20709.

Regulations for registration and control of pharmaceutical and biological products for veterinary use are discussed in detail in D.S. 0752-74-AG.

R.M. 2305-74-ED requires all texts for use in elementary education be approved by the Ministry of Education.

Conditions with which manufacturers of chassis for motor vehicles must comply are set out in R.D. 2138-74-IT-DG-I-DIEM, and R.D. 2319-74-IT-DIG-DIEM presents a list of automobile parts which must be included on all automobiles in various categories as of April 1, 1975.

Submission of annual plans for production and importation by industry is provided for in R.D. 2392-IT-DGI-74.

The effective date of the new General Customs Law (DL 20165) scheduled to take effect on July 1, 1974 was postponed until January 1, 1975.

A comunicado from the Housing Ministry (02-74-VI) requires all engineers and architects to register with the Housing Ministry in order to obtain licenses for construction.

D.L. 20734 amends Art. 129 of the Banking Law (No. 7159) by giving the Superintendent of Banking and Insurance powers normally possessed by the General Meeting of Shareholders of banks in reorganization.

D.S. 019-74-PM provided for the carrying of the II National Economic Census from September 16-October 15, 1974.

R.S. 0269-74-MS charged a commission of nine experts with the study and revision of the Law of Cooperatives (No. 15260), and R.D. 000478-74-SA/DS named another commission to study the activities of private clinics.
D.S. 024-74-PM created a high level commission to coordinate the fight against criminality on the premise that the rise of criminal acts requires a more effective coordination than that presently existing throughout the nation.

UNITED STATES

The following bills, among others, were signed by the President in the latter half of 1974: Public Law (PL) 93-372 extending the expiration date of the Export Administration Act of 1969; PL 93-373 authorizing for increased participation in the International Development Association; PL 93-374 extending expiration date of Export-Import Act of 1945; PL 93-377 amending the atomic energy laws; PL 93-390 transferring from OPIC to private insurance companies the issuance of political risk insurance for overseas investors; PL 93-423 extending authorization for Economic Development Administration; PL 93-425 extending expiration date of Export-Import Act of 1945 to Oct. 15, 1974; PL 93-461 repealing the "cooly trade" laws; PL 93-472 appropriating monies for the Marine Protection, Research and Sanctuaries Act; PL 93-479 authorizing the Secretary of Commerce to study foreign direct and portfolio investments in the U.S.; PL 93-485 enabling Congress to concur in or disapprove international agreements for cooperation in nuclear technology; PL 93-500 amending and extending authority of Secretary of Commerce to regulate exports; PL 93-511 extending until Aug. 31, 1975 the Emergency Petroleum Allocation Act; PL 93-513 compensating for damages caused by nuclear incidents by U.S. warships; PL 93-519 authorizing icebreaking operations in foreign waters.

Following the adjournment of the Congress on December 20, 1974 the President signed the following into law, among others: Hr 5463 establishing rules of evidence for certain court proceedings; HR 8981 and 9199 amending the Trademark and Patent laws, respectively; HR 10710 (Trade Reform Act); S 3418 amending the Federal Aviation Act to deal with unfair competitive practices in international air transportation; HR 10701 (Deepwater Port Act); HR 15977 extending life of Export-Import Bank for four years. Vetoed (pocket) were the Strip Mining Bill and the Ship-Cargo Bill requiring that 20% of the oil imported into the United States be carried by U.S. tankers.

A bill, which only received Senate approval during the last session of the 93rd Congress, was the 200-mile fishing extension bill which would
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extend U. S. fishing rights from 12 to 200 miles off shore. The bill cleared the Senate on December 11, 1974, but faced heavy opposition in the House and from the Administration.

Internationally, the following actions are noted: the Protocol to the Convention for the International Council for Exploration of the Sea (Copenhagen, 1970) received Senate advice and consent on September 4 and was ratified by the President on September 18; a modification of an agreement with Haiti (1971) regarding trade and textiles entered into force on September 13.

On November 4, 1974 OPIC was held liable to ITT for the expropriation of the latter's properties in Chile by the Allende government. The ruling was that of a panel of the American Arbitration Association which heard the case after an initial refusal by OPIC in 1973, based on ITT's alleged non-compliance of its contract obligations to OPIC. The American Society of International Law announces that the complete text of the arbitral decision will be carried in the November, 1974 issue of International Legal Materials.

URUGUAY

Decree 431/974 of the Ministry of Economy and Finance modified a decree of October 20, 1970 on the subject of foreign exchange by prohibiting the financing of any expenses for trips outside Uruguay.


A new set of regulations concerning the Uruguayan Foreign Service was promulgated under Law 14.206 (1974). The new law contains sixty-three articles. Among them: To assure honorable performance of members of the foreign service, a "Tribunal of Honor" is set up within the Service (Art. 4). No member will be promoted or sent outside Uruguay until he has completed specified courses at the special Artigas Institute (Art. 9). Certain age limits were set, e.g., Ambassador — 70, Consul — 65, Consular Officer — 60 (Art. 20). Junior staff officers will be appointed, when vacancies occur, from persons under 35 from the following groups: one-third from economists, doctors of diplomacy, doctors of law or the social sciences; one-third from the ranks of the foreign service; one-third from other distinguished persons. (Art. 36).
Decree 517/974 of the Ministry of Economy & Finance: issued Regulations for the Unified Tax (Tributo Unificado), applicable to all commercial activities, but excepting therefrom all corporations, stock companies, stockbrokers, agricultural and artistic activities.

Decree 529/974 of the Ministry of Industry & Commerce regulated Law No. 14.178 (1974) designed to promote certain industrial activities (6 Law. Am. 766). The regulations specify the procedures for obtaining the benefits provided by the above law.

Pursuant to the Treaty of Montevideo, Uruguay published its 95-page list of products receiving special treatment within the Latin American Free Trade Association (LAFTA) under Decree 491 (1974).

To insure “freedom of contract” for rental units, Law 14.219 (1974) was promulgated covering all aspects of rental contracts including a minimum term of 2 years for residential and 5 years for commercial property, and a built-in readjustment scale to reflect inflation. Further interpretations were published on September 18, 1974 (Law 14.266).

Law No. 14.233 of August 2, 1974 grants the Supreme Court the power to grant paroles, but excepts from its operation political-type criminals or those sentenced by military tribunals. This is intended to last only through December 31, 1974.

Law No. 14.248 (1974) requires all public functionaries to swear allegiance to the republican form of Government established under the Constitution, or be separated from their posts.

On August 23, 1974, The Central Bank published comprehensive regulations governing monetary and exchange policies affecting exports, imports, marketing, financing, foreign exchange, among others. This publication includes a compilation of previous decrees, as well as new matter and should be consulted in the future in connection with the above subjects.

An agreement with Hungary whereby the latter provides credits totalling $10 million for Hungarian capital goods has been signed.

VENEZUELA

Venezuela continues to press forward with a strongly nationalistic legislative program. An example of this trend is a recent measure affect-
The President has decreed that the daily musical programming of these media must have not less than 50% Venezuelan music (G.O. No. 30.491, 1974). And, on October 30, 1974 the Central Bank of Venezuela was nationalized (Decree 507) and became a State entity, although retaining its corporate structure. Bank shares, presently held by private parties, will henceforth be held by the State, and the Board of Directors will be composed exclusively of public officials. The new decree law affects substantially the functions of the Bank, but makes adequate provision for the transfer of ownership to the State, thus safeguarding the rights of private parties affected. Further, on December 7, 1974 the Government announced that it would nationalize the U.S.-run iron ore mining operations on January 1, 1975. U.S. firms affected are Orinoco Mining Co. (U.S. Steel) and Iron Mines Co., a Bethlehem subsidiary; compensation is expected to be approximately $101 million.

Governmental control over foreign trade and investment has been expanded. Auto parts and fruits may not be imported without obtaining a governmental license (G.O. No. 30.490, 1974 and G.O. No. 30.491, 1974). On the other hand, flour cannot be exported without a license (G.O. No. 30.505, 1974).

In domestic economic affairs, the Venezuelan government has moved not only to regulate the country's day to day business, but also the future growth of the country. Day to day control is achieved by regulating prices. Recently different instrumentalities of the government have regulated the price of gasoline for motors (G.O. No. 30.477, 1974), the wholesale and retail price of natural gas (G.O. No. 30.480, 1974), the maximum interest to be charged (9%) in credit transactions (G.O. No. 30.485, 1974), and the price of steel (G.O. No. 30.480, 1974). A consumer protection law has also been passed (G.O. No. 1.680, 1974). In accordance with said law a companion resolution has been passed prohibiting any person or corporation from issuing any seal or certificate of guarantee or quality on any product without first obtaining authorization therefor from the Ministry of Development (G.O. No. 30.498, 1974).

For future growth, the Department of Agriculture will form a Committee to evaluate agrarian reform (G.O. No. 30.486, 1974 and G.O. No. 30.478, 1974). In addition, a Commission has been established to advise the President re industrial decentralization, the installing of new industries, determining the industrial enterprises necessary for development, and which industries should be relocated because they pose a pollution problem (G.O. No. 30.481, 1974).
A most far reaching regulation is the government's assertion of control over the future of the chemical industry. The President of Venezuela, by Decree No. 345, has created the National Council of the Chemical Industry (G.O. No. 30.478, 1974), in an effort to develop the industry. The Council shall:

1. Prepare a plan for development of the chemical industry, and present it to the President.

2. Study the possibilities for production and sale of chemical products abroad.

3. Reach agreements with other countries and enterprises to expand the market for chemical products.

4. Recommend specific projects to the President along with opinions about the advisability of direct investment by the government, and the creation of joint ventures between the government and private sector.

5. Recommend procedures for deciding in what areas of the country industrial plants should be set up.

Venezuela has entered into an agreement with Mexico for the exchange of young technicians (G.O. No. 30.505, 1974). Because of the recent large oil discoveries in Mexico, the agreement could be of great significance to the hemisphere. Outside of the United States, Venezuela has the largest supply of technicians knowledgeable in oil technology, and Venezuela undoubtedly has the largest supply of such technicians who are also Spanish-speaking, in the world. As Mexico has announced her intention to develop her oil resources without U.S. intervention, developments in this area are worthy of note.

The President has created a National Nuclear Commission (G.O. No. 30.515, 1974). The Commission will:

a) Conduct studies on the peaceful uses of nuclear energy to further the social and economic development of the country;

b) develop the investigation and teaching of peaceful nuclear uses, particularly in the areas of health, agriculture, engineering, and industry;

c) further the exploration and exploitation of radioactive materials;

d) inform the President of the laws and regulations concerning nuclear energy, and international treaties;
e) recommend to the Executive the norms and regulations for acquiring, using, and transferring nuclear equipment, and how to dispose of radioactive waste materials;

f) maintain technological relations with the nuclear commissions of allies and other international agencies;

g) seek the country's participation in specialized international agencies, and designate delegates to attend congresses on atomic energy.

Venezuela has set aside certain areas as protected hydraulic zones. Those having interests within these zones may continue their exploitation of the areas, but subject to the dictates of the Ministers of Public Works and Agriculture (G.O. No. 1.655, 1974).

The Promoting Commission of the National Bank of Technology has been established. Its objective is to procure funds for scientific and technological research (G.O. No. 30.459, 1974).

Another Commission has been established to study the development of the aeronautical industry in Venezuela, and to, within eight months of this decree, give the President its recommendations. Any corporation or natural person wishing to participate in any program related to the aeronautical industry must present its project to the Commission. In addition, those industries which must contract with foreign enterprises for the manufacture, repair, or remodeling of aircraft, must first submit their projects to the President (G.O. 30.547, 1974).

The Central Bank has declared the minimum interest that a bank and other credit institutions may charge (G.O. No. 30.456, 1974).

1. 12% is the maximum interest that may be charge on credit made available to enterprises 50% or more of whose capital belongs to:
   a. persons residing or domiciled in a foreign country;
   b. foreign corporations;
   c. domestic corporations 50% or more of whose owners or stockholders reside, or are domiciled in, a foreign country; and
   d. domestic corporations 50% or more of whose stock is owned by a foreign corporation or by natural persons falling under (c) above.
2. In addition, banks and other credit institutions will charge at least a 2% service charge to those falling within the above categories.

Venezuela has passed a resolution (G.O. No. 30.455, 1974) increasing the retail price of automotive gasoline with an octane rating of 85 or more. Prices for other types of gasoline remain unchanged. Another resolution modifies the tariff on gasoline (G.O. No. 30.455, 1974).

A commission designed to cooperate with UNESCO has been reorganized (G.O. No. 30.465, 1974).

A National Council of Production and Supplies has been created (G.O. No. 30.462, 1974). Its functions will be:

1. To recommend to the President the necessary measures to be taken in fiscal credit and administrative areas in order to promote and protect investments, and procure an increase in domestic production;
2. set guidelines for fixing prices in the areas that the Council deems need regulating;
3. establish relations with those agencies in other countries in charge of exports, assignment of quotas, and similar functions.

The amount of working capital that banks may have, without having to comply with the requirements of Article 30 of the Ley General de Bancos y Otros Institutos de Crédito, has been raised to ten times the paid capital, plus reserve funds (G.O. No. 30.474, 1974).

Venezuela has signed an agreement with the Central American coffee producing countries designed to maintain an adequate level for coffee prices. Under the agreement, Venezuela will finance stockpiling by the Central American countries that presently need the income from coffee sales. Brazil and Colombia will finance their own stockpiling. The Venezuelan action is one of the first concrete steps taken under its announced policy of using oil money to underwrite economic development in Latin America.

In the area of projected legislation the following are noted: (1) A bill designated as National Security and Defense Law which is not a law relating to the Armed Services exclusively, but is applicable to the citizenry in general, as well as to foreigners in Venezuelan territory. The bill also provides for the establishment of a National Security and Defense Council;
civil defense; mobilization of public services and basic industries when required by the national security and defense; and applicable sanctions. (2) A bill establishing a National Statistical and Information System covering procedures for the gathering, utilization and publication of statistics considered useful to the nation. The bill projects a Central office of Statistics and National Council of Statistics as a consultative organ to the Central office. The projected law also provides for national and agrarian censuses every ten years, but an industrial—manufacturing census will be held every five years. Among other provisions, the bill calls for a National Information Office to centralize, coordinate and supervise the acquisition and use of computer systems for the State, as well as a Data Bank for public purposes. Lastly, a National Information Company of mixed capital would be created to carry out subsidiary administrative functions in the computer area. If enacted the new measure will repeal the present Law of Statistics and National Census promulgated on July 12, 1944. (3) A bill (Ports Law) providing for the administration of the main nine ports of the Republic. The projected legislation would give autonomy to the National Ports Authority and charges it with modernizing its procedures and administration. (4) A bill which will create a fund for urban development, specifically real estate development. The bill is part of the overall national urban development plan. (5) A bill designated as National Police Law and affecting at depth the national police. (6) A bill to nationalize the oil industry.

MISCELLANEOUS

In December, 1974 Argentina, Bolivia, Chile, Colombia, Ecuador, Panama, Peru and Venezuela met for three days at Ayacucho, Peru to discuss common problems. A declaration, the Act of Ayacucho, resulted in which, inter alia, the signatories agreed to limit armaments and to stop acquiring offensive weapons. The intention of the nations concerned to solve future problems through peaceful means was reaffirmed; sympathetic consideration for Bolivia's land-locked plight was another expressed intention. The United States, Canada and Cuba, plus other countries were represented by observers. A notable absence was that of Brazil, which many believe must join the arms limitation declaration in order to make the agreement effective.