

# Third Quarter Report 2017

## – Venezuela –

October 2017

### I. NEWS

This section highlights excerpts of relevant press releases and brief comments on our views regarding such.

#### **“Mission Accomplished: The Bolivarian Government received 2 new tugboats to complete the fleet “Linda Barinas” from INEA”**

Two new tugboats, ALBA and SUR, are now part of the fleet of National Institute of Aquatic Spaces (INEA for its acronym in Spanish). These tugs have a capacity of 72 tons of bollard pull and join the Fleet of the first 10 tugboats received earlier by the Maritime Authorities with a 42 tons capacity.

The crews for these vessels will be instructed in Centro de Educación Náutica Venezolano (CENAVE) in La Guaira and will go on board immediately to attend the needs of the Venezuelan national ports.

The size of these tugboats is new to the Maritime Authorities, which normally managed tugboats with less bollard pull. This strategy pretends to avoid chartering foreign vessels for larger manoeuvres. It is our understanding the anchoring port for these vessels has not yet been determine and they might be rotating depending on the need.

<http://www.inea.gob.ve/noticias.html>

#### **“Coronel Luis Jimenez is the new President of Bolivariana de Puertos”.**

On July 19th, President Nicolas Maduro appointed military Coronel Luis Augusto Jimenez as head of the company BOLIPUERTOS (Bolivariana de Puertos S.A.).

This gentleman has assumed different positions over the years, namely: as Manager of the Strategic Region of Guayana (2012-2013), Finance Manager in CVG Ferrominera del Orinoco (2013-2015), and later became President of CVG Venalum (2015-2017).

<http://www.bolipuertos.gob.ve/noticia.aspx?id=37504>

#### **“The International Convention for the Control and Management of Ships' Ballast Water and Sediments, 2004”**

On October 8, 2017 the International Convention for the Control and Management of Ships' Ballast Water and Sediments which was adopted in 2004 came into force.

Venezuela is not party to this Convention, but is member of the Globallast Partnerships.

Now, by Administrative Resolution N° 363 of September 26th 2012, Venezuela included some of the provisions from the Convention in its local legislation.

<https://www.avdm-cmi.com/single-post/2017/09/08/CONVENIO-INTERNACIONAL-PARA-EL-CONTROL-Y-LA-GESTION-DE-L-AGUA-DE-LASTRE-Y-LOS-SEDIMENTOS-DE-LOS-BUQUES-2004>

### II. CASE LAW

This section comments on relevant case law during the corresponding quarter and our brief comments to it.

There is no published case law of interest to report for this quarter.

#### **The Courts were in judicial recess from August 15th to September the 15th.**

### III. LEGISLATION

This section expands on National and International Legislation adopted in the country and relevant to the industry

#### **National Decree N° 2.966 dated July 2nd 2017.**

The President has declared an increase of 50% of the minimum monthly salary, mandatory in all the national territory, starting on July the 1st, for both public and private sectors. Remaining fixed the minimum wage in the amount of Bs. 97.531,56.

#### **National Decree N° 2.967 dated July 2nd 2017.**

An increase to the food stamp benefit for all employees providing services in both the private and public sectors was increased by Decree to an amount of 17 Tax Units per day, based in a calculation of 30 days per month.

#### **National Decree N° 3.074 dated September 11th 2017.**

The following Decree extends for 60 more days the State of Emergency declared by Executive Power based on the extraordinary circumstances that affect the Constitutional order, the social peace, the safety of the Nation, the public institutions and the citizens of the Republic.

Such declaration allows the President to dictate and adopt any exceptional and necessary measures to insured the population all their rights in full, to preserve internal order and provide the citizens with all necessary goods and services.

Since January 2016, this Decree has been extended numerous times, giving the President of the Republic broad powers in a wide range of matters.

#### **National Decree N° 3.085 dated September 19th 2017.**

Decree N° 3085 was adopted by the Executive Branch sheltered by the Decree of State of Emergency dictated by the President in order to reduce the quota charged under Value Added Tax (VAT) in commercial operations made by electronic transactions.

All sales of movable property and services performed, either by individuals or legal entities, will benefit from a rebate of 3% from VAT, if the transaction is below Bolivares 2.000.000 and 5% from VAT if the transaction is above. This reduction will only apply if the payment is made by electronic means, no cash.

There are some exclusions to this rule, which include final importation of goods.

This Decree will be valid from September 26th 2017 to December 31st of the same year.

#### **Resolution N° 065 dated August 28th 2017.**

This Resolution established and regulated the rates for commercial port services rendered to individuals or corporations in public ports of public use. It is relevant to highlight that these public ports are different to those facilities and port services provided in the National Decree N° 1.397 dated November 18th 2014, i.e.: Law of Port Fees and Dues.

The new rates in this Resolution will be paid at the moment the service is requested or finished, with exception of those credits that are granted by the authorities. Port rates are stated in United States Dollars (USD) and the payment varies from Bolivares (VEF) or USD if the service is rendered to vessels with domestic or foreign flags, respectively, or if it is rendered to importers and/or exporters.

<http://www.bolipuertos.gob.ve/descargas/2013.pdf>

#### **Circular N° 6 of the National Institute of Aquatic Spaces dated September 5th 2017.**

In reference to the service of pilotage, the Institute stated:

That the travelling expenses for the manoeuvres should be paid only once, despite the several activities performed anchorage, docking and undocking, mooring, etc, for the same service and vessel.

It establishes the amounts to be paid for each service and how these payments should be made, always prior to the service and only by the Shipping Agent.

In addition, any vehicle used to transport the Pilot, must be hired with the companies legally authorized by the Maritime Authorities and payments should be made accordingly, even when the loading and unloading takes place in a private port, such as those of PDVSA.

There are special provisions as to those Pilots travelling from or to La Ceiba.

This Circular superseded Circular N° 10 of the National Institute of Aquatic Spaces of November 29th 2016.

### IV. DRAFT REGULATIONS

This section lists draft regulations/bills being proposed to and/or discussed in Congress.

The National Institute of Aquatic Spaces has been working on several Bills for the sector, which shall be raised for public consultation by the next quarter. The bills are as follows:

- Regulations for the Search and Salvage in the National Aquatic Spaces.
- Regulations of the Naval Industry.
- Regulations for the Service of Pilotage.
- Regulations for the Law of Marine and Related Activities, for the preservation of cargo.

**Clyde & Co Caracas**