

Decree No. 3.438, of the Bolivarian Republic of Venezuela Respecting the Forced Acquisition of Real Property and Personal Property Owned by VENEPAL, C.A.

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HUGO CHÁVEZ FRIAS

President of the Republic

Exercising the powers conferred upon him by articles 113, 115, 236 (11), 299 and 308 of the Constitution of the Bolivarian Republic of Venezuela, and in accordance with the provisions set forth in articles 5, 9 and 56 of the Law of Expropriation for Reasons of Public Benefit or Social Interest,

WHEREAS

On January 13, 2005, the National Assembly, through a unanimously approved Agreement declared to be of public benefit and social interest the start up, use and exploitation of personal property and real property owned by VENEPAL C.A. and the group of subsidiaries and/or related companies of the aforementioned company, incorporated and domiciled in the city of Caracas, registered with the First Commercial Registry of the Judicial Circuit of the Federal District and State of Miranda on April 20, 1954, under No. 266, Volume 1-C, whose original name was C.A. VENEZOLANA DE PULPA Y PAPEL, the Bylaws of which were modified several times; the most recent being registered with the aforementioned Registry on September 29, 1999, under No. 60, Volume 205-A-First, its current name being VENEPAL C.A.,

WHEREAS

On December 2, 2004, the Ninth Banking Civil and Commercial Trial Court, which is competent nationwide, seated in the city of Caracas, declared the

bankruptcy of VENEPAL C.A., bankrupt and the cessation of the activities of the aforementioned company affects the supply and price of pulp, paper, cardboard and derivatives and may generate illegal practices in the national market, which are prohibited by the Constitution of the Bolivarian Republic of Venezuela,

WHEREAS

The production of pulp, paper, cardboard and derivatives is essential under the policy of endogenous development and educational and cultural processes being developed by the National Government, to which, without any exclusion whatsoever, Venezuelans are entitled.

WHEREAS

Attention to the historically marginalized segment of the population, and the expansion of a national industry linked to the wellbeing of the majority, a better standard of living and the search for the common good demands the development of an economy of the people, the principal role of which is played by the workers and the communities,

WHEREAS

The crisis and subsequent judicial declaration of bankruptcy of VENEPAL, C.A. generated unemployment for its workers, who have expressed their wish to participate in the recovery of the productive assets of the aforementioned company, which is in keeping with the spirit of articles 299 and 308 of the Constitution,

WHEREAS

The use and exploitation of the personal property and real property of VENEPAL C.A. and its group of subsidiaries and/or related companies is necessary for the start up of the manufacturing activity of pulp, paper, cardboard and its derivatives;

the colonization of uncultivated land, the repopulation of uninhabited land, and wasteland, industrial and agricultural activities for the promotion of endogenous development and the protection and generation of sources of productive employment necessitates, as an essential requirement, the expropriation and transfer of such goods,

DECREEES

Article 1 For the execution of the project “Industrial Reactivation and Productive Exploitation for Endogenous Development” to be carried out, the starting up of the production of pulp, paper, cardboard and its derivatives, the colonization of uncultivated land, the repopulation of uninhabited land and wasteland, agricultural and industrial activities to promote endogenous development and the protection and generation of sources of productive employment, the forced acquisition of the goods listed below is decreed:

A) The real property located at Carretera Morón – Coro, Km. 10, Autonomous Municipality Juan José Mora, State of Carabobo, registered according to a document legalized with the Subalternate Office of the Registry in Puerto Cabello, under No. 6, dated April 13, 1956, consisting of:

a.1) a plot of land of approximately three thousand six hundred eighty hectares point nine two (3,680.92 hectares), whose boundaries and measurements are as follows:

- **North:** The Yaracuy river riverbed, from a point situated at approximately 400 meters upstream from “La Esperanza,” indicated on land by a concrete marker identified with No. 1, whose

coordinates are: X 7,395.67 and Y 6,362.51, up to the bridge on the Morón -Coro road..

- East:** The Morón-Coro road, at the stretch between the bridge over the Yaracuy River and a point situated at approximately one thousand six hundred fifty meters from the bridge, toward Morón, indicated by a concrete marker identified with I-3, whose coordinates are: X 8,287.41 and Y 10,683.67. The boundary continues adjoining land owned by Mr. Carlos Eduardo Galavís, which contains a coconut plantation, from point I-3 following a straight line six hundred thirty-eight meters long and azimuth of seventy-five degrees forty-seven minutes <75 degrees 47’> up to point I-2, indicated by a concrete marker with such identification, whose coordinates are: X 8,131.14 and Y 10,066.92. From this point the boundary continues adjoining the land owned by Mr. Carlos Eduardo Galavís, following a straight line for a distance of one thousand ninety-five meters point ten six centimeters with an azimuth of three hundred twenty-six degrees and two minutes <360 degrees 2’> up to point B.M.1 also of concrete, whose coordinates are: X 7,213.05 and Y 10,664.01. The boundary continues South by the small stream bordering the escapement where the land abruptly changes course up to the point indicated by a concrete marker identified with I-1.
- South:** From point I-1, with coordinates X 5,570.00 and Y 11,765.00, situated under the place named “La Punta,” the boundary follows a straight line of one thousand one hundred fifty-two meters point seven seven centimeters <1,152.77> with an azimuth of thirty-two degrees twenty-one minutes <32 degrees 21’> crossing

swampland up to point R-183 identified on a concrete marker, whose coordinates are: X 4,596.22 and Y 11,148.06. The boundary follows a straight line eight hundred seventy-one meters point nine three centimeters long, and three hundred in length and three hundred twenty-six degrees forty-nine minutes azimuth up to the point G-59 identified on a concrete marker, whose coordinates are: X 3,866.42 and Y 11,625.18; crossing swampland the boundary follows in a straight line with an azimuth of thirty degrees twenty-three minutes up to a distance of two thousand three hundred fifty-nine meters point seven five centimeters where a concrete marker is located identified with W-4 whose coordinates are: X 1,830.73 and Y 10,431.66. As of the latter point, the boundary continues to the West through the Salado riverbed up to a point upstream indicated with a concrete marker identified with No. 69, whose coordinates are: X 0,798.37 and Y 6,722.56. Since the Salado river spreads at this point of the land, its principal stream has been defined by the following intermediate points, indicated by a concrete marker: X 16 X 1,519.53 and Y 10,093.33; Z-28 X 1,418.79 and Y 9,676.24, C-37 X 1,465.68 and Y 9,346.49; C-47 X 1,447.47 and Y 8,973.72; C-62 X 1,028.88 and Y 8,716.11; C-87 X 1,125.70 and Y 7,696.22; C-95 X 886.94 and Y 7,349.79.

- **West:** The land owned by Venezolana de Pulpa y Papel “Venepal C.A.” borders here with Galavis’ land and the boundaries are set by a straight line approximately two thousand five hundred fifty meters long which joins point No. 69 previously identified with a point indicated by a concrete marker identified with No. 37, at the site of coordinates X 3,156.61 and Y 6,028.23. From the latter point, and bordering land owned by Copra, the boundary follows a straight line

North, for approximately length of four thousand two hundred fifty meters up to point No. 1, at the right side of the Yaracuy River identified at the beginning of the description of the boundaries.

a.2) An extension of land with a surface of sixty-nine point one four hectares, fourteen areas <69.14 ha.> adjacent to the previous one, whose boundaries and measurements are the following:

- **North:** From Yaracuy River riverbed, from the bridge over this river on the Morón-Coro road to where it flows into the sea.
- **East:** With the Caribbean Sea from the place where the Yaracuy River flows into the sea up to point I-5, whose coordinates are: X 8,888.63 and Y 11,099.89, identified with a concrete marker on the land.
- **South:**, From point I-5 on land owned by Mr. Carlos Eduardo Galavís, previously identified, and a straight line of 735.63 long and 72 degrees 19' azimuth, up to point I-4, whose coordinates are: X 8,665.11 and Y 10,399.06.
- **West:** The road Morón-Coro from the point already described, to the bridge over the Yaracuy River mentioned as the starting point for these boundaries.

The coordinates previously described are identified in the topographical plan annexed to the evidence book.

B) A constant lot of land measuring two thousand hectares (2,000 ha.), located in the jurisdiction of Veroes Municipality, State of Yaracuy, which is registered with the Subalternate Registry of San Felipe, State of Yaracuy, under No. 25, pages 43 to 46, First Protocol, Volume 2, Third Quarter of 1974, under the name of Explotaciones Forestales y Agrícolas S.A. (EFASA), a company registered with the First Commercial Registry of the Judicial Circuit of the Federal District and State of Miranda, on May 28, 1957, under No. 10, volume 20-A, whose sole shareholder is VENEPAL C.A., which is comprised of the following boundaries and measurements:

- **North:** one thousand six hundred fifty meters (1,650 m), bordering land that is owned by or was owned by the company “Rancho Alegre,” and three thousand four hundred meters (3,400 m) bordering on to the States of Falcón and Yaracuy, expressly mentioning that there is a roadway within this boundary approximately one hundred meters (100 m) long owned by Universal American C.A., to be used for the company’s traffic, and is affected by a right of way in favor of this lot.
- **South:** Yaracuy River
- **East:** Nine hundred twenty meters (920 m) bordering on land owned by Mercedes de Pernaleté.
- **West:** Three thousand seven hundred forty meters (3,740 m) bordering land owned by or that was owned by Compañía Universal American C.A.

C) An extension of land of approximately 4.25 hectares, located at La Hamaca Industrial Zone, jurisdiction of Girardot Municipality, Maracay, State of Aragua, registered with the Real Estate Registry of the Second Circuit Girardot

and Mario Briceño Iragorry Municipality, Maracay, State of Aragua, under No. 66, page 211, First Protocol, Volume 7, dated August 24, 1978, whose boundaries and measurements are:

- **North:** One hundred sixty-five meters (165 m) bordering land owned by or that was owned by Pralven and Laboratorios Lilly.
- **South:** One hundred sixty-five meters (165 m) bordering land owned by C.A. Fábrica de Papeles de Maracay and Urbanizadora Guayamure.
- **East:** Which is its front, two hundred seventy-five point two five meters (257.25) with calle Guayamure leading to C.A. Fábrica de Papeles de Maracay.
- **West:** Two hundred fifty-seven point two five meters (257.25) bordering land owned by Urbanizadora Guayamure C.A.

D) A lot of land of approximately 2.52 hectares, located at San Vicente Industrial Zone, Avenida Maracay, identified with No. 12-03, pertaining to lot No. 12 of the Municipal Cadastre Sector 25.01, jurisdiction of Girardot Municipality, Maracay, State of Aragua, registered with the Real Estate Register of the Second Circuit, Girardot and Mario Briceño Iragorry Municipality, under No. 20, Volume 3, First Protocol, dated October 25, 1989, whose boundaries and measurements are the following:

- **North:** One hundred two meters (102 m) bordering the right of way to Autopista Regional del Centro Caracas-Valencia.

- **South:** One hundred two meters (102 m) with Avenida Maracay of Urbanización Industrial San Vicente, of which it forms a part.
- **East:** Two hundred forty-seven meters (247 m) bordering lot No. 12-04, owned by Almacenadora Tip Top.
- **West:** Two hundred forty-seven meters (247 m) bordering lot No. 12-02, owned by Maquinarias Gedeve, C.A.

E) The real property, facilities, machinery, equipment and materials making up the property previously identified, owned by VENEPAL C.A., and its group of subsidiaries and/or related companies that are necessary in order to execute the “Industrial Reactivation and Productive Exploitation for Endogenous Development Project.”

Article 2 Expropriated goods will be transferred free from encumbrances or limitations to the patrimony of the Bolivarian Republic of Venezuela, pursuant to the provisions set forth in Article 11 of the Law of Expropriation for Reasons of Public or Social Benefit.

Article 3 Execution of the “Industrial Reactivation and Productive Exploitation for Endogenous Development Project”, through the start up, use and exploitation of the goods identified in article 1 of this Decree is considered urgent.

Article 4 The agencies responsible for the execution of this Decree will promote the development of cooperative associations and any other form of community association for the works under the collective ownership system, supported by the people’s initiative and ensuring the installation of the applicable training and technical assistance programs.

Article 5 The Minister of Labor, the Minister of the People's Economy and the Minister of Finance are responsible for the execution of this Decree.

Article 6 Workers who as of June 8, 2001, date on which VENEPAL C.A. legally filed for the benefit of moratorium, were working for Molino VENEPAL, C.A. located in Morón, State of Carabobo; Fábrica de Cuadernos VENEPAL, C.A. and C.A. Papeles Recubiertos (CAPARE), in Maracay, State of Aragua, and workers who joined these companies after the previously mentioned date, may participate in the "Industrial Reactivation and Productive Exploitation for Endogenous Development Project," contained in this Decree.

For this purpose, the workers will participate in an organized manner, as required by the project and through an express statement of intention before the Labor Ministry.

Article 7 This Decree will enter into force as of its publication in the Official Gazette of the Bolivarian Republic of Venezuela.

Signed in Caracas on January eighteenth two thousand five. Years 194 of Independence and 145 of the Federation.

Be it executed

HUGO CHAVEZ FRIAS

JOSE VICENTE RANGEL, Executive Vice President

NELSÓN JOSÉ MERENTES DÍAZ, Minister of Finance

MARÍA CRISTINA IGLESIAS, Minister of Labor

ELÍAS JAUA MILANO, Ministry of the People's Economy

Contributed by III Caracas Member José Alfredo Giral