

# GLOBALPANDI

## *Circular for P & I Clubs*

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**Correspondents for:**

**Britannia, British Marine, Carina, Charterers P&I Club, China P&I Club, GARD, ITIC, Korea P&I Club, Navigators, Nordisk Defence Club (Through Sabatino Pizzolante), Lodestar Marine, North of England P&I Club, Raets Club, Shipowners P&I Club, Skuld, The Standard P&I Club, Steamship Mutual, The American Club, The London P&I Club, West of England and Through Transport Club (TTC)**

### *Venezuelan ports under military control through Single Authorities*

According to the current maritime legislation in force, the National Institute of Aquatic Spaces (INEA) is the port authority exercising supervision over ports, whose daily operations are run by public and private administrators such as Bolipuertos, S.A., Puertos de Sucre, Ocamar, Vopak, etc. It is fair to say, however, that having Bolipuertos, S.A. the administration of the main public ports such as Puerto Cabello and La Guaira, among others, this entity has been regarded to some extent as the port authority.

The panorama looks now more confusing since at the beginning of July 2016, President Nicolas Maduro placed under military control the major public ports, appointing in each one a “single authority” ((in Spanish “*Autoridad Única*”) in the person of military officials, in a move seen by some people as a “militarization” of the marine terminals. Changes are implemented in the context of a state of economic emergency, due to the precarious financial situation resulting in the severe shortages of food, medicine and basic supplies. Thus, the government hands over the ports to the military authorities, in order to attack corruption and ensure the effective distribution of supplies, as a matter of national security and defence. Consequently, Army Gen. Efrain Velasco Lugo was appointed as the Single Authority of the National Port System.

The legal grounds for the above is to be found in the Decree No. 2,382, published in the Official Gazette No. 6,242 Extraordinary, dated 22<sup>nd</sup> July 2016, through which the Single Authorities for the Port System are created. Seven Single Authorities throughout different regions are established sitting in the ports of La Guaira, Puerto Cabello, Guaranao,

Maracaibo, La Ceiba, Guanta and El Guamache, all of them under the supervision of the Single Authority of the National Port System, sitting in Caracas. (Art. 1) According to art. 2 it corresponds to each Single Authority the supervision, assessment and monitoring of the administration and operation of the National Port System, ensuring efficient activities in each port, coordinating the work among the competent entities.

Pursuant to article 3, the Single Authorities shall guarantee the expediting of the port operations and the availability in the distribution chain of the strategy goods for the national consumption, imported by the public and private sector in the frame of the Great Mission Sovereign Supply, for which they have wider powers, among them, implementation and execution of mechanisms for supervision and control of the port activities; direction of operations within the ports and terminals throughout the country; coordination the performance of public entities in respect of port activities; instructing on the priority order for the loading and discharge of ships and designing and implementing mechanisms to reduce the permanence of cargo within port areas to improve the distribution. Finally, art. 4 states that although the different public agencies working within the port area are independent and retain its powers as attributed by law, they must review its functioning in the light of the guidelines issued by the Single Authority, aimed to improve the port operation.

In practical terms, and irrespective of the resulting conflicting regulations, the appointment of these Single Authorities means to deprive the INEA from its powers of supervision over public and private ports, transferring these tasks to the Single Authority of the National Port System. In the meantime, the newly appointed authorities have started to meet the port users (importers, exporters, ship brokers, shipping lines, ship agents, etc.) to inform about the directives to be implemented and listening to them for recommendations. It is important to point out that ports are normally working from the operational point of view, and that this scheme does not mean the presence of military personnel within the port areas, at least not in greater extent than in the past, which may affect or prevent the operations in any way.

**Should you need any assistance or further information regarding the topic stated above, please feel free to contact:**

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