

# *Novedades*

*News from the National Law Center for Inter-American Free Trade*

*Volume 6, Number 8  
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## **BANK TRANSPARENCY AND DISCLOSURE MEETINGS**

During the week of December 13<sup>th</sup>, the NLCIFT hosted a series of working meetings to review the progress, initial reports and findings of a study analyzing bank transparency and disclosure requirements/practices in five Latin American countries. The first part of the week was devoted to meetings of research team members to review the reports and to discuss the major issues involved in the study. The team members reviewed individual country reports on Argentina, Chile, Brazil, Mexico and Venezuela. The team discussed issues such as the manner in which the market and bank supervisory agencies determine the level and effectiveness of transparency in the reporting of bank financial information. Researchers performed a comparative analysis of disclosure requirements, including an examination of expressed national legislative goals and the attainment of such goals in the implementation of bank transparency and disclosure rules. The team also discussed the impact of accounting standards that differ from international norms, and how such standards affect the reliability of bank financial information and their significance for investors. The team reviewed individual country reports and the draft final report and developed conclusions and recommendations for consideration by the Working Group.

Beginning on December 15, members of the Working Group on Bank Transparency and Disclosure of the Finance Ministers of the Western Hemisphere met to review the work of the team, the country reports and the draft final report. The Working Group reviewed the conclusions and recommendations of the team. The focus of the discussions was the development of recommendations with respect to the country reports and the final report.

## **NEW PROJECT TO ANALYZE MEXICAN CUSTOMS CODE**

As part of its continuing efforts to facilitate free trade throughout the Americas, the National Law Center for Inter-American Free Trade has initiated a project that will analyze the January 1, 2001 amendments to the Mexican Customs Code. These amendments will eliminate duty remission programs on non-NAFTA materials and equipment. The study will also analyze the impact such changes will have on maquila and customs operations.

As a consequence of the new regime, after 2001 the use of non-NAFTA raw materials, supplies, machinery and equipment by maquiladoras will no longer benefit from NAFTA treatment or for duty deferral and drawback programs. For example, assume that after 2001, a maquiladora imports raw materials from a non-NAFTA country, uses such materials in its manufacturing process, and subsequently exports the end product to a NAFTA country. Upon final export, the maquiladora will be subject to the Mexican duty corresponding to the original importation of such non-NAFTA materials.

The effect on existing plants is bound to be significant, particularly if the materials needed cannot be easily sourced in NAFTA countries, or if NAFTA sourcing would implicate exceedingly high costs. The study will analyze eventual alternatives, such as possible implementation of special sectoral promotion programs by the Mexican government that classify certain non-NAFTA raw materials as having originated in Mexico for domestic customs purposes. So far, these programs have been restrictive and sector-specific. The study will also focus on the impact these changes will have on NAFTA country of origin determinations, product classification, record-keeping and auditing standards, and the future of the maquiladora industry as a whole.

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## **ARIZONA-MEXICO COMMISSION PLENARY SESSION**

The Center's ongoing Real Estate Securitization project is designed to allow Mexican real estate lenders to sell mortgage paper in the world's capital markets. The project took a significant step forward during the Arizona-Mexico Commission Plenary Session, held November 11- 12 in Puerto Peñasco, Sonora. During the Plenary Session, Mexican and U.S. real estate agents and developers met with a similarly bi-national group of legal and financial specialists to analyze the possibility of using Puerto Peñasco as pilot project in the securitization arena.

An essential aspect towards accomplishing the project's goal is establishing certainty of legal title to real estate. Title insurance, although not widely used in Mexico, provides such a solution by guaranteeing full payment even if title flaws are present. However, the information presently provided by the Puerto Peñasco registry is insufficient and inadequate, making it difficult for insurance companies to issue title policies in a consistent and cost-efficient manner. In cooperation with the Sonoran Registry Institute (ICRESON), Stewart Title and First American Title Insurance Companies, the project focuses on modernizing Puerto Peñasco's registry system and updating its filing and searching practices. This collaboration will produce a system adept at providing the information necessary to issue title insurance policies in Puerto Peñasco.

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REPORT & INTERAM<sub>SM</sub> DATABASE*

This unique service combines the timeliness of the Internet with the substance of a biweekly print publication. With updates of trade law and expert legal analysis, the *Trade Report and InterAm Database* keep you informed of important developments in the changing legal and business climate of the Western Hemisphere.

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### ARIZONA-MEXICO COMMISSION PLENARY SESSION *continued from page 1*

All present at the meeting agreed that Puerto Peñasco provides good testing grounds. First, Puerto Peñasco's promise as a tourist spot has up to now remained untapped. In contrast to other areas, where ample development has spurred gradual changes to local real estate registry practices, Puerto Peñasco has retained the more traditional practices of its rural past. The outmoded nature of the legal framework allows for a methodical and comprehensive reform effort to germinate. Secondly, Puerto Peñasco's status as an up-and-coming tourist locale heightens interest among developers and financiers, providing an abundance of transactions that would benefit from a new legal framework. As a result, the mixture of legal purity and interest in future development creates an ideal setting for the securitization project.

Once these changes are completed, banks may place their mortgage paper (and capital investors may buy it) with confidence that title considerations will not detract from the value or marketability of these assets. The Real Estate Securitization Project represents a benefit to both the Arizona and Sonoran economies, representing the Center's commitment to fostering Arizona - Mexico Trade.

# THE INTERAM DATABASE & INTER-AMERICAN TRADE REPORT

## InterAm<sub>sm</sub> Updates

### ARGENTINA

Ley 24.240 de Protección al Consumidor. 22-IX-1993.

Decreto Nacional 276/98 Creación del Sistema Nacional de Arbitraje de Consumo. 13-III-1998.

Commercial Code of Argentina. Translated by FTL (English). Last revised March 1998.

### COSTA RICA

Ley 7210 de Zonas Francas. 14-XII-1990.

Ley 7472 Competencia y Defensa del Consumidor. 20-XII-1994.

### ECUADOR

Law on Promotion & Guaranty of Investments. Translated by FTL, Inc.

### EL SALVADOR

Constitución Política de El Salvador.

Ley Reguladora del Depósito, Transporte y Distribución de Productos de Petróleo. 23-XII-1970.

Ley de Superintendencia de Sociedades y Empresas Mercantiles. 29-X-1973.

Reglamento de la Ley de Protección al Consumidor de El Salvador. 06-XI-1996.

### PERU

Ley 27.181 General de Transporte y Tránsito Terrestre. 08-X-1999.

### VENEZUELA

Ley de Telecomunicaciones. 01-VIII-1940.

Ley Zonas Francas de Venezuela. 08-VIII-1991.

The Center's *InterAm<sub>sm</sub>* Database is a unique online service providing Latin American legal and regulatory information. Subscribers to the database receive same-day electronic access to Mexico's *Diario Oficial de la Federación*, the equivalent of the U.S. Federal Register.

Subscribers also receive the biweekly newsletter, *Inter-American Trade Report*, which features news summaries, analysis and commentary regarding issues and laws relating to commerce throughout Latin America. For subscription information, please call Francisco Laguna at 1-800-LAW-FIND.

### RECENT HEADLINES FROM THE INTER-AMERICAN TRADE REPORT

"Electronic Commerce in the Western Hemisphere" A collection of experts responds to specific questions on the legal obstacles to electronic commerce in the Western Hemisphere. Edited by Francisco Laguna and Mariana Silveira.

"New Tax Regime for Maquiladoras," by John A. Mclees, Mary C. Bennett and Jaime Gonzalez-Bendiksen of Baker & McKenzie. The article, published in a two-part series, includes an excellent overview of the new tax regime adopted by Mexico for Maquiladoras.

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