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INTER-AMERICAN LEGAL DEVELOPMENTS

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NOTE: All legislative and regulatory enactments in this report pertain to 1976 unless otherwise indicated.

ARGENTINA

Decree 4128 (1975) established a commission to draft the legal norms applicable to non-Roman Catholic religious associations.

The Argentine Aeronautical Code and the Navigation Law both state that indemnifications thereunder will be in "Argentine gold." Decree 75 provides for an evaluation of such gold vis-à-vis the currency presently in use.

Resolution 156 (Economy) revoked Resolution 1124/74 and set new norms for the transfer of shares or other ownership interests from foreign to national investors. Resolution 156 was in keeping with the government's policy to be less restrictive towards foreign investments and, among other measures, heralded a new foreign investment law which became effective on August 14. The latest legislation clearly states that "foreign investors shall have the same rights and duties that the Constitution and the laws grant national investors." Foreign investment companies, defined as those in which more than fifty percent of the registered capital is foreign owned, can repatriate up to twelve percent of their annual profits without tax. From twelve to fifteen percent profits on capital, including reinvestment of local earnings, repatriation is subject to a fifteen percent tax, rising to twenty-five percent for remittances exceeding twenty percent profit; repatriation of the investment may be made in three years

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in lieu of the five years established in the previous law. Investments may be made in foreign exchange, local currency and in capital goods, among others. Foreign capital companies are eligible to obtain short-term credit in Argentine banks in proportion to their capital, and, with the approval of the Executive, they are also eligible for medium and long-term credit. Subject also to approval of the Executive is investment in areas such as defense, transportation, energy, banks, insurance and financial institutions in which foreign investment was formerly banned. The new statute also eliminates "mixed companies."

Law 21.263 repealed a number of special labor immunities. Law 21.297 made extensive modifications to the Labor Contracts Law (No. 20.744), but at the same time reaffirmed certain rights regarded as fundamental by the workers. The law provides for a forty-eight hour work week nationwide, and for Study Committees to draft legislation re the right to strike and a code for farm laborers, among others.

Law 21.307 and Decrees 367, 368 and 369 amend the system governing salaries, annual supplementary bonuses, family allowances and pensions.

Decree 344 charges the Ministry of Foreign Relations with establishing a hierarchy of national offices for protocol purposes, and Law 21.329 sets forth the national holidays and non-working days.

Resolution 3168 (DNM) obligates political exiles to report to the police on a monthly basis. Resolution 3439 (DNM) authorizes foreigners, who have applied for permanent residence and received provisional status, to leave and enter the country during the period of provisional residence mentioned above.

Extensive modifications to the Penal Code appear in Law 21.338. Revision of the Code was prompted by a desire to step up the measures against subversion and includes, among other measures, introduction of the death penalty for certain criminal activities. Death or life imprisonment will be imposed for assassination of government officials and for causing a person's death after deprivation of freedom. Similarly sanctioned are those who, illegally associated for subversive purposes, severely harm other persons. Other measures sanction those who abet subversion and who pay ransom to kidnapers, or fail to denounce those who do so.

Law 21.342 creates a new regime in urban rentals (locaciones) with the objective of normalizing relationships between landlords and lessees.

The law covers, with certain exceptions, renting and subletting of city property used for living purposes, leased before January 1, 1974, but whose leases have not expired.

A four article *Acta* issued June 18 by the Government provided that the Military Junta assumed the power and responsibility to review the conduct of those who had occasioned harm to the Nation through, among others, (1) failure to observe basic moral principles in the exercise of public, political and labor related functions, (2) gross negligence in the discharge of the above duties, and (3) indifference towards administrative corruption (Art. 1). The second article established the sanctions which, inter alia, included loss of political and labor rights, loss of nationality for naturalized citizens, and expulsion from the country. Art. 3 and 4 provided for normal criminal proceedings and sanctions, if applicable, in addition to the sanctions contemplated in Art. 2. Resolutions 1 and 2 of the Junta of the same date listed a number of persons whose conduct had been prejudicial to the Nation; among them, former President Maria E. Peron.

Decree 1063 regulates the establishment and operation of security services by private entities and places such operations under the Federal Police.

Resolution 1421 (Ad.) sets forth the requirements that must be met by banks and exchange houses upon remitting abroad foreign exchange or gold.

BRAZIL

Decree Law 1.455 (1976) established new rules for passenger luggage. Passengers coming from abroad will not be required to pay import duties in respect of luggage consisting of used clothing, objects and jewelry of personal use, provided that their nature and quantity is compatible with the duration and purpose of the trip, and of personal books and magazines, souvenirs and other personal domestic or professional objects, provided that there is only one unit of each and an aggregate value of US\$100 is not exceeded. Other goods brought by passengers which are not intended for sale and which do not exceed a total value of US\$900 may be cleared as luggage although subject to payment of import duties ranging from 250% to 400%.

The importation, commercial lease, rental or acquisition of foreign products in the domestic market, by the agencies of Centralized and

Decentralized State Administration, will require: a) the preparation of an Importation Budget; and b) the establishment of value limits and of prior specific authorization from the competent authority as provided by decree. (Decree 7.832, 1976).

The limits established in Decree-Law No. 1.312/74 for the Government to authorize the National Treasury to give its guarantee (aval) in loans obtained from abroad has been increased to Cr\$27 billion for loans to finance governmental programs and to Cr\$56 billion for loans to States, Municipalities and public companies. (Decree-Law 1.460, 1976).

The following *Portarias* are deemed pertinent: (1) Minister of Finance No. 42/76 concerning incentives for the exportation of services to the effect that the Bank of Brazil will offer a guarantee of the National Treasury to companies that render services, carry out works or supply goods to other countries, as mentioned in Article 4 of Decree Law 1.418/75. The companies interested in obtaining this guarantee should address their applications to the Bank of Brazil which will examine the financial aspects of each case. The Attorney-General of Federal Treasury will give his opinion on the legal nature of the operation before any such guarantee is granted by the Minister of Finance; (2) Minister of Finance Nos. 44/76, 45/76 and 46/76 establishing the procedures for the application of the double taxation treaties signed with Germany, Sweden and Spain, ratified in December 1975; (3) Minister of Finance No. 155/76. Imported goods, retained by the customs authorities solely by reason of their being the subject of litigation, may be released at any time after the commencement of the litigious phase of the process, in accordance with Article 14 of Decree No. 70.235/72, by means of a deposit in cash, pledge of federal debt securities or bank guarantee of the amount claimed. The head of the fiscal department entrusted with the release of goods shall give a ruling on the application for release within five days from the filing of the petition of the interested party. There is no review of a negative decision, the reasons for which must, however, be given; (4) Minister of Labor No. 3.460/75 by which firms with more than 100 employees are obliged to adopt specialized services in labor safety and hygiene. For this purpose, firms will be classified according to the degree of risk inherent in their operations. Depending on the degree of risk to which the employees are exposed, firms may be required to contract security supervisors or even install medical services.

The Central Bank of Brazil has issued the following communications, among others: (1) Comunicado Firce 26/75, approving regulations

governing the application of Resolution 355/75, which deals with the utilization of lines of credit and joint liability of banks authorized to operate in exchange in transactions relating to imports financed at terms in excess of 360 days; (b) Through Comunicado GECAM 297/75, the Central Bank of Brazil has excluded from the requirement of prior closing of exchange the opening of credits covering import payments to be made over a period of more than 360 days from the shipment of the merchandise. The opening of this type of credit may be effected without prior authorization of the Central Bank, against the presentation to the bank authorized to operate in exchange of the necessary import license issued by CACEX. (c) Persons interested in importing merchandise with foreign financing over a period of more than 360 days must submit to CACEX (Bank of Brazil's Foreign Trade Department) the necessary authorization by Central Bank (CACEX Comunicado 537/76). (2) Circular 288/76 extending to investment banks the right to repass the resources derived from the Special Program for Exports created by Resolution 353/75 to the producing and exporting companies. The financing offered by the investment banks will comply with the same rules as established for repassing by commercial banks and will be subject to the presentation of a "participation card" issued by CACEX. (3) Circular Letter 291/76 the Central Bank of Brazil establishing that commercial leasing operations involving foreign goods shipped prior to November 1975 will not be subject to the prohibition contained in the sole paragraph of Article 11 of the regulation attached to Resolution 351/75. In its Circular Letter 292/76, the Central Bank also temporarily suspended all new applications for authorization to operate as a leasing company, determining further that each economic group of associated persons or companies can operate only with one commercial leasing company. (4) Resolution 358/76 excluding the importation of paper for newspaper, magazine and book printing from the compulsory 360-day prior deposit. Importations of equipment for the treatment of permanent physical defects and for the protection of life in special cases will also be exempt from the deposit. (5) Resolutions concerning the financial system: (i) Resolution 367/76—consolidates and improves the procedure for commercial and investment banks, credit, financing and investment institutions to obtain funds, whether by receipt of fixed-term deposits with or without certificates, or by placement of bills of exchange with their acceptance, which shall be at market rates in the case of credit, financing and investment institutions; (ii) Resolution 368/76—establishes the maximum rates for the operations of commercial banks. The interest rates for private loan operations (to individ-

uals) are no longer subject to a limit while operations represented by trade acceptance bills, contracts or other securities, including promissory notes, for the financing of production and sale of goods and services have had their interest rates limited to 1.6% per month; (iii) Resolution 369/76—authorizes the receipt of fixed-term deposits, without certificate, for a minimum term of 60 days, as provided in Decree-Law 1.454/76. (iv) Resolution 370/76—temporarily withdraws the prohibition contained in Article 3 of Decree-Law 1290/73. Autarchies, public companies and mixed-economy companies of indirect federal administration and government controlled foundations can thus invest their available funds not only in federal securities and fixed-term deposits, but also in debentures, bills of exchange accepted by financial institutions, Municipal and State public debt securities and Eletrobrás bonds. These investments can be made at market price directly with the issuing or accepting financial institutions or through institutions of distribution of securities in the capital market; (v) Resolution 371/76—permits insurance companies to invest their technical reserves in bills of exchange accepted by financial institutions, in Municipal and State Public debt securities and Eletrobrás bonds, thus increasing the investment options granted to such companies; (vi) Resolution 372/76 and Resolution 373/76—establish new minimum limits for the capital of brokerage and distribution companies in order to reinforce the resources of such companies; (vii) Resolution 374/76—introduces a system for the Central Bank of Brazil to grant financial assistance to investment banks and credit, financing and investment institutions, establishing that such financing will be based on rotating credit facilities for a maximum period of 180 days which may be extended at the option of the Central Bank by means of a mere exchange of letters. (viii) Resolution 375/76—establishes that as from April 15, 1976, the mandatory withdrawal on cash deposits, by deposit with the Central Bank, to which banking establishments are subject, will be increased to 33%.

Purchases and Sales of exchange in transactions of any nature under bilateral payment agreements after March 23, 1976 will be carried out in United States dollars and will not be subject to the requirement of contracting a repass or specific coverage with the Central Bank of Brazil (GECAM Communication 300/76).

The following legislative activity which took place in Spring 1976 is worthy of note: (1) An individual shall only be permitted to acquire foreign currency upon the presentation of his passport with an exit visa and the respective ticket clearly showing the means of transportation and the place of destination. Respecting the legal limit fixed by the Central

Bank of Brazil, the credit establishment handling the exchange will remit the exchanged amount abroad in the name of the purchaser, such amount to be delivered to the purchaser abroad at the place that he may choose. (Project to Law No. 1834/76 of Deputado Siqueira Campos, DCN-I of March 19, 1976). (2) Companies that in any way enjoy tax incentives or have obtained loans from official banks may not contract services with foreign companies, except if there is no national company capable of rendering such services. (Project of Law No. 1.061-B75. DCN-I of March 9, 1976). (3) Article 1 of Law No. 5.709/71, which deals with the purchase of rural land by foreigners resident in Brazil or by foreign companies authorized to operate in Brazil may be altered if Bill No. 2.124/76, which has been submitted to the Comisses de Constituição e Justiça and Economia, Indústria e Comércio for their opinion, is approved.

The Regional Labor Court of the Second Region, in Proceeding TRT/SP 9.233/74, held that a director elected on the date of his admission to the company, who is not subject to fixed work hours nor to report to his superiors and who enjoys full freedom, cannot be considered an employee. Additionally, the mere fact that a company did not operate during a financial year does not by itself imply that the directors did not render services to the company. (Appeal 68.864, 3rd Chamber, 1st Council of Taxpayers). Any transfer to shareholders, partners, managers or participants in the profits of a company of assets or rights at a value which is proved to be less than their market value is deemed to be a disguised distribution of profits (Appeal 71.678, Chamber of the 1st Council of Taxpayers).

In the international area, Brazil took the following action, among others: Approved two 1975 amendments to the Warsaw Convention; concluded bilateral agreements with the United States on (1) nuclear cooperation, and (2) air navigation under which the FAA will certify equipment of Brazilian manufacture for use in the U.S.; and signed an agreement with West Germany guaranteeing the financing of two nuclear reactors.

BOLIVIA

Supreme Decree 13050 (1975) supplements the Investment Law (D.L. 10045, 1971), and includes in the benefits conferred by the latter those projects which contemplate specific programs in the area of national economic integration. The considerandos of the decree point to the convenience of encouraging industries engaged in the incorporation of com-

ponent parts into finished assemblies. The decree establishes norms for such industries within the national integration regime.

Decree Law 13525 requires that business concerns above a certain worth (10 million pesos) or annual income (20 million pesos), established or to be established in the country, must accompany filing of financial statements with certificates from independent auditors regarding such statements. Concurrently, the decree promulgated regulations for the preparation of financial statements.

A Journalists' Law became effective in May 1976 requiring, *inter alia*, a university education in order to be able to work as a journalist or photographer. The law, advocated by Bolivian journalists' professional associations, exempts those with more than ten and seven years of experience as journalists or photographers, respectively.

A duty-free zone for Bolivia has been established in the port of Rosario, Argentina. Similar privileges have also been extended to Bolivia by Uruguay in a number of Uruguayan ports.

In July, the Bolivian Foreign Office emphatically denied newspaper reports that the country had lost substantial amounts of territory to Brazil through misapplication of boundary agreements with the latter. Bolivia and Brazil have a common boundary of 1920 miles.

Official talks between Peru and Chile concerning Bolivia's aspirations to gain access to the Pacific (8 *Law. Am.* 405, 1976) were postponed until July. Representatives of the two countries met in Santiago, but no public announcement has been made concerning the results of the negotiations.

CANADA

The following federal statutes, among others, were proclaimed to come into force: Ocean Dumping Control Act; Privileges and Immunities (International Organizations) Act; Anti-Inflation Act; Business Corporations Act; Radio, Television and Communications Commission Act; Environmental Contaminants Act; and Criminal Law Amendment Act amending the Criminal Code, Crown Liability Act, Immigration Act and Parole Act.

On July 6, Canada and the European Community signed the "Framework Agreement for Commercial and Economic Cooperation Between

Canada and the European Community." The agreement, aimed at expanding trade and other exchanges between Canada and the Europeans, provides for establishment of a Joint Cooperation Committee to promote faster, closer contacts between Common Market organs and Canadian enterprises.

CARIBBEAN

With the entry into effect on August 1 of a new constitution, the island nation of Trinidad and Tobago adopted a republican form of government, ending the nominal sovereignty of the British monarch, Queen Elizabeth II. Trinidad and Tobago achieved independence in 1962, but elected then to follow a parliamentary government with the Queen as titular sovereign. Although sovereignty is now vested in an elected president, the nation will remain within the British Commonwealth. Sir Ellis Clarke became the first president of the new republic and commander-in-chief of its armed forces. Clarke had been Governor-General under the crown and was a major architect of the new constitution. A formal presidential election will be held shortly. Under the constitution, the president is elected for a five-year term by an electoral college consisting of all of the members of the two houses of Congress.

The governments of other east Caribbean islands have also announced their intentions to cut in varying degrees the ties which bind them to England. The St. Kitts-Nevis-Anguilla arrangement was weakened first by the purported withdrawal of Anguilla and has now been shaken by the efforts of Nevis to separate from St. Kitts. The island of Barbuda is seeking to sever its relationship with Antigua and St. Lucia anticipates independence by year's end. Only Montserrat appears to be content with its status as a colony.

Similar pressures affect the six Dutch islands in the Caribbean. The Netherlands, which is anxious to grant them independence, hopes to sever the ties by 1980. It is known to favor a federated republic for the six islands. Aruba, however, has rejected a federation. The most prosperous of the six, it is threatening to declare unilateral independence.

The Eastern Caribbean Currency Authority, which regulates currency matters in the seven islands formerly associated in the Federation of the West Indies, took the Caribbean dollar out of the sterling zone in July and pegged it to the U.S. dollar. The move was designed to strengthen

confidence in the Caribbean currency in the face of the pound's continued weakness. Under the new arrangement, the value of island currency has been fixed at 2.7 to the dollar.

As a prelude to becoming a "flag of convenience" maritime nation, the Bahamas joined the Inter-Governmental Maritime Consultive Organization (IMCO) in July and immediately ratified all ten IMCO conventions. The Bahamas is the first member state to ratify all ten conventions, which relate to maritime safety and pollution. Bahamas' Transport Minister reported that the Bahamas Merchant Shipping Act is in the final drafting stages and will be enacted early next year.

Internationally, the following are noted: Barbados—Accepted, the 1974 amendments to IMCO Convention (1948) and two 1975 amendments to the Warsaw Convention plus the extension to the Wheat Trade Convention (1971). Grenada—Accepted the articles of agreement for the World Bank and the IMF. Jamaica—Ratified the (1) Covenant on Economic, Social and Cultural Rights and (2) Charter of SELA. It also approved the continuation in force of the 1968 Coffee Agreement.

CHILE

Decree Law (DL) 1.382 modifies DL 1.183 regarding foreign contributions to foundations, and a Central Bank Accord of April 21 regulates the transfer of foreign exchange pursuant to the above two decrees.

Supreme Decree (DS) 458 promulgates the General Urban and Construction Law dealing with urban planning, constructions and low income housing, among other matters.

DS 220 establishes legislative commissions to act as advising bodies to the legislative power.

The importation and the first local transfer of motor vehicles is subject to a 100 percent tax for vehicles whose cost exceeds US\$11,000, or its equivalent in national currency (DL 1.420).

DL 1.444 charges the Treasury Department with the responsibility of amortizing and servicing the debts of the State. The Central Bank is named fiscal agent with respect to the external debt.

A National Training and Employment Service is established under DL 1.446 to promote and develop the potentials of the working force.

DS 29 modifies the regulations governing the Mining Code with respect, among others, to the exploration and exploitation of areas in the patrimonial sea.

The norms applicable to the new Council of State (8 *Law.Am.* 422, 1976) are found in DL 1458.

The following dated *Acuerdos* from the Central Bank are noted: *April 3* (1) authorizing free commerce in gold, but the importation and export thereof are subject to the norms to be issued by the Bank; (2) dealing with remunerations in foreign exchange and the restrictions surrounding these types of payments. *April 21* authorizing the establishment of exchange houses. *May 31 and June 2* modifying norms relating to the transfer of capital under Art. 14 of Decree 1.272 found in Chapter XIV of the Compendium of Norms Concerning International Exchange. *May 31* adding norms to Chapter XV of the Compendium of Norms Concerning International Exchange which, in general, permit retention abroad of foreign exchange obtained through exports, under special circumstances.

The following *Jurisprudencia* from the Supreme Court is noted: (1) Labor contracts may be terminated if a company experiences a persistent and serious (*grave*) drop in sales; the loss should be prolonged and substantial. Termination is not justified by transitory drops in the income of the company (Jan. 23, 1976 and March 9, 1976). (2) The meeting of the minds of the parties to a real estate sales contract takes place when the parties sign the *escritura pública*. Thereafter there can be no unilateral withdrawal even though the Notary has not notarized the *escritura*. In such a case the Notary may not refuse notarization since it is the function of a tribunal to determine if there exists justifiable cause for withdrawal from the contract.

COLOMBIA

The Ministry of the Treasury and Public Credit instituted a reorganization of the Banking Superintendency under Decree 125, and pursuant to Decree 149 the President reorganized the Superintendency of Industry and Commerce. The reorganization is principally structured to create two separate departments, each headed by an appointed superintendent.

New rules were established for mixed economy companies pursuant to Decree 130. A mixed-economy company is defined as one whose equity consists of a combination of governmental and private capital.

In Decree 1368 (1974) the government provided that the owners of lands subject to expropriation by the Colombian Institute of Agrarian Reform had the right to have excluded therefrom those lands which the Ministry of Agriculture declared to be "New Areas." The latter are set forth in Decree 134 of January 26, 1976. Among them: areas covered by natural forests used for reforestation purposes; lands to be used for reforestation and so decreed by *INDERENA* (Institute of Renewable Resources); lands which show very low indices of productivity.

Decree 1670 (1975) set forth the rules relating to government contracts. For reasons not made clear the decree was revoked and replaced by Decree 150 of January 27, 1976. Decree 150 is fundamentally a replica of Decree 1670, with few exceptions. Among the most significant: lowering to six months the period during which a Colombian company must be in existence before qualifying to execute contracts with the Government; another is the requirement that in order for a foreign company to enter into a construction contract with the Government it must associate with Colombian nationals.

All industrial and commercial businesses located within the Special District of Bogota must hold a police permit in order to operate. The permit will be revoked when it is proved the interested party has not paid the assessed industry and commerce tax (Decree 207).

Pursuant to Decree 444, the Monetary Board was empowered to prohibit foreign indebtedness resulting from the contracting of loans or from the importation of goods, services or capital when the effect was contrary to exchange and monetary policies. Decree 404 grants further authority to the Monetary Board to limit foreign indebtedness by setting time limits within which the value of imports must be paid.

Decree 281 (1975) regulating the manufacture and registration of drugs, cosmetics, pesticides, detergents and certain foodstuff was modified by Decree 522.

The Ministry of Mines and Petroleum, pursuant to Decree 625, established special reserves of uranium in four zones of the country.

The jurisdiction of local Chambers of Commerce was fixed pursuant to Decree 741.

Both national and foreign aviation companies were placed under the supervision of the Superintendency of Corporations per Decree 805. All

foreign aviation companies providing commercial air services must have a Colombian citizen as their legal representative in the country.

Decree 925 established procedures for the Comptroller General to exercise fiscal control and auditing responsibilities over all governmental operations, including mining ventures.

Decree 950 created new incentives to promote the movie industry.

The sales agent profession was regulated in accordance with Decree 1193. All persons wishing to enter the profession must first secure a provisional license from the Superintendency of Industry and Commerce.

Law 18 establishes chemical engineering as a profession which requires a university degree. At least 90 percent of the chemical engineers hired by a company must be Colombian nationals. Exceptions are allowed but these will be granted only for a period of one year, time in which to train Colombians for the position. The chemical profession was regulated in accordance with Law 53.

New regulations were issued establishing reserve requirements for insurance companies relative to the amount of their paid in premiums. Resolution 2931 (1976), and complementary regulations were promulgated under Resolution 3116 (1975) which governs the functioning of group life insurance.

The Office of Exchange of the National Bank, in accordance with Resolution 29 was granted the authority to permit mining companies to contract foreign loans provided they comply with the following requirements.

- a) That the project to be developed has received the approval of the Ministry of Mines and Energy, and
- (b) that the amount of the loan does not exceed eighty percent of the total value of the project.

The Monetary Board, in an effort to facilitate the acquisition by Colombian nationals of shares in Colombian companies held by foreigners, has authorized the *Banco de la República* to rediscount up to 80 percent of the value of loans made to nationals by the country's credit institutions (Resolution 11). In Resolution 14, the Board reinstated the prohibition against foreign borrowings by the private sector. The earlier ban had been lifted in 1974 but in late 1975 the Junta began limiting borrowings in the foreign market. Under Resolution 14 the ban has been

reinstated in full; and in Resolution 17 the Board provided that imports of merchandise which are for immediate use must be paid for within six months. Capital equipment and machinery must be paid for in three years, but this may be extended five years when authorized by the Council of Foreign Trade.

In June the Government lifted the *estado de sitio*, in effect since June 26, 1975. The Government's action suspended the effectiveness of seventeen decrees which, in various ways, affected the freedom of the individual and the exercise of his civil and political rights.

On June 17 the Supreme Court declared constitutional Law 55, 1975 (8 *Law. Am.* 418, 1976) providing for the Colombianization of foreign banks. The constitutionality of the statute had been challenged on the grounds that "it forced foreign entities to sell their capital to Colombian investors." Leading the attack was the First National City Bank which, shortly after promulgation of the law, announced that its internal regulations did not permit association with local capital. Overall, the decision of the Court was well received by Colombian individuals and entities, official and non-official, which viewed it as a "reaffirmation of sovereignty . . . in an important sector . . ." One practical hurdle to be overcome by Colombia and its nationals with respect to the law is the capital required to buy out the required foreign participation. Estimates range from \$30 to \$40 million, a substantial sum in spite of the fact that the law provides a three-year period for Colombianization.

In the international area the following are noted: (1) A bilateral agreement with Spain in the mining area to complement a prior accord (February, 1976) on the same subject; (2) a bilateral agreement with Brazil to study the possibility of establishing a mixed company to exploit certain carbon deposits in Colombia; and (3) continued negotiations with Venezuela respecting the controversy over the Gulf of Maracaibo, but without a definite solution to a complex dispute of long standing between the two nations.

COSTA RICA

Law 5899 establishes that the names of business associations and trade marks, as well as publicity connected therewith must be done in Spanish or in languages native to Costa Rica. Translations are permissible if they appear in smaller lettering. Names, trademarks and business

concerns registered abroad are exempt from the provisions of the above law which also creates a National Commission for the Defense of the Language.

Executive Regulation 5945-P regulates the organic law of the Popular and Community Development Bank.

The Urban Planification Law (No. 4240, 1968) was modified to give the National Housing and Urban Institute a greater share of control over urban areas not regulated by local municipalities (Law 5900).

A new law relating to the financial administration of the country (No. 5901) provides, *inter alia*, that business associations with bearer shares may not contract with the State or its entities. The requirement that the shares be nominative was imposed in an effort to prevent public officials from taking advantage of the anonymity of bearer shares to contract indirectly with the State.

Law 5907 established a Superior Penal Tribunal and other judicial organs to implement the new Code of Penal Procedure.

Executive Decree 5944-TSS empowers the Labor Ministry, in special circumstances, to authorize women to work at night in industry.

An Economic Council to advise the President was established by Executive Decree 5954-P.

Law 5908 approved a 29 million mark loan to Costa Rica from the Credit and Development Bank of West Germany to enlarge the facilities at Puerto Limón; Law 5910 approved a contract between Costa Rica and BID guaranteeing obligations incurred by the University of Costa Rica; and Law 5911 approved a contract (\$39 million) with the Inter American Bank for Reconstruction and Development for road construction.

Registration of medicines must henceforth also include certification before the Technical Registration Council that the advertisement and literature re the product in question have the same minimum information required by the country of origin.

Costa Rica established diplomatic relations with North Vietnam in April.

CUBA

A deputy attorney general of the Soviet Union visited Cuba in Spring, 1976 to speak to different government groups on the strengthen-

ing of "socialist legality." In his talks he stressed the need for government attorneys to "defend the socialist economic regime, socialist property, and the political and labor rights of all citizens."

Cuba signed its first five-year cultural and scientific pact with the Soviet Union at the end of June. The agreement, designed to fit into the framework of the projected celebration to mark the 20th anniversary of the accession to power of the Castro government, provides for the training of increased numbers of Cuban professionals and technicians in the Soviet Union. Eventual beneficiaries of the exchange program include the Ministry of Health, the Academy of Science, the Children's Institute, the Institute of Cinema Arts, and the national press.

Cuba has announced three significant agreements. A pact with Venezuela will permit Cuba to purchase \$1.6 million worth of needed oil derivatives. Purchases are expected to commence in 1976. Cuba also announced an agreement with Mexico to construct two sugar refining plants; total investment in the joint venture is projected to exceed \$15 million. Further, Cuba and Japan concluded an agreement under which the latter undertook to purchase a million tons of sugar over the next four years.

A fishing agreement with Mexico permitting Cuban vessels to fish in Mexico's patrimonial seas was announced in August. In pursuance of Mexico's oft repeated policy concerning rights in the 200-mile economic zone, the Cuban vessels must obtain licenses and pay taxes on the catch. Further restrictions relate to the size of the catch and the time periods for which the rights are granted.

On July 30, the U.S. Senate approved an amendment to the tax bill extending for an additional five years the period during which persons who lost property in Cuba could claim such losses as tax deductions. Inasmuch as no such proposal was advanced during House debate on the bill, the Senate amendment was scheduled for consideration by Senate and House conferees.

DOMINICAN REPUBLIC

Two bilateral agreements have been concluded with the United States: (1) A loan to assist in financing health sector programs, and (2) a limitation of exports to the U.S. of fresh, chilled or frozen meats.

A bilateral agreement with El Salvador provides for reciprocal credits and payments, up to \$500,000, to encourage financial and commercial relations and to facilitate commercial payments between the two countries.

Multilaterally, the Dominican Republic deposited its ratifications to the protocols extending the 1971 Wheat Trade Convention and the 1968 International Coffee Agreement. Further, it deposited its accession to the Convention on Narcotic Drugs (1975).

ECUADOR

Supreme Decree (D.C.) 239-A authorizes aliens who have resided in the country for more than a year to invest in new and existing companies, subject to prior authorization of the Ministry of Industry, Commerce and Integration.

The Law of National Security (D.S. 275) establishes that the national security of Ecuador is a function of the State, guarantor of the national objectives. The provisions of the law are applicable to all State organs and to all persons, natural and judicial, including aliens. The law also provides that the top security responsibilities lie with a National Security Council and the Joint Command of the Armed Forces. Their functions with regard to security are clearly spelled out in the law.

D.S. 276 covers the Naturalization Law which provides that naturalization is a sovereign and discretionary act of the Executive Power, obtainable through compliance with the requirements set forth in the law. Naturalization results in the enjoyment of rights and obligations pertaining to Ecuadorean citizens, except as otherwise provided by the Constitution and other laws of Ecuador. This particular law was regulated by D.S. 277.

D.S. 278 deals extensively with the Civil Registry, its organization and objectives and the matters to be registered therein. It also covers the citizen's identification card and the electoral registries.

The Statistics Law covers the national statistical system and the functions of the National Statistics and Census Institute.

The Consular Fees Law is contained in D.S. 281 and its regulation in D.S. 188.

D.S. 289 promulgates the General Ports Law and D.S. 290 contains the administrative regime which will govern the national ports.

D.S. 374 promulgated the Law Relating to the Prevention and Control of Atmospheric and Water Contamination.

Article 179 of the Code of Penal Procedure concerning robbery and theft was amended by D.S. 422.

D.S. 421 covers the Juvenile Code and its 274 articles deal extensively with, among others, the protection of minors, their rights and obligations, and court proceedings. Objective of the new decree is to grant full protection to juveniles in present day society.

D.S. 404 amends the Labor Code with respect to unwarranted dismissals and D.S. 491 likewise amends the Code to provide additional protection to women who have recently given birth.

The Law Relating to Consulting Companies (June 10, 1967) was codified in R.O. No. 109 of June 16, 1976.

The Legislative Commission has submitted to the Supreme Government Council drafts of the following: Civil Code, Penal Code, Commercial Code, Civil Procedure Code, Penal Procedure Code and Labor Procedure Code.

On June 1 the government issued a reorganization plan to return the country to the democratic system. It is divided into four phases: (1) issuance of *cédulas*; (2) appointment of a legal commission to study modifications to the 1945 constitution; (3) holding a referendum; and (4) holding a presidential election. The plan has been received with mixed emotions, and of particular concern to many Ecuadoreans is the lack of a time table or specific deadlines to carry out the four steps mentioned above. Another source of friction is the referendum which many believe should give way to a popularly elected Constitutional Assembly.

Internationally, Ecuador approved: (1) An agreement with the German Federal Republic (July, 1976) concerning training of personnel and the development of small and medium businesses (metal and automobiles); (2) a Complementary Technical Cooperation Agreement with the German Federal Republic (July, 1976); and (3) an increase in the Loan agreement with Great Britain (July, 1976). Additionally, Ecuador deposited its acceptance to the 1960 International Convention for Safety of Life at Sea and the 1960 Regulations for Preventing Collisions at Sea. It also

deposited a declaration of provisional application relating to the 1975 modification of the 1971 Wheat Trade Convention, and ratified the International Convention on the Suppression and Punishment of the Crime of Apartheid.

EL SALVADOR

Decree 499 amends the Labor Code, specifically Art. 270, 272, 273 and 276 relating to collective bargaining agreements, and Art. 488, 492 and 493 concerning conciliation meetings.

A General Office of Registries was established by Decree 502. The new entity has nationwide jurisdiction and will have supervision over the Offices of the Registry of Immovables and Mortgages and the Registry of Commerce. The object of the new legislation is to create a specialized organization to oversee the work of the above Registries, to standardize procedures and to recommend legislation to improve the registry system in the country.

Art. 1557 of the Commercial Code was amended to permit Salvadorean companies whose shares are registered, traded and sold in foreign markets not to comply strictly with those provisions of the Code requiring Salvadorean companies to establish a minimum number of shares. Decree 11 sets forth the conditions under which the exception is granted, and stresses the responsibility of the State to assist companies affected to avoid legal problems to which they may be subject.

Decree 31 creates the first Agrarian Transformation Project (Project) to be established by the Salvadorean Institute for Agrarian Transformation (ISTA) under the nation's broad-reaching land redistribution legislation. The decree brings 58,744 hectares of privately and publicly-held land in the department of Usulután, south of the capital of San Salvador, under the direct jurisdiction of ISTA. ISTA is charged with "initiating a process of agrarian transformation" (Art. 1) in the affected zone with a view toward triggering "positive change in the structure of land tenancy, creating a just system of property-holding comprised of units of socially and economically acceptable size, in order to insure a more equitable distribution of income in the rural sector, an increase in agricultural productivity . . . and peasant organization and training." (Preamble, Clause III). Decree 31 establishes a maximum limit of 35 hectares and a minimum limit of three hectares on the size of individual land holdings

which will be permitted in the affected zone (Art. 3). Holdings in excess of the permitted maximum are subject to expropriation and redistribution pursuant to the terms of Art. 104 of the organic act creating ISTA and laying down the principles for land redistribution in the country. Parcels under three hectares may also be expropriated if ISTA is in a position to grant their owners other lands in the same zone which meet the minimum legal size (Art. 3). The owners of expropriated property will be compensated with an immediate cash payment if the total indemnization due them is less than 200,000 colones, but such owners will be paid in equal annual installments if their compensation exceeds 200,000 colones. In the case of the largest expropriations, payouts may take up to 20 years (Art. 18). In addition to receiving authorization to proceed with a program of expropriation, ISTA is granted a series of important preferences by Decree 31 with respect to the use and disposition of all land in the affected zone. ISTA has an automatic right of first refusal whenever a privately held parcel in excess of three hectares is offered for sale (Art. 13) and a similar right in the event property in the zone is sold at public auction (Art. 14). The decree also contains provisions governing the disposition of joint tenancies (Arts. 7 and 8) and testamentary devises (Art. 11) within the affected zone.

Finally, Decree 31 provides for the management of this first transformation Project and for the creation of an inter-ministerial Coordinating Committee to harmonize government policies toward the Project (Arts. 28 and 29).

Decree 32 authorized the Executive to issue bonds up to 60 million colones to permit the Salvadorean Institute of Agrarian Transformation (ISTA) to finance agrarian reform in the country, and by Decree 33 (1976) ISTA was authorized to issue bonds up to 50 million colones to finance the acquisition of lands and equipment, and to defray the infrastructure costs required to put in effect the First Project of Agrarian Transformation.

GUATEMALA

Diario Oficial (DO) of 1 March carried a Governmental Accord modifying the time period in which certain activities having legal consequences (e.g. registration of births) had to be carried out. Institutions affected were the Civil Registry and the courts, among others.

Decree 20 established a 200-mile economic zone measured from the base line which delimits the territorial sea.

Internationally, the following approvals are noted: Convention re the Code of Conduct for Maritime Conferences (Decree 57, 1975); protocol to the International Postal Convention negotiated during the XVI Congress in Tokyo in 1969 (Decree 63, 1975); bilateral agreement with Mexico re Protection of Archaeological Monuments (Decree 5); accord re International Commerce in Textiles (Decree 6); convention re the Union of Banana Exporting Countries (Decree 11); and modification to the Charter of the BID (Decree 24).

The negotiations between Guatemala and Great Britain with respect to Belize took place as scheduled in New Orleans during the week of April 26 (8 *Law. Am.* 429, 1976). The Guatemalan Foreign Minister denied reports in the Guatemalan press that the talks had failed and characterized the result as "an important forward step." Nevertheless, no solution has been forthcoming and both parties appear to remain firm in their traditional positions concerning the future of the territory.

HONDURAS

Decree 301 (1975) promulgated the Law Against Illicit Enrichment of Public Servants for the purpose of furthering honesty in the exercise of all public functions. The legislation established an Office of Administrative Probity under the Comptroller General to implement the law which sanctions its transgressors with imprisonment. The law also provides that public employees, before assuming their respective functions, must submit to the Office of Administrative Probity a sworn declaration of their patrimony, as well as those of their spouses, dependent children and wards, among others.

The Executive Employee's Retirement and Pension Law (Decree 138, 1971) was amended by Decree 302 (1975).

Decree 308 covers the Savings and Loan Associations Law and establishes that said associations will be regulated by this particular law, and other pertinent legislation including the Commercial Code and the Banking Law. The legislation is extensive and sets forth, among others, the items required to be included in the charter, the make up of the administration, the operations in which such associations may engage, and the sanctions to which they are subject for non-compliance with the law. The

close relation between the Savings and Loans Associations and the *Financiera Nacional de la Vivienda* is made manifest in many of the provisions of the new law.

A Land Transportation Law was made effective by Decree 319. National traffic is reserved by the law to Honduran nationals; international traffic is regulated by the above law, but also by applicable international agreements and by the principle of reciprocity.

Decree 356 established a Free Zone at Puerto Cortés.

Internationally, the following are worthy of note: (1) A Scientific and Technical Cooperation agreement with Brazil; (2) an agreement with Czechoslovakia under which the existing diplomatic missions are raised to the embassy level; and (3) ratification of the Latin American Economic System's (SELA) Charter.

In the commercial and development areas two major agreements are noted: (1) An accord between the Honduran Banana Corporation and Standard Fruit for the commercialization and transportation of bananas; and (2) a \$400 million forestry development project between the Inter-American Development Bank, the Venezuelan Investment Fund and the Government of Honduras. Private investors from Mexico, Venezuela, Argentina and other Latin American countries are expected to join in the project which will substantially expand the economy of Honduras.

MEXICO

Diario Oficial (D.O.) of February 10 contains the law on Inventions and Trademarks.

Article 27, paragraph 8, of the Constitution relating to the exclusive economic zone is regulated by a decree in D.O. of February 13. The same D.O. amends Art. 37 of the Federal Law for Fisheries Development.

For purposes related to federal election, the nation is divided into electoral districts (D.O. of March 2).

Decrees in D.O. of March 17 establish a Coordinating Commission for the Development of the Machinery and Equipment Industry, and a National Coordinating Commission for Industrial Development. The overall aim of the two new Federal agencies is to further the country's progress towards large scale industrialization.

D.O. of 18 March carries the regulation for the establishment and operation of *Bancos Múltiples*.

The General Law of Rural Credits is found in D.O. of April 5.

A decree in D.O. of 26 April affects small and medium businesses impressed with the public interest, located in the northern boundary zone and other specified areas in the country.

The Amnesty Law is found in D.O. of May 20.

The General Law on Human Settlements (D.O. May 26) establishes a national policy on urban development at the federal, state and municipal levels. Companion legislation re urban development of the Federal District and additions to constitutional articles 27, 73 and 115 (both previously approved) represent an effort to reduce economic, social and geographical imbalances which the Government feels must be corrected if the country's harmonious growth is to be achieved.

Considerable international activity was noted during the period February 1 to May 31, 1976. For example, the following were approved: bilateral agreements with Rumania re Tourism Cooperation and Industrial Cooperation; bilateral air transport agreements with Colombia, Panama and Argentina, plus a protocol amending Art. 50(a) of the International Civil Aviation Convention; bilateral agreements with Senegal on Tourism Cooperation and Cinematographic Co-production; amendments to IMCO's charter; convention to Avoid Collisions at Sea; convention re Code of Conduct in Maritime Conferences; agreement with Finland on Economic, Industrial and Technical Cooperation; bilateral agreements with Guatemala and Peru re Protection of Archaeological and Historical Monuments; bilateral commercial agreements with Jamaica, Hungary and Czechoslovakia; accord with Peru on Cultural and Educational Cooperation; agreement with Cuba on Economic and Industrial Collaboration; agreement with the EEC; revision to the Paris Convention for the Protection of Industrial Property (July 1967); protocols to extend the International Coffee Agreement of 1968 and the International Sugar Agreement of 1973; and a convention on Phytosanitary Protection.

Mexico's Under Secretary of Foreign Relations made a declaration on August 16 to the effect that Mexico would conclude bilateral fishing agreements relating to its patrimonial sea only with those countries which recognize Mexico's rights in that sea. One such agreement has been signed with Cuba and another is being negotiated with the United States. In

declaring its rights over the patrimonial sea (8 *Law. Am.* 540, 1976), Mexico also announced that foreign vessels belonging to countries which had concluded agreements with Mexico could fish the patrimonial sea subject to obtaining a license and payment of a tax on fish caught.

NICARAGUA

A Civil Defense Law is found in GO of May 26 providing the measures to be taken in the event of natural disasters such as earthquakes, volcanic eruptions, floods, and droughts. The law establishes the Institute of Civil Defense under the National Emergency Committee which, among other things, may coordinate its activities with international organizations. Further, the law designates every December 23 as National Solidarity Day in remembrance of the earthquake of December 23, 1972 which destroyed Managua.

Internationally, Nicaragua deposited its ratification to the Convention on the Prohibition of the Development, Production, and Stockpiling of Bacteriological and Toxin Weapons. It also deposited its accession to the (1) Convention Relating to Distribution of Programme Carrying Signals Transmitted by Satellite; (2) Vienna Convention on Consular Relations (1963); and (3) Vienna Convention on Diplomatic Relations (1961).

PERU

Decree Law (D.L.) 21380 prohibits the importation of publications which threaten the intellectual, moral and civic development of the citizenry, as well as those which threaten the historic and cultural patrimony of the country. The Ministry of Education is charged with making the initial classification, and the Ministry of Commerce with issuing the appropriate import licenses. The first list was published in R.M. 088-76-CO/CE.

The National Railway Company was reorganized under D.L. 21408; D.L. 21418 covers the reorganization of the Office of Foreign Commerce; D.L. 21425 modifies the Organic Law of the Reserve Bank; D.L. 21442 reorganized the General Office of Industries, and D.L. 21451, Pesca-Peru; D.L. 21464 amended the structure of the National Council of Justice.

A new law against Adulteration, Monopolization and Speculation was promulgated by D.L. 21411 which, in its preamble, highlights the lack

of compliance with prior measures ordered by the government to stop "trafficking" in basic consumer products, as well as other goods and services. The law aims to bring within one legal document new governmental guidelines and sanctions for the protection of the public against unconscionable dealers in commercial products and services.

D.L. 21435 promulgated the Small Business Law of the Private Sector to provide the broad guidelines under which small business in the private sector can develop side by side with other entities in the country's pluralistic economic system. The latter recognizes, in addition to an exclusive private sector, a top priority social property sector, a State sector, and a reformed private sector. D.S. 007-76 PM (Prime Minister) extended to December 31, 1976 the time within which foreign investments in small businesses in the private sector should be converted into national investments, and D.S. 009-76 IT (Ministry of Industry and Tourism) established norms to regulate such businesses.

D.L. 21460 approved Decision 91 (Sectorial Program for the Development of the Petrochemical Industry), and D.L. 21512 approved Decision 46 (Uniform Regime for Multinational Companies, amended by Chapter VII of Decision 70) of the Andean Pact. R.M. 0112-76 PM (Prime Minister) established a commission to recommend the country's position with regard to Decision 24 (Treatment of Foreign Capital), and R.M. 0045-76, same origin, established a second commission to recommend Peru's position on a Common External Tariff. D.S. 017-76 CO (Ministry of Commerce) ratified adjustments made to Peru's National List under ALALC.

D.L. 21461 amended existing norms relating to the preservation of agricultural lands (D.L. 21419).

D.L. 21466 postponed to January 1, 1977 the date on which pre-importation licenses are to become effective.

D.L. 21476 granted business concerns which have made public offerings without authority of CNSEV an additional ninety days to submit the required documentation to the Supervisory Commission.

Ministers of State were given authority to delegate certain functions to subordinate officials by D.L. 21512 in an effort to decentralize public authority and administration.

Governmental guarantees (through the Central Reserve Bank) with respect to bank savings may be increased per D.L. 21520.

Corporate distribution of dividends out of profits in 1976 is limited to 10% of paid in capital. Profits in excess of the above amount, not distributed, are to be placed in a reserve fund which becomes available for unrestricted disposition in 1978, subject to existing legal requirements.

In the mining area the following are noted: D.L. 21428 creating a Consolidated Fund for Investment, Promotion and Aid to Mining, and D.L. 21429 authorizing the Mining Bank to receive compensation for assuming risks inherent in credit operations in which it plays a part. D.L. 21462 placed the mining industry in an "emergency" status in order to meet the threats of the labor sector.

The following Supreme Decrees (D.S.), Resolutions (R.S.), Ministerial Resolutions (R.M.) and other regulatory measures are deemed pertinent: (1) From the Ministry of Commerce: D.S. 001-76 increasing incentives for export of non-traditional products, and R.S. 012-76 setting forth requirements for participation in trade fairs abroad. (2) From the Ministry of Economy and Finance: D.S. 003-6 promulgating a new regulation carrying the Organization and Functions of the Banking and Insurance Superintendency. (3) From the Ministry of Labor: D.S. 001-76 suspending the regulation re the right to strike, and R.M. 097-76 establishing a commission to restructure the Social Security System. (4) From the Ministry of Industry and Tourism: R.D. 1114 providing sanctions for those companies which did not meet obligatory, technical production norms, D.S. 008-76 establishing eleven regional offices of Industry and Tourism, and R.D. 2159-76 clarifying norms to establish new industrial enterprises. (5) From the Ministry of Energy and Mines: R.S. 032-76 classifying electrical energy as a strategic asset for the purposes of D.L. 21433 (Price Controls).

The first phase of the agrarian reform program initiated by the Military Government seven years ago was completed on June 24. At the time 11 million hectares were turned over to about 500,000 rural families throughout the country by government officials who travelled to various areas to transfer titles. It was pointed out by the government, however, that the titles were not gratuitous, but were given on the condition that they be paid for through the peasants' labor.

In August, Peru approved two agreements with Argentina dating from May 31, 1974. One dealt with scientific and technical cooperation; the other with cultural exchanges.

UNITED STATES

The following bills with international consequences have been enacted into public law: Public Law (PL) 94-255 authorizing two hundred million dollars through fiscal 1977 to continue civil government in the Trust Territory of the Pacific Islands; PL 94-265 establishing a two hundred mile U.S. fishery conservation zone effective March 1, 1977, and which, among other things, limits foreign fishing in the zone to nationals of countries with fishing agreements with the U.S.; PL 94-276 authorizing twenty-five million dollars during fiscal 1976 for the rehabilitation of earthquake victims in Guatemala; PL 94-302 authorizing nearly two billion dollars as U.S. replenishment of the Inter-American Development Bank funds. Among other things, the law permits the U.S. Government to favor admission to membership of nonregional members and to prohibit such funds to any country grossly violating international rights.

Bills of interest introduced in the House of Representatives through July 2, 1976 follow: H 13,025 to amend the Tariff Schedules to require proof of liability insurance for automobiles entering the U.S. for personal use by nonresidents and foreign government personnel; H 13,069 to increase authorization for loans to the unemployment fund of the Virgin Islands; H 13,151 to amend the Export Administration Act of 1969 to strengthen anti-boycott provisions, and to amend the Security Exchange Act of 1934 to enhance investors disclosure; H 13,181 to amend the International Revenue Code of 1954 with respect to treatment of certain domestic corporation dividends as foreign oil-related income; H 13,201 to amend the Federal Meat Inspection Act to require that imported meat and meat food products be labeled imported at all stages of distribution; H 13,211 to provide for federal regulation of participation by foreign banks in domestic financial markets; H 13,251 to amend the Merchant Marine Act of 1920 to provide extension of coastwise laws to the Virgin Islands with respect to transportation of petroleum products; H 13,291 to amend the Immigration and Nationality Act to permit adoption of more than two children; H 13,360 to authorize loan funds for the Government of the Virgin Islands; H 13,396 to authorize appropriations to the International Trade Commission for fiscal 1977, and to provide greater efficiency in administration and a continuation of certain reports regarding synthetic organic chemicals; H 13,523 to amend the Joint Resolution providing for acceptance and ratification of the cessions of certain islands of the Samoan group to the U.S.; H 13,684 to supplement authority of the President, through the Council on International Economic Policy, to col-

lect periodic information on international investments; H 13,709 to amend Title 18, U.S.C., to implement the Convention to Prevent and Punish Acts of Terrorism Taking the Form of Crimes Against Persons and Related Extortion that are of International Significance and the Convention on the Prevention and Punishment of Crimes Against Internationally Protected Persons, Including Diplomatic Agents; H 13,738 to provide for a comprehensive study of investment by American companies in foreign countries; H 13,774 to prohibit the use of a tax or fee to adjust import of petroleum products under the Trade Expansion Act of 1962, and to provide distribution of the collected tax or fee to retail petroleum product marketers who lower prices; H 13,827 to amend the Tariff Schedules to eliminate import duties on certain kinds of wool; H 14,019 to amend the Marine Mammal Protection Act of 1972 to deny aid or loans to nations under certain circumstances; H 14,127 to grant U.S. permanent resident status to certain nationals of Chile and their spouses, children, and parents; H 14,140 to suspend until June 30, 1979, duty concentrate of poppy straw; and H 14,311 to establish certain accounting standards relating to the Panama Canal Company, H 14,340 for the reporting of contributions, payments, and gifts made in the conduct of international business; H 14,614 to amend the Immigration and Nationality Act to provide for deportation of aliens who receive welfare benefits as a result of causes shown not to have arisen after entry; H 14,681 to provide for termination of investment insurance and guarantees issued by the Overseas Private Investment Corporation in any case in which an investor makes significant payments to foreign government officials in order to influence the actions of such government; H 14,682 to provide assurance that foreign dairy products met minimum standards of quality by requiring, among other things, inspection of foreign processing plants.

The following bills introduced in the Senate are also noted: S 3242 to provide for the personal safety of persons engaged in U.S. foreign intelligence operations; S 3420 to provide appropriations to the International Trade Commission; S 3453 to implement the Convention for Suppression of Unlawful Acts Against the Safety of Civil Aviation; S 3516 to require the President to suspend economic and military assistance to any country that wilfully aids or abets terrorism; S 3524 to provide that no credit or trade agreements be entered into with any nonmarket economy country that denies its citizens the right to visit or join permanently their close relatives in U.S.; S 3557 to authorize funds during fiscal 1977 for implementing provisions of the Treaty of Friendship and Coop-

eration between the United States and Spain, signed January 24, 1976; and S 3572 to prohibit aliens from employment in the federal competitive service.

Internationally, the United States had ratified the following as of July 5, 1976: Declaration on the Provisional Accession of Colombia to the General Agreement on Tariffs and Trade (April 1, 1976); Telephone and Telegraph regulations, with appendices and final protocol (April 14, 1976); Inter-American Convention on the Granting of Political Rights to Women (May 24, 1976); Second Additional Protocol to the Constitution of the Universal Postal Union of July 10, 1964, and the Universal Postal Convention with final protocol and detailed regulations (April 14, 1976); and Money Orders and Postal Travellers' Checks Agreement, with detailed regulations (April 14, 1976).

The following agreements, among others, entered into force: Agreement with Haiti relating to trade in certain textile products (March 23, 1976); Agreement with Chile amending the July 31, 1975, agreement for sales of agricultural commodities (April 19, 1976); two agreements with Brazil relating to trade in man-made fiber textiles and cotton textiles (April 22, 1976); procedures for mutual assistance with Colombia in the administration of justice in the Lockheed Aircraft Corporation matter (April 22, 1976); agreement with Guinea for sales of agricultural commodities (April 21, 1976); agreement with Mexico extending the August 15, 1960, air transport agreement (April 29, 1976); agreement with Trinidad and Tobago extending a program of technical assistance in tax administration (April 26, 1976); agreement with Colombia relating to sale of six C-47 aircraft for the Colombia civilian service (April 21, 1976); loan agreement with Colombia to assist in financing its rural cooperative (April 28, 1976); loan agreement with Costa Rica relating to U.S. assistance in a national nutrition program (April 26, 1976); loan agreement with Guatemala to assist in its program for small farmer development (April 8, 1976); agreement with Nicaragua relating to the limitation of certain meat and cattle imports from Nicaragua during 1976 (May 13, 1976); agreement with Haiti amending the March 22, 1976, agreement for sales of Agricultural Commodities (May 17, 1976); understanding with Venezuela relating to educational cooperation (May 7, 1976); agreement with Brazil concerning shrimp (May 27, 1976); agreement with the Dominican Republic amending the loan agreement of October 16, 1974, relating to development of the Dominican Agricultural sector (February 25, 1976); agreement with El Salvador limiting meat imports from El

Salvador during 1976 (April 30, 1976); agreement with Guatemala to assist Guatemalan municipalities to recover from earthquake damage (May 14, 1976); agreement with Panama amending the May 6, 1969, agreement relating to the Panama City water supply system (June 2, 1976).

URUGUAY

Uruguay's armed forces ousted President Juan Maria Bordaberry on June 12 in the absence of his anticipated resignation. His six year term, which was marked by ascendancy of the power of the nation's armed forces, culminating in the closing of Congress in 1973, would have expired next March. The armed forces accused Bordaberry of straying from "our highly cherished democratic traditions" and promised a return to free elections following a transition period. An 80-year-old lawyer, Alberto Domicheli, who had been vice president under Bordaberry, was named interim president. Two months later the National Council—comprised of the twenty-one civilian members of the Council of State and twenty members of the junta of officers—announced the election of Aparicio Méndez to a full five year term as President. At the conclusion of his term, the two traditional parties, the Colorados and the Blancos, will be authorized to organize for the election campaign leading to reopening of Congress. In the interim, Méndez will rule by "institutional act," the legal formula also invoked in neighboring Brazil when the elected government was deposed. It is anticipated that at least 150 politicians active under Bordaberry will lose their political rights. These politicians were associated with the left wing of the two traditional parties and with the "Broad Front" that participated in the 1971 congressional elections.

Uruguay granted neighboring Bolivia duty free zones for the first time. The concession, which comes at a time when Bolivia is pressing its demands for access to the sea, will permit Bolivian commerce to travel along the Rio de la Plata to Uruguayan ports for duty-free transhipment beyond the continent. It is also anticipated that Bolivian manufactures will establish production facilities in the Uruguayan free zones.

Uruguay signed a trade agreement with Brazil in June. The pact provides for mutual tariff reductions on certain products in binational trade and special tariff reductions on selected Uruguayan manufactures in return for an agreement by Uruguay to make certain purchases in Brazil rather than in third countries. Uruguay was also granted a \$142 million credit for the construction of the Palmar hydroelectric plant.

The Uruguayan Council of State ratified a navigation treaty with Argentina. Known as the "Statute of the Uruguay River," the treaty provides for the regulation of river traffic and lays down procedures in the event of major construction along the river. A special administrative commission was established in the Uruguayan river port city of Paysandu to implement the new statute.

VENEZUELA

The law approving the Convention of Panama relating to SELA is found in G.O. 30.886 of January 5, 1976.

Decree 1.242 (1975) promulgates Regulation No. 3 of the General Banking Law and other Credit Institutions.

A series of Administrative Regions were established by Decree 1.331 (1975) to improve planning with respect to economic and social development of the country, among other objectives. A National Council for Regional Development was created to supervise the implementation of the new legislation.

Decrees 1.369 (1975), 1.404 and 1.419 promulgated Regulations Nos. 2, 3, and 4 respectively to the Organic Laws Reserving to the State the Hydrocarbon Industry and Commerce, and Decree 1.375 established a Petroleum Training Center for the Armed Forces.

The existing Juvenile Code (1939) was substituted by a new law (*Estatuto de Menores*) consisting of 164 articles. The law establishes the right of a juvenile to live in conditions which assure him full and normal physical, intellectual and moral development. To this effect the State undertakes a number of fundamental guarantees and assumes corresponding obligations. The law deals at depth, among other subjects, with the Venezuelan Children's Council whose main function is to protect juveniles in accordance with the provisions of the law.

Decree 1.426 covers part of the regulation applicable to the Agrarian Reform Law and to the Law of the Agricultural and Animal Husbandry Credit Institute.

The *V Plan de la Nación* was given official status by Decree 1.454 which recognizes that the Plan contains the basic guidelines for economic and social development for the period 1976-1980. Concurrently, the decree approved the strategy, programs and objectives set forth in the Plan which now binds all State entities.

A National Energy Council to advise the Executive on energy matters was established by Decree 1.462.

Decree 1.477 divides the country into four geographical areas in furtherance of the national policy to decentralize the manufacturing industry.

Regulations relating to the Offices of Public Notaries was regulated by Decree 1.393, and G.O. of April 20 contains the organic law, including the procedural law, of the Agrarian Tribunals. In Venezuela, special agrarian jurisdiction rests on these tribunals pursuant to the above law.

Decree 1.538 contains part of the regulations (No. 4) relating to the Law on Banking and other Credit Institutions, and Decree 1.539 authorizes certain credit institutions to authorize mortgage loans up to 90% of the value of the real estate provided as guarantee for the loan.

Construction incentives for housing, educational and tourist related buildings are set forth in Decree 1.540.

Decree 1.541 amends the regulations to the Social Security Law, and a Special Commission was established by Decree 1.566 to study the feasibility of extending obligatory social security to rural workers and their families, as well as to those within the purview of agrarian reform.

Decree 1.549 sets forth the regulations for the Disciplinary Regime of Public Officials.

An ad-honorem commission was established by Decree 1.556 to study and make legal and technical recommendations to standardize the variety of packaging being used locally, particularly with regards to packages used for foodstuff, drinks and other major consumer products. Decree 1.561 regulates the Consumer Boards.

A series of decrees concern land tenure and agrarian reform: No. 1.568 regulates Rural Parcels; No. 1.571 authorizes the Agrarian Institute to contract with the University of the Andes for a study of the laws concerning the agricultural sector with the objective of presenting to the Executive a project unifying agrarian legislation; No. 1.572 creates a Special Commission to study and recommend which lands should be preserved for agricultural and animal husbandry exploitation exclusively.

A *Consejo Nacional de Vialidad Agrícola* was established by Decree 1.632 to coordinate the expansion and improvement of the agricultural sector of the country.

G.O. of 16 June carries the Organic Environmental Law establishing, within the overall development regime of the nation, the basic principles for the conservation, defense and improvement of the environment. A National Environmental Council is established, under the Presidency, with appropriate functions to carry out the objectives of the law.

Decree 1.628 provides that transportation companies may carry out their functions using combined transport (water, air and land facilities) in accordance with the guidelines set forth in the decree.

A National Council of Human Resources, under the Presidency, was established by Decree 1.649.

Internationally, the following are noted: (1) Bilaterally—Law in G.O. 30.912 of February 4 approving a convention with Colombia to regulate the taxation of State investments and international transportation companies; convention in G.O. No. 31.006 of June 18 with the European Intergovernmental Migratory Committee setting forth operating norms between Venezuela and the Committee; laws in G.O. No. 1.886 (Extraordinary) of July 9 approving (a) a convention creating a special fund for OPEC countries, (b) a cultural and scientific interchange agreement with France, and (c) a convention with the Pan American Federation of Medical Schools; and agreement in G.O. of July 19 with Israel and the OAS relating to regional integration. (2) Multilaterally—Law in G.O. No. 1.852 (Extraordinary) of February 6 approving a series of postal conventions; law in G.O. No. 1.881 (Extraordinary) of June 10 approving the convention relating to the International Commerce of threatened species of Wild Fauna and Flora; and law in G.O. No. 31.015 of July 2 approving the regional convention concerning the Recognition of Studies, Licenses and Diplomas in Higher Education for Latin America and the Caribbean.

The following legislative projects are noted: (1) Modifications to the Horizontal Property Law were introduced by the Ministry of Justice in April to correct some of the abuses being perpetrated in the sales of condominium properties. (2) The Congress is studying a project presented by the Executive under which both labor and management will be given a more active role in the nation's planning, both short and long range. (3) Pressures are being exerted on the Congress to reform the Civil Code (1942) which, in certain areas, is showing its age. Particularly vocal are certain women's groups which are advocating removal of provisions discriminatory against Venezuelan females.

On July 5 Venezuela broke diplomatic relations with Uruguay because of the latter's violation of "the norms of the right of asylum." Uruguay, immediately thereafter, declared Venezuela's ambassador in Montevideo persona non grata. The above resulted from an incident in Montevideo in late June when a woman entered the Venezuelan embassy premises seeking political asylum. She was followed by two men, reportedly Uruguayan security agents, who forcibly removed her from the embassy grounds. In the process a Venezuelan diplomat was roughed up. A strong protest by Venezuela was not answered satisfactorily by Uruguay; thus, the break in diplomatic relations. Nevertheless, in mid-August, Venezuela established a consulate general in Montevideo with jurisdiction over all Uruguayan territory.

MISCELLANEOUS

INTER-AMERICAN DEVELOPMENT BANK

In July, after five years of negotiations by the IDB to strengthen its multinational character and its role as Latin America's first financial institution, nine nations from outside the Western Hemisphere joined the Bank and four others indicated they would do so as soon as they completed the necessary measures. The thirteen countries will provide the Bank with nearly \$870 million over a three-year period to devote to the development of the Bank's regional developing member countries. These countries will not be borrowing members. The new members are: Belgium, Denmark, Germany, Israel, Japan, Spain, Switzerland, the United Kingdom and Yugoslavia. Previously, the representatives of these nine nations had signed the Agreement Establishing the Bank, which is deposited at the OAS. Two other nations—Austria and the Netherlands—signed the Agreement *ad referendum*, and Italy made a declaration indicating it would take steps to join the Bank as promptly as possible. France confirmed its intention to join and noted it subscribes to the principles contained in the Declaration of Madrid. This declaration was signed December 19, 1974, by the 12 nations mentioned above, thus enabling their membership in the Bank. On June 1, 1976, action was completed to amend the Agreement Establishing the Bank to facilitate their admission. The Bank's decision to attract capital contributing countries from outside the region into membership stemmed from the need to expand the Bank's resources so it might provide additional support for the development of its Latin American members. (Source: *IDB News, July, 1976*)

EL SALVADOR-HONDURAS

The differences between El Salvador and Honduras which led to a short armed conflict in 1969 appear closer to resolution with the signing of the Act of Managua, effective August 14. The Act provides for both countries to adhere strictly to the Agreement of San José of June, 1970 which called for the removal of troops from the border areas where the troubles originally started.

The breakthrough is most encouraging. Past efforts by the OAS and the countries concerned had not produced a solution to the problem, and in recent months produced a series of disturbing border incidents. These led the OAS to send a group of military observers to the area and to the negotiations in Managua where the President of Nicaragua played an active and positive role.

The conflict between El Salvador and Honduras has had severe negative economic effects on both countries and on Central America as a whole. The Act of Managua could be the breakthrough; at least such is the hope of Central America, particularly of the advocates of the area's economic integration movement.

MULTINATIONALS: RULES OF CONDUCT

The activities of multinational companies continue to draw the attention of governments, and, of late, a series of events point to the depth of interest in the subject. Specifically, in June the twenty-four member countries of the Organization for Economic Cooperation and Development (OECD) agreed on a voluntary code of conduct for the multinationals. At the same meeting in which the above code was adopted, the U.S. Secretary of State noted that the United States advocates a binding international agreement on corrupt practices. The U.S. position has the support of U.S. multinational companies which, faced with local antibribery legislation, are eager to promote binding international rules on the subject in order not to be at a disadvantage vis-à-vis their foreign competitors. The U.S. enterprises are also promoting the idea within the International Chamber of Commerce, a group consisting of nearly 1600 companies in more than fifty countries, which is also taking steps to set up a code of conduct for corporations. Further, in early August, the United Nations Economic and Social Council's meeting in Geneva agreed to start a study of "corrupt practices, particularly illicit payments in international com-

mercial transactions." The Council's decision was in line with a General Assembly regulation of December, 1975 calling for "measures against corrupt practices of transnational and other corporations, their intermediaries and others involved." Also in early August, the President of the United States asked Congress for new legislation that would require reporting by U.S. businesses of all substantial payments made in foreign countries, designed to aid sales to foreign governments.

Activity in the United States extended beyond the legislative action noted above and other bills on the same subject introduced in the Congress. In addition, the United States concluded bilateral agreements with Spain, Japan, Colombia and Mexico, among others, for the exchange of information with respect to the Lockheed case.

Further evidence of the currency and importance of the subject is found in the establishment of the Carnegie Center for Transnational Studies in New York City which has already appointed a committee to "develop a code of ethics governing relations of multinational companies and the countries in which they operate."

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