
FISCAL INFORMATION BULLETING AUGUST 2007

CONSTITUTIONAL REFORM - PROPOSAL

Within this bulletin we comment the Proposal of the Constitutional Reform announced by the President of the Republic on the 15 of August of 2007.

It is important to emphasize that the information of the Proposal of the Constitutional Reform we have extracted it of the Web Page of the Ministry of Communications and Information.

This Proposal of Reform consists of the modification of 33 articles of the constitutional text and it is at present in discussion by the National Assembly (Congress).

The Proposal of Constitutional Reform includes/understands the following features: political territory, rights, social rights, the economic rights, Public Power and economic and monetary policy.

(I) The Territory.

The creation of military special regions and authorities with defensive and strategic aims issued by decree of the President of the Republic is proposed. The special authorities would be organized within contingent situations.

Also a new political territory division is established. Hereby the political primary unit of the nations territory organization would be the city, which it will be integrated by communes, organized as communities.

It establishes the creation of community federal cities, federal provinces and federal districts with their district and local missions. The municipal autonomy is eliminated of the political territory division proposal

Another proposal is the modification of the city regime of Caracas as capital of the Republic, since it eliminates the Metropolitan District of Caracas, which means, the of municipal government system at two levels.

It also proposes the establishment of an integral policy to create a system of cities.

(II) Political Rights

The State financing of electoral activities will be allowed. Financing resources granted by foreign governments or foreign public organizations to associations with political aims that participate in elections within the country will be prohibited.

The population may participate in the political activities of the country through elections, referendum, public consultation, revoking its mandate, legislation initiatives, constitutional and constituent, city hall, assembly of citizens, popular power councils, and management by the workers of any social ownership company, self-management, and financial communities amongst others

(III) Social Rights.

It proposes to reduce labor to six (6) daily hours and thirty four (34) weekly hours and the creation, by Law of Social Stability for the Workers and free lance.

(IV) Economic Rights.

It expressly proposes to eliminate the right the economic freedom by substitution of a Productive Economic Model promoted by the State, which will be average, diversified and independent, based on humanistic values of cooperation and primarily of the common interests over the individual in the frame of a Socialist Economy.

An express prohibition of monopolies is set out. Activities, agreements, practices, conducts and omissions performed by individuals in violating methods and social production systems that affect the social and collective property are prohibited. The State reserves to itself the operation of natural resources and of any other kind which is strategic for the Nation, benefits or services of vital public means

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The State may reserve for itself natural resources and any other strategic kind or delivery of vital public services through direct social owned companies, mixed companies or units of socialist production.

The State may grant concessions on a timely basis participate in services or operate non vital or strategic nature resources.

With reference to property it proposes a constitutional level for premises before the expropriation process is in place. It recognizes the private property of goods and consumable goods legitimately acquired by its production.

It proposes the establishment of different kind of production:

- Public Property
- Social Property exercised by the state in the name of the community (indirect social property) by the communities or cities (common or citizens property)
- Collective Property
- Mixed Property
- Private property.

(V) Public Power.

In addition to National, State and Municipal Public powers it proposes to include the people's power which will allow the direct exercise of sovereignty by the population.

Two (2) types of public administrations are created: (i) The Bureaucratic or Traditional Public Administration and (ii)

Missions, which will look after the most urgent needs of the population which will be created by the National Executive through organic and functional regulations.

Not withstanding, these organizations may be punished according to the law or when they incur in illegal acts according to the law.

New competencies are attributed to the National Power such as the creation, organization and management of federal and communal provinces, federal and communal cities; management and administration of the national economy and its transference to other sectors of the economy; promotion, organization and registry the peoples councils and the residual competencies actually assigned to the States.

The Constitutional grants will be of twenty five percent (25%) and for the municipalities will be a minimum of 25% of the ordinary income of the states.

The municipal autonomy and the decentralization policy of the State is eliminated and will be replaced by the participation of the town for the construction of a Socialist Democracy.

Regarding to the executive power the Federal Council of Government is replaced by the National Council of Government. The executive power will be exercised by the President of the Republic, first and second Vice-president Ministers and other officers assigned by the Law and Constitution.

The period by which the President may remain in power will be extended to seven (7) years and may be elected continuously

New competencies are assigned to the President of the Republic by which he might create federal provinces or cities; he may establish the monetary policy, name and promote the high posts of the Bolivarian Armed Forces through his constitutional or constituent initiative

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(VII) Socioeconomic regime and performance of the State in the economy.

Due to sovereignty or principles of national interest sovereignty, development or national interest the state reserves to itself, any activity regarding the exploitation of liquid, solid or gas hydrocarbons activities and any other exploitation premises of public interest such as services, goods of public interest or strategic. National technologies shall be preferred for the processing of hydrocarbons.

Regarding agriculture, the State will promote sustainable agriculture to grant the nourishing security of the population. The proposal establishes that the State takes over agricultural and cattle production in order to guarantee nourishing to the population.

(VIII) Monetary System

The monetary policy will be established by the National Executive together with the Central bank of Venezuela which will lose its autonomy. The international reserves will be handled by the Central Bank of Venezuela under the direction of the President.

These are the main aspects proposed within the Constitutional Reform by the President of the Republic and that actually they are being discussed by the National Assembly (Congress). It is expected that by year end it is summoned to the population for referendum of approval

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