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Reform to the Law for the Defense of the People in the Access to Goods and Services

Report Categories:

Agricultural Situation

Policy and Program Announcements

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Report Highlights:

Post reports on a recent amendment to the Law for the Defense of the People in the Access to Goods and Services published in the Official Gazette No. 39.165 on April 24, 2009. This law gives greater power to government authorities to declare any element of the food chain as "public interest," allowing them to take greater control of the sector.

General Information:

Within a period of three days, the Venezuela National Assembly, approved an amendment to the Law for the Defense of the People in the Access to Goods and Services. The amendment was published in the Official Gazette No. 39.165 on April 24, 2009. About 22 articles of the previous Law were reviewed. It is important to note that the original law was put in force by the Bolivarian Government of Venezuela on July 31, 2008 through a special mechanism, the Enabling Law, given to President Chavez. For more information on the previous Law, please

see also GAIN reports VE8089, VE8068 and VE8102.

The main issues related to this reform/amendment are that, first, the food chain sector is considered to be an "essential public service" and second, this reform increases the powers of Indepabis (Institute for the Defense of Consumer) to control, occupy and shut down businesses.

An explanatory statement on the legal framework points out that the amendment aims to prevent shortages, rising prices, and restricted supply of essential goods. The text considers as "essential public services" production, manufacture, importation, collection, transport, distribution, and marketing of food products declared as essential goods.

Lawyers have noted that with this change, the Executive can carry out expropriations in an expeditious manner, as the services noted above are now public, and thus it is not necessary to make the normally required declaration of public utility. Indepabis powers are now much wider. The Institution can execute testing procedures, inspection and monitoring, procedures for handling complaints, and also act as a support and auxiliary organ in the criminal investigations of the Public Ministry.

Indepabis can act when any link in the production, distribution and consumption chain stop, abandon, restrict supply, refuse to expend property, hinder the normal development of any stage of the chain, or alter the characteristics of the provision of services or alleged to have omitted any of the normal processes.

Action can also be taken when an entity's accounts are not thought to be correct. For example, when a declaration by any sector of the food chain is not supported by documentation, access to the establishments is impeded, accounts are incorrect or there are two accounting systems with different contents, operating records are omitted, irregularities which render the knowledge of operations and risk of destruction, removal or alteration of property are detected, or when companies persist in selling basic necessities at speculative prices.

Sources:

Official Gazette No. 39.165 - April 24, 2009

Main local newspapers: El Nacional, El Universal, Ultimas Noticias, Tal Cual.