



EMBASSY OF THE  
UNITED STATES OF AMERICA

Habana, July 16, 1945

No. 9652

AIR MAIL

Subject: With further reference to the proposed  
establishment of a Cuban Merchant Marine

RECEIVED  
DIVISION OF  
CENTRAL SERVICES

UNRESTRICTED

The Honorable  
The Secretary of State,  
Washington, D. C.

Sir:

Supplementing the Embassy's air mail despatch no. 9577 of June 30, 1945 (File 885) with which were enclosed copies of a merchant marine bill drafted by a "Research Committee for the Promotion and Defense of the Merchant Marine", I have the honor to report that a translation of this bill has now been made by a local firm of translators and to enclose three copies of this translation for the use of the Department and other interested agencies of our Government.

RECEIVED  
HANSON OFFICE  
DEPARTMENT OF STATE

As far as the Embassy is aware, no action has as yet been taken on the bill by the President, to whom it was submitted, nor have there been any further recent developments of interest in connection with the plan to establish a Cuban merchant marine.

Respectfully yours,

For the Chargé d'Affaires a. i.:

*Albert F. Nufer*  
Albert F. Nufer  
Counselor of Embassy  
for Economic Affairs

Enclosure:

Translation of "A Bill for  
the Development and Defense  
of the National Merchant  
Marine" (2 copies under  
separate cover)

File 885

AFN/ew

To Department in original  
and hectograph.

DCR - ARA Unit  
Anal. *[Signature]*  
Rev. *[Signature]*

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A BILL FOR THE DEVELOPMENT AND DEFENSE OF THE NATIONAL  
MERCHANT MARINE

CHAPTER I  
The Law and its Object

Article 1. This Law is known as "LAW FOR THE DEVELOPMENT AND DEFENSE OF THE NATIONAL MERCHANT MARINE", and is aimed at the creation of the sound and stable economic and general conditions required to promote and develop the organization of maritime transportation services, essential to the economy and defense of the Republic, with adequate, safe and well-equipped vessels, manned by efficient Cuban crews; and to protect and defend said essential services against competition, and unfair or discriminatory practices and measures, whether domestic or foreign.

CHAPTER II  
Definitions

Article 2. For the purposes of this Law, the following meanings shall be given to the terms set forth below:

**BOARD:** The Superior Technical Board of the Merchant Marine, created by this Law,

**SHIP-OWNERS OR CHARTERERS:** The natural or juridic person engaged in the maritime transportation business with his own ships or ships acquired from third parties under any conditions,

**VESSEL:** Every vehicle capable of being used by the Board as a means of transportation by water, whether driven by steam, motor, sail or by combined driving powers, for purposes of navigation.

**DEADWEIGHT.** The maximum weight of stores of water, fuel, provisions, persons (crew and passengers) and merchandise, i.e., the difference between the maximum displacement of the vessel and that of the ship in ballast.

**TRADE:** The business of transportation of cargo between two or more domestic or foreign ports.

**CONSIGNEE OR AGENT:** The legal or commercial representative of the ship-owner, acting in his name and behalf in the ports or localities with which trade may be carried on.

**REGULAR SERVICE:** That provided by the ship-owner, between certain ports, subject to a given route and schedule.

**EVENTUAL SERVICE:** That provided by the ship-owner but not subject to a fixed route or schedule.

**ROUTE:** The regular service comprised between two given ports, with intermediate ports of call, either fixed or occasional, and maintained regularly.

**ZONE:** The area in which a vessel rendering eventual service operates.

**AUXILIARY SERVICES:** Those provided for vessels such as docking, warehousing, launches, tugs, repair workshops, shipyards (dry docks) or any other maritime facilities.

**PERSON:** Any natural or juridic person.

CHAPTER III  
Classifications

Article 3. For the purposes of this Law, maritime trade shall be classified as follows:

**COASTWISE.** The traffic carried on between the national ports, sub-ports and loading places, beyond the protection of the offshore keys shoals and sounded interior waters, or outside a Customs House jurisdiction, for the transportation of merchandise, animals and things, destined to domestic trade or for warehousing at any part of the Island.

**TRANSSHIPMENT:** That which is carried on exclusively in connection with coastwise service vessels, or national ocean-going ships, always provided they do not interfere with the former, between the ports and sub-ports authorized by the Law, for the exportation and importation of merchandise animals, or things, transported from or to foreign points, in combination with vessels used for ocean-going trade.

**OCEAN-GOING:** That which is carried on between ports or subports of the nation and others abroad.

**SUB-CLASSIFICATIONS:** The Board is hereby authorized to establish, in each case, the sub-classifications which may be desirable for the most effective organization of maritime trade.

CHAPTER IV  
On the Organization of the Superior Technical  
Board of the Merchant Marine

Article 4. The attainment of the aims set forth in Article 1, as well as the organization of all the matters connected with the Merchant Marine, and the inspection, regulation and coordination of maritime transportation services in foreign and domestic trade, shall be the responsibility of a body to be known as the Superior Technical Board of the Merchant Marine, with jurisdiction of its own, which shall be domiciled in the Capital of the Republic, and which is created by this Law.

Article 5. Said Board shall be composed of five Cubans who enjoy good public and professional reputation, who shall be called Maritime Commissioners and who must meet the following qualifications:

a) One must have attained the rank and discharged the duties of a Magistrate, Professor by competitive selection of the University, of the faculties of Law, Social Sciences or Public Law, or Commercial Sciences, Naval Engineer or Architect, or Captain or First Naval Engineer, or Retired Navy Officer holding the equivalent rank.

b) Another must be a Merchant Marine Captain or Retired Navy Officer holding the equivalent rank, with not less than ten years' professional service to his credit.

c) Another must be a First Naval Engineer, or Retired Navy Officer holding the equivalent rank, with not less than ten years' professional service to his credit.

d) Another must be a Marine Trade Expert, or a Specialist in Marine Mercantile Law, with not less of ten years' professional specialization or experience to his credit.

e) And another must be an Expert or Specialist in questions involving the contracting for, and regulation of, maritime labor, with not less than ten years' actual services as such, in maritime circles, to his credit.

Article 6. The President of the Republic shall designate at his discretion the Maritime Commissioner referred to in paragraph a) of the preceding article, who shall act as Chairman of the Board. The other offices of Maritime Commissioners shall be appointed by the President of the Republic, selecting them from terms submitted in accordance with the rules to be established by the Regulations of this Law, by the following organizations:

- a) The National Association or College of National Officers, to fill the office referred to in paragraph b) of the above preceding article.
- b) The National Association or College of Naval Engineers, to fill the office referred to in paragraph c) of the preceding article.
- c) The National Associations of Cuban Ship-owners, to fill the office referred to in paragraph d) of the preceding article.
- d) The Maritime Industry Labor Federation, to fill the office referred to in paragraph e) of the preceding article.

Article 7. The office of member of the Board, and in general any permanent service of work, for which salaries may be collected therefrom is incompatible with State, Provincial or Municipal offices or employment and with the exercise of any other remunerated profession or trade. It shall not be incompatible with the enjoyment of State, Provincial or Municipal pensions or pensions from Retirement Institutions.

Article 8. No person appointed to fill the office of voting member, official or employee of the Board may be installed in his post, office or employment while he maintains professional relations with shipholders or is interested, in any way whatsoever, in their maritime businesses or connections, or has capital invested or possesses shares therein.

Article 9. The Board shall appoint a General Secretary and an Assistant General Secretary. Both must be lawyers, who also enjoy high public esteem, and with not less than ten years of professional practice to their credit.

Article 10. The salaries of the members of the Board, payable monthly, shall be as follows:

- a) President and Voting Members, \$5,000.00 per year.
- b) General Secretary, \$4,000.00 per year.
- c) Assistant General Secretary, \$3,000.00 per year.

Article 11. The President shall have a monthly allowance for transportation and representation expenses, of \$250.00.

Article 12. The Superior Technical Board of the Merchant Marine shall enjoy postal and telegraphic franchise for all matters falling under its jurisdiction.

Article 13. The members of the Board shall be appointed for a term of three years. All of them can be re-elected as long as they do not incur any justified cause for disqualification.

Article 14. The members of the Board may be dismissed from their offices by the Presidente of the Republic, following the appropriate proceedings, for reasons of misconduct, negligence in the performance of their duties or for any other reason of incapacity or incompatibility provided for by law. The appeals against such dismiss-

als shall be through the contentions-administrative procedure.

Article 15. The Board, within thirty days as from its constitution, shall issue the internal Regulations thereof which shall govern its activities.

Article 16. All the members of the Board and of the Committees shall be bound to attend the meetings held by said Bodies, and to cast their votes, although they may reserve them placing on record their reasons for so doing.

Article 17. The resolutions of the Board or of the Committees shall be passed by a majority vote and, in case of a tie, the Presidente shall be entitled to the casting vote.

Article 18. For each meeting or session which the Maritime Commissioners may fail to attend, of their respective Committees, they shall be subject to a deduction of an amount equivalent to one day's remuneration and such deduction shall be effected at the time of paying them the next salary thereafter, unless such absence is due to causes properly and fully justified to the satisfaction of the Board.

Article 19. The President, any one of the duly authorized members of the Board, the Secretary General or any one of the officials of said Body, on a resolution of the Board, shall be empowered to sign the correspondence of the departments in their charge, within the limits set for them in said resolution and to conduct any investigation, summon witnesses, demand testimony under oath, gather information, exhibition of authorized copies of documents, books and other records which any natural or juridic person may present or exhibit, in the same manner and to the same extent as is granted for such cases by the Law of Civil Procedure to the officials of the Judiciary. In urgent cases the President may grant this authority, reporting such action to the Board at the time of its next meeting, for final decision thereupon.

CHAPTER V  
The Personnel

Article 20. The Board shall appoint its officials and employees, with permanent or temporary status and, for the work connected with navigation and maritime trade, it shall select, by specialties, individuals who render or may have rendered services to maritime employers, from among those comprised in the Law of September 3, 1938, and who at the same time enjoy a good reputation.

Article 21. The members of the Board and other regular official or employees thereof, shall be sworn to on being installed in their offices and, in that ceremony, the president of the Board shall warn them as to the positions which are incompatible with said offices.

Article 22. The President, the Secretary General, the Assistant Secretary General, the Voting Members of the Board and the officials and employees thereof, shall be entitled to leave, with pay, not exceeding one month every year, in such order as may be established by the Board.

Article 23. In cases of serious illness, duly justified, leave may be granted with salary, for a longer period, but this, under no circumstances may exceed two months.

In such cases the President of the Board shall be substituted by the eldest member thereof.

Article 24. The Administration Expense Budget of the Board, including all items of personnel, allowances, materials, rentals and any others, may not exceed the sum

of \$150,000.00 per year, and this amount shall be drawn in twelfth parts from the Subsidy Fund created by sub-section b) of section 2) of Chapter X hereof.

Article 25. The Administration Expense Budget shall be prepared by the Board within the first ten days of November, each year, and shall be submitted to the Minister of Commerce before the 20th of the same month for his consideration and approval thereof or objection thereto, and his approval thereof shall be assumed for all legal purposes and effects, if he does not return same, stating his objections, before the tenth day of December. The Budget shall be in force during the fiscal year, which shall begin as of the first day of January and shall end on the thirty-first day of December each year; as soon as said budget shall have been approved, it shall be published in the Official Gazette of the Republic.

#### CHAPTER VI The Committees

Article 26. The Board shall be advised by the following Committees:

- a) **OCEAN TRADE COMMITTEE:** Composed of two members appointed by the Cuban ocean-going ship-owners and by one of the Voting Members of the Board, who shall preside over it.
- b) **COASTWISE TRADE COMMITTEE:** Composed of two members appointed by the Cuban coastwise ship-owners and by one of the Voting Members of the Board, who shall preside over it.
- c) **AUXILIARY SERVICES COMMITTEE:** Composed of one member appointed by the different repair workshops and national shipyards, another by the docks and warehouses, another by the launch and tug services, and of a Voting Member of the Board, who shall preside over it. At the request of the interested party, or on a resolution of the Board, this Committee may constitute Sub-Committees by services, by ports or both, but the recommendations on such Sub-Committees shall be submitted to the Committee which shall render, in each case a report, before passing them, on, in its turn, to the Board for resolution.
- d) **SUBSIDIES AND ECONOMIC SURVEYS COMMITTEE.** Shall be composed of a member designated by the Cuban Ocean Trade Ship-owners Association; another by the National Association or College of Captains and Pilots; another by the National Association or College of Naval Engineers; and another by the Maritime Industry Labor Federation and by the President of the Board who shall act as Chairman thereof.
- e) **COMMITTEE ON ORGANIZATION OF SERVICES ON BOARD.** Shall be composed of a member designated by the Cuban Ship-owners National Association; another by the National Association or College of Captains and Pilots; another by the National Association or College of Naval Engineers; and another by the Maritime Industry Labor Federation; and one of the Commissioners of the Board who shall act as Chairman thereof.
- f) **COMMITTEE ON SAFETY OF LIVES AT SEA.** Shall be composed of a member designated by the Cuban Ship-owners National Association; another by the National Association or College of Captains and Pilots and another by the Maritime Industry Labor Federation and by one of the Commissioners of the Board who shall act as Chairman thereof.

Article 27. The Office of Committeeman is compatible with any other public service or employment, profession of business. Those appointed for such office must belong to the Institution they represent and may be substituted, in case of absence or illness, by delegates from the institution itself. The functions of the Committees shall be those established by this Law. The regulations for the application of this Law shall determine the manner of appointment of the Committeemen.

Article 28. The persons who may be designated as Committeemen or Delegates by the Maritime Labor Organizations, and who may have to give up their regular work in order to discharge the duties established by this Law and the regulations thereof, shall be entitled to a cash remuneration, which may not be less than \$120.00, nor more than \$200.00 per month.

Article 29. The Ocean Trade Committee, created by Section a) of Article 26 of this Law, may comprise, by resolution of the Board, in addition to the two members appointed by the Cuban ship-owners, one from each Foreign Country maintaining commercial interchange with Cuba, amounting to not less than \$50,000,000.00 a year, and which admit into similar institutions, of a public or private nature, created in their Countries for the fixing and regulation of trade rates and rules, or to operate in the form of a cooperative, the Cuban ship-owners running organized routes classified by the Board as essential.

#### CHAPTER VII

##### Powers of the President and Secretary General

Article 30. In addition to the powers conferred by this Law upon the President of the Board, he shall have the following prerogatives:

- a) To preside over the meetings of the Board and direct and conduct its debates,
- b) To call its meetings in the manner established by the internal Regulations.
- c) Hold the representation of the Board and act in its name and behalf.
- d) Direct as Chief, the offices of the Board, being empowered to order the institution of dismissal proceedings against any official or employee of said offices, who does not discharge his duties, on the terms and under the conditions conferred by the Law upon the Ministers, taking into account, in every case, the provisions of the Civil Service Law. The decision rendered in said proceedings may be appealed before the President of the Republic.
- e) To exercise executive functions in fulfillment of the resolution of the Board, in accordance with the provisions of the Law and of the Regulation or Regulations that may be promulgated.

Article 31. The Secretary shall be charged with and held responsible for the custody of the files, the register and other documents; shall attend the meetings and draw up the minutes thereof, signing them jointly with the other attending members of the Board, but shall have no vote; he shall act as attester to all the affidavits or documents that may be issued, signing them jointly with the President; he shall be in charge of the equipment and material, being empowered to delegate such functions to a trusted employee, subject to the prior approval of the President and the posting of the bond which may be fixed by the Board, and he shall enforce the provisions of this Law and the resolutions of the Board.

#### CHAPTER VIII

##### General Powers of the Board

Article 32. The Board shall assume all the powers conferred by the Law of February 14, 1938 upon the National Transportation Commission, insofar as concerns the coast-wise traffic; those granted by Decree No. 108, of January 9, 1934, to the Navy; and whatever other maritime business are now incumbent upon other bodies; functioning as an organizing center and civil technical director in all questions of the sea, and to this end, it is hereby entrusted to the Superior Technical Board of the Merchant

Marine, to compile all the laws, orders, decrees, regulations, circulars and other current maritime provisions, and to amend or revoke and annual or to recommend the amendment or annulment of whatever such provisions it may deem inadequate, and to put into effect whatever others it may consider necessary in pursuance of the aims embodied in Article 1 hereof, as may be fitting and proper; to organize its sections, bureaus and other services in such manner as may best serve its purposes; and within a period of 90 days as from the date of its constitution, said Board shall submit to the President of the Republic a draft of the proposed regulations for this law, to be enacted with a view to the most effective application of its provisions; and, periodically, to the President and to Congress, whatever recommendations may tend to the development and organization of the merchant marine and to the proper preparation of the personnel therefor.

Article 33. The Board shall also have the following specific prerogatives.

a) In respect of general maritime traffic:

1) To settle the complaints of the users of the services or of the ship-owners themselves, consignees or agents and persons rendering auxiliary services, in accordance with the procedure established by the Regulations, for actions or omissions of those rendering the services which constitute violations of the provisions of this Law; and to apply administrative sanctions for violations of this Law, of the legal provisions outlined in the preceding Article, or of the orders of the Board, in accordance with the provisions of said Laws.

2) To issue orders, circulars, resolutions and reach decisions; to establish procedures and to dispose finally of whatever controversies may arise in connection with the interpretation of this Law, its Regulations, and of the other legal provisions related to the preceding Article, and, assisted by the Committee on Subsidies and Economic Surveys, to investigate causes, effects and measures tending to prevent and overcome unfair competition or methods in maritime trade.

3) To agree upon the official forms for the freight contracts or ship-chartering contracts, bills of lading, dock and merchandise delivery receipts, accounts or invoices for freight rates, prices or charges, statistics of costs and traffic, technical reports and whatever other documents relative to the operation of vessels and auxiliary services; assisted for that purpose by the Committee on Subsidies and Economic Surveys.

b) In respect of Ocean-Going Trade:

1. To regulate and coordinate the maritime services, freight rates, prices and freight and passenger charges, auxiliary services, freight contracts and chartering of vessels; and bases, methods, or rules of application and of organization thereof, insofar as the export trade is concerned, and to inspect the vessels engaging in such trade.

2. To adopt such measures as may be necessary and negotiate with competing foreign ship-owners or with their consignees or agents, agreements to compensate or eliminate the general or special conditions which might be unfavorable to Cuban vessels in foreign trade, on any particular route or trade, which conditions arise from laws, regulations or orders of foreign Countries, or from rules, methods or competition practices resorted to by the ship-owners, or consignees or agents of foreign vessels, or by the owners of the auxiliary services in Cuban or foreign ports.

3. To be consulted previously by the Ministers or Administrative Departments of the State on any decree, resolution or order that may affect maritime traffic, in

order to avoid said provisions from being at variance with the aims set forth in Article 1 of this Law.

4. To appeal before the President of the Republic against any decree, resolution or order issued by the Ministries or Administrative Departments of the State, when in the opinion of the Board they are in conflict with the aims of Article 1 of this Law, the President of the Republic being expressly empowered to suspend, amend or annul said decrees, resolutions or orders.

c) In Respect of Coastwise Traffic:

1. To regulate maritime and auxiliary services, rates, prices and charges for freight contracts, charters of vessels, and bases, methods or rules for the application or organization, insofar as concerns coastwise trade and to inspect the vessels engaging in this trade.

2. To grant licenses, authorizations, or permits for the exploitation of the coastwise service and internal trade between ports and navigable rivers, upon prior declaration of public utility and necessity thereof.

3. To authorize, regulate and supervise the functions of the consignees or agents of the ship-owners.

#### CHAPTER IX

#### Organization of the Ocean and Auxiliary Services

##### Section I

##### Registrations

Article 34. The ship-owners, consignees or agents and persons engaged in rendering auxiliary services in ocean-going traffic, must be registered in the books to be opened by the Board for that purpose.

Article 35. The Board shall establish minimum requirements, facilitating as far as possible the registration of every applicant and shall provide them with a certificate accrediting their registration, reporting thereon to Customs Collectors and Port Captains.

Article 36. The Customs Collectors and Port Captains may not authorize loading or discharging of ships if the owners or consignee thereof is not duly registered. Nor will they authorize the rendering thereto of auxiliary services, unless this formality has been duly observed.

Article 37. The Board shall not annul the registration of any ship-owner, consignee or person engaged in the rendering of services auxiliary to ocean-going traffic, except for the causes laid down in this or other laws.

##### Section II

##### Rates

Article 38. The ship-owners, consignees or agents engaged in the regular ocean-going service at Cuban ports, and the persons rendering them auxiliary services, must file with the Board their general rate scales, special rates, alterations or charges of any other description applicable to the transportation or handling of merchandise, animals or things intended for exportation or for the maintenance and preservation of the vessels.

Article 39. The rates, prices or charges for the transportation of persons or

for the handling and carrying of merchandise, animals or things destined to the export trade, or for the maintenance and preservation of the vessels, that may be established by the ship-owners, consignees or agents engaging in the ocean-trade service for the export traffic, and by the person rendering auxiliary services, may not be higher than such as may be deemed reasonably fair as compensation therefor, in accordance with the sound rules to be issued for such purpose by the Board, which must also afford all due protection to the products of the soil, sub-soil and partly manufactured articles, as well as to the manufactured products which, by reason of their peculiar nature and special market conditions may require it, by guaranteeing them rates, prices or charges, and flexible and uniform rules and conditions for the application thereof, according to the offers prevailing in the free freight market for foreign ports exporting the same products, which may be found to be nearest or most typical.

Article 40. The ship-owners, consignees or agents engaged in the regular ocean-going service for the export trade, and the persons who render the auxiliary services, should treat the users of the service justly and equitably, and, consequently, they are expressly forbidden to:

a) Give preferences or undue advantages to any particular person, locality or traffic.

b) Subject any particular person, locality or traffic to undue or immoderate injury or disadvantages.

c) Permit any person to secure transportation at less than the regular rates established or in force, in the line to which that transportation belongs, by making use of false specifications, false classifications, false weights or any other trick or dishonest practice.

d) Charge or collect any rate, price or charge implying unfair distinctions in favor of the exporters or Cuban ship-owners, as compared to their foreign competitors

e) Pay to or collect from any shipper, receiver, middleman, ship-owner, consignee or agent, or any person rendering the auxiliary services, deferred rebates which are not specified in the tariff.

f) Take reprisals against a shipper by refusing him space when it is available, or resort to unfair underhand practices because a shipper may have patronized other transportation services or filed claims.

Article 41. The equality of treatment demanded by the preceding Article in the application of rates, prices and charges shall in every case be conditioned by equality of circumstances and characteristics of the transportation or other services rendered, the different nature and magnitude of the traffic offered or the services rendered, and the special conditions prevailing in the various ports, piers, workshops and ship-yards, as well as the situations dealt with in Paragraph 2 of Clause b) of Article 33 of this Law shall justify the different tariffs, prices or charges and conditions.

Article 42. The ship-owners, consignees or agents, engaged in casual service from Cuban ports shall submit directly to the Board a certified copy of the freight contracts of any kind which they may entered into, subject to the rules which may be laid down by said Board in due time.

Article 43. The Board shall have the power to annul, amend or cancel any tariff, price, charge or contract which may violate the provisions of Article 40 of this Law.

Article 44. Ship-owners, consignees or agents operating in Cuban ports, and persons rendering auxiliary services, shall be prohibited from concluding agreements, participating in conferences, forming part of associations, or having understandings with any other persons rendering the same services, in connection with the fixing of tariffs, prices, charges, methods of rules for application thereof or distribution of the traffic in the export trade.

### Section III The Coordination of Rates

Article 45. The Board, in order to fulfill the provisions of Article 39, shall be empowered to promote the coordination of rates, prices, charges and rules or methods of application thereof, which shall be observed in the export trade, in any or all the routes declared essential. These powers may be exercised by the Board, either on its own initiative or at the request of the ship-owners entitled to appoint members on the Commission for the Ocean-going Traffic and Auxiliary Services, according to the case.

Article 46. The drafting of plans for the coordination of the rates, prices, charges, or rules and methods of applications referred to in the preceding Article, will be entrusted to the Ocean-going Trade or Auxiliary Services Commissions, as the case may be. Once the plans have been completed, they shall be submitted to the Board with an explanatory report for final approval, within a period not exceeding ninety days.

Article 47. Once the coordination referred to in Article 45 in accordance with the procedure established by Article 46 of this Law shall have been accomplished, no ship-owner, consignee or agent engaged in ocean-going trade from Cuban ports, or persons rendering auxiliary services, shall be permitted to charge prices differing from those authorized by the Board.

Article 48. The Board may suspend at any time the coordinated tariffs in force for any route, or generally, if it should be necessary, pursuant to the aims of Article 1 of this Law, or to comply with the provisions set forth in paragraph 2, Clause b) of Article 33, announcing their proposed suspension not less than thirty days in advance, so as to prevent undue losses.

Article 49. The coordinated tariffs, or any price or charge included therein may be corrected or amended through supplements or new editions, as a result of the just complaint of the users of the services, or of the ship-owners themselves, consignees, or agents, or persons rendering the auxiliary services, as the case may be. The procedure for these corrections or amendments shall be the same as that laid down in Article 46.

## CHAPTER X Development of and Protection to the Transocean Services

### Section I Classification

Article 50. The assistance afforded by this Law pursuant to its First Article, to the National Merchant Marine, is divided into two phases, to wit, Development and Protection.

### Section II The Development Phase

Article 51. The Development system is of a regular and permanent nature and is aimed at the equalisation of the costs of acquisition, financing and operation of

Cuban vessels with those of competing foreign craft of analogous capacity, type and classification, in order to encourage investments in the shipping business without unduly impairing the adequate standard of living of the crews and so as to consolidate the financial situation of the ship-owners. Said phase embraces:

- A - Subsidy for differential in cost of operation.
- B - Subsidy Fund.
- C - Reserve Fund.
- D - Assistance for the acquisition of vessels.
- E - Maintenance and preservation of the fleet.
- F - Consolidation of the standard of living of the crews.

#### A - SUBSIDY FOR DIFFERENTIAL IN COST OF OPERATION

Article 52. Any shipowner establishing regular ocean going trade service routes, or tanker service in given zones, for exportation or importation, shall be entitled to the subsidy for differential in the cost of operation, with the limitations and regulations contained in this section, always provided that said routes or zones shall have been declared essential by the Board, in pursuance of the objectives embodied in Article One hereof, and further provided the ship-owners concerned meet the following requirements and observe the following formalities:

- a) In the case of a natural person, he must be a Cuban citizen.
- b) In the case of a juridic or artificial person, it must be organized under the laws and jurisdiction of the Republic, and its shipping agents, directors, managers, administrators, attorneys and offices must be Cuban citizens. In the case of corporations (stock companies), the Presidents, Vice-Presidents, Treasurers, and the majority of the Board of Directors or Executive Council thereof must be Cuban citizens, who must also hold the majority of the stock in such corporations.
- c) Either person must be in sound financial situation, which must be evidenced to the entire satisfaction of the Board.
- d) Either person must post such bond or make such deposit as the Board may resolve and direct in each case, according to the deadweight tonnage of the vessels under construction, or which are to be constructed or acquired, in order to guarantee the establishment of the essential routes or zones they expect or intend to serve.

Article 53. For the purposes of the declaration of essential utility demanded by the preceding Article, the applicant, in addition to evidencing to the entire satisfaction of the Board that he or it meets the requirements and has observed the formalities established in said Article, must attach to the application, a descriptive memorandum of each route or zone, as may be the case, the service whereof is intended or proposed; also of the vessels and auxiliary services on which said applicant depends for rendering the proposed service, whether they be already available, under construction or simply planned; and of the organization of the contemplated line or traffic. The Board shall resolve whatever may be proper, setting forth the grounds for its resolution, and, if the application is granted, shall classify the route or zone involved, pursuant to the provisions of Article 54 hereof.

Article 54. In the declaration of essential utility the Board shall accord preference to the applications for routes or zones in the following order:

- a) Between ports where the most important overseas trade currents of the Republic originate.

b) Between ports offering reasonable prospects for the development of the over-seas trade of the Republic.

Within the foregoing classification, the right to priority of the applicants shall be governed by chronological order, unless such applicants have been ship-owners who maintained transocean routes after December 11th, 1941, and meet the requirements and observe the formalities established by Article 52 hereof, in which case they shall be entitled to preferential priority, provided, however, that they request such special treatment within one hundred and eighty days from the promulgation hereof; and if their applications should exceed the number of vessels established in Article 62 hereof, the Board shall proceed with the distribution of same, according to the deadweight tonnage of the vessels they may have operated and the time during which same may have rendered services in the course of the second World War.

Article 55. The revocation by the Board of the declaration of essential utility of a route or zone implicitly entails the discontinuance of the subsidy; but such action may only be exercised by the Board upon verification, during sufficiently long observation periods, that a permanent decrease has occurred of the trade current involved, as a result of which the ship-owner may be unable to cover expenses.

The permanent discontinuance of the subsidy by virtue of the application of the sanction established by Article 120 hereof, entails and implies the revocation of the declaration of essential utility with respect to the sanctioned party, but some other applicant may secure a new declaration of essential utility for the same route or zone, provided that said applicant meets the requirements established by Article 52, in which case his right to priority shall be governed by the provision contained in Article 54.

Article 56. The Board shall avoid the repetition of declarations of essential utility with respect to the route or zone, for the same type or class of service, so as to avoid unnecessary increases in costs, except when the expansion of the trade warrants it.

Article 57. The declaration of essential utility is not transferable, and, therefore, cannot be consolidated, incorporated, assigned or transferred, be it directly or otherwise, without the prior consent of the Board. Likewise, the declaration shall be left in abeyance when the ship-owner changes his route or zone and until such time as the new route or zone is declared essential for the purposes of Article One of this law, if such declaration is fitting and proper.

Article 58. The subsidy for differential in cost of operation established by Article 52 shall be estimated by the Board by comparing the cost of operation of the Cuban vessel with that of the foreign craft of analogous deadweight tonnage, type and classification having a lower operating cost and competing, by serving part of or the entire route or zone that may have been declared essential, but only insofar as concerns such expenses as insurance premiums, maintenance, repairs not coverable by the insurance, payroll and board of the crews expenses, as well as any additional direct or indirect subsidy which the Country of origin of the competing craft may be granting thereto. The Ministry of State shall afford all possible facilities and cooperation to the Board so that it may secure, directly from the Diplomatic or Consular Agencies, whatever information may be required on the cost of operation of competing craft. If a ship-owner concerned should find that such information is incomplete or inaccurate, he shall have the right to produce evidence for the correction thereof.

Article 59. The application for the subsidy shall be made by the ship-owner whenever the need may exist to equalize the operating costs of his ships with those

of competing foreign craft, as provided in the preceding Article, either at the time of filing the application for the declaration of essential utility of the route or zone he may be intend or propose to serve, or after it has been formulated or approved by the Board; and the prior right to the subsidy shall correspond at all times to the declaration of essential utility.

Article 60. For the purposes of simplification and organization of the payments of subsidies, the differential in operating costs shall be reduced to a fixed monthly amount per deadweight ton of the ship, and such amount shall be so fixed for the entire fiscal year. Before the beginning of the following fiscal year the calculations shall be rectified and the amount to be paid in the course thereof shall be then fixed. The fiscal period shall be understood to be that elapsing between the first of January to the thirty-first of December. The maximum subsidy shall be \$1.75 per month per deadweight ton, for vessels of 3000 tons; and for each additional 100 tons, the maximum subsidy shall be reduced by \$0.265 per month.

Article 61. When the ship-owners obtain from the routes or zones declared essential and enjoying subsidies, an average profit of more than 5.90% of their total investment during periods of five years and such profit is earned after deducting the reserve provided for in Article 71 hereof and paying the appropriate taxes, the excess thereof shall be reimbursed to the Subsidy Fund until the total amount received as subsidy shall have been covered, should such excess be sufficient therefor; and these reimbursements shall become part of the Subsidy Fund for the following five year period.

The Board shall avail itself of the services of Public Accountants for the examination and verification of the balance sheets, who shall report on whether or not such reimbursements are in order.

Article 62. The Board shall not grant subsidies except in the cases provided for in Article 64 hereof, to more than twenty-four (24) vessels of not less than three thousand (3000) tons, deadweight, developing a normal speed not lower than twelve nautical miles. Of these vessels, two (2) must be combination passenger and freight carrying ships; two (2) must be tankers, and the rest must be regular freighters; but the Board is empowered to alter or modify this distribution in the following cases:

- a) When no applications are filed for declarations of essential utility to complete the number allotted to each group, but there are applications exceeding the number allotted to another group.
- b) When, although applications have been filed to complete the number of vessels of one group, some of them pertain to routes or zones that should not be declared essential, while there exist applications exceeding the number allotted to another group to serve routes or zone that should be declared essential.

The vessels referred to in this Article must have the highest Lloyd's or of the American Bureau of Shipping rating, and their specifications must be previously approved by the Board. In the case of already built vessels, they may not be over five years old when they begin to enjoy the subsidy, and the subsidy shall be subject to the approval of each vessel by the Board.

Article 63. The subsidy shall be payable at the end of each month and the computation thereof shall be first examined by the Subsidy and Economic Surveys Commission created by paragraph d) of Article 26, which shall express to the Board its approval thereof or objections thereto. Upon approval of the accounts, the Board shall release the necessary funds and shall draw the checks to the order of the ship-owners, said checks to be signed by the President or Chairman and the Accountant of the Board.

Article 64. On the basis of the financial results of the previous five year period or periods, and of the systematic observation of the trade routes, the Board, with the assistance of the Subsidy and Economic Surveys Commission, shall estimate the possibility of raising the maximum number of ships fixed by Article 62 hereof, so as to grant temporary subsidies to such ships as it may decide to add, endeavouring to have such added ships cover new essential routes, fixing in each case the tonnage, class and speed thereof.

Article 65. The ship-owners shall be entitled to a supplemental subsidy in cases where after having estimated the principal subsidy in accordance with the procedure established in Article 66 hereof, there may come into the route or zone served by them, other ships with a lower operating cost than those which were taken as a basis for such estimates, or when these last are accorded indirect subsidies, or the subsidies they already receive are increased. This supplemental subsidy shall be paid from the beginning of the new competition or the new subsidy system and until such circumstances shall have ceased; and, should they persist, until the end of the fiscal period involved. The new circumstances shall be taken into account for the following fiscal period in computing the principal subsidy, so as to cancel the supplemental subsidy.

Article 66. The subsidies granted by this Law shall not be paid while a ship remains idle, for reasons other than of force majeure, for a period of more than thirty days, and at any time if its crew is dismissed or discharged.

#### THE SUBSIDY FUND

Article 67. The Fund of Subsidies for Differential in Cost of Operation, shall be fed:

- a) With the proceeds of the Tonnage Duties created by Article 176 of the Customs Ordinances.
- b) With 75% of the Port Improvement Tax created by Article 175 of the Customs Ordinances.

Article 68. The General Treasury of the Republic shall set up a Special Fund with the proceeds of the income established in the preceding Article, which shall be exclusively at the disposal of the Board, and under no circumstances can it be used for purposes other than those expressly set forth in this Law.

Article 69. Decree No. 143, of January 10, 1934, is hereby restored to its full force and effects, giving it the force of Law; and Articles 1, 2, and 3 of Decree Law No. 491, of January 7, 1936, as well as any other legal provision or regulation in force insofar as they conflict with the provisions of this precept, are hereby abrogated.

Article 70. If upon expiration of a fiscal period the Subsidy Fund should show a surplus, it shall be credited to the account "Stabilization of Subsidies", against which shall be charged such deficits as may result from other fiscal periods. At the end of each five year period, the balance of the account "Subsidy Fund" shall be transferred to General Treasury of the Republic, less an amount equivalent to the average yearly surplus for the five year period thereby liquidated.

#### C- THE RESERVE FUNDS.

Article 71. In pursuance of the aims outlined in Article 1 hereof, every ship-owner serving a route or zone declared essential, and for as long as it may be main-

tained, must create and maintain, separately, from the gross income, the reserve fund for depreciation, and may, at his discretion, set up the Special reserve fund. (Literal translation).

Article 72. The ship-owner shall deposit in the Reserve Fund for Depreciation:

- a) Five per cent per year of the total investment in each route or zone declared essential, but the ship-owner will be at liberty to increase this percentage to such extent as may be necessary to offset the depreciation of each ship in twenty years of life, from its date of construction, if he should so deem it desirable.
- b) The insurance indemnities received as a result of total losses and the net amount of the sale of ships serving a route or zone declared essential.
- c) The amounts the ship-owner may desire to add, of the profits earned in excess of the limit set in Article 56 hereof.

Article 73. The Reserve Fund for Depreciation may be applied by the ship-owner only and exclusively to the acquisition, substitution, reconstruction or improvement of the vessels serving essential routes or zones, and of their auxiliary services.

Article 74. The ship-owner may deposit annually in the Special Reserve Fund five per cent of his investment in each route or area receiving a subsidy, but said fund may not exceed five per cent of said investment. The ship-owner may dispose of this fund exclusively:

- a) To reimburse to the Subsidy Fund created by Section 2 of Chapter X of this Law, the surpluses referred to in Article 56 thereof.
- b) To reimburse himself annually any losses sustained during a fiscal period.

Article 75. If the gross receipts should prove insufficient in any given year to cover the amount of the percentages established by paragraph a) of Article 72, the ship-owner shall not be bound to deposit the difference up to the total amount, but such difference must be covered, preferentially, in the subsequent year or years, whenever possible.

Article 76. If authorized by the Board, the ship-owner may invest the reserve funds which he is bound to set up by virtue of Article 72 hereof, but the interest earned thereby shall always be added to the Reserve Fund for Depreciation.

Article 77. If during any particular fiscal year the General Fund of the ship-owner should become exhausted due to justifiable losses sustained in the operation of subsidized ships, and the Special Reserve Fund should also become exhausted, then the Board may authorize the ship-owner, temporarily, to withdraw from his Reserve Fund for Depreciation the Surplus deposited there over and above the amount required to meet the obligations arising from the operations authorized by Article 73; provided that however, the sum so withdrawn must be returned to the Reserve Fund for Depreciation as soon as the financial situation of the ship-owner permits it, in the opinion of the Board.

Article 78. The ship-owner may likewise apply freely that surplus to the reduction of his corporate capital when he deems it desirable for the consolidation of his maritime businesses.

Article 79. The amounts paid into the Reserve Funds referred to in paragraphs a) and b) of Article 72 and Article 74, shall be exempt from all taxes, imposts and as-

assessments of the State, the Province and the Municipality,

Article 80. The Board shall verify periodically whether or not the ship-owner complies with the provisions of this section in respect of the RESERVE SYSTEM, and, whenever pertinent, shall apply the administrative sanctions prescribed by this Law for violations thereof.

Article 81. The precepts contained in this section on the Reserve System shall be suspended, and the ship-owner will be at liberty to dispose freely of the funds he is bound to set up by virtue of Article 71:

a) When in the absence of any of the justified reasons provided for in this Law, he is not paid during three months the subsidy that may have been granted him under section 2 of Chapter X thereof.

b) When he decides to liquidate the business under the Laws governing such cases.

#### D- ASSISTANCE FOR THE ACQUISITION OF VESSELS.

Article 82. The President of the Republic is hereby empowered so that, disposing of such funds as may not be appropriated to take care of other obligations, he may grant to the ship-owners who may have secured the declaration of essential utility in respect of any given transocean route or zone in accordance with the provisions of this Law, loans for the constructions or acquisition of the vessels required, or a part thereof not exceeding fifty per cent of the value of each vessel, such loans to be repayable in twenty years and to draw interest at the rate of three per cent per year, and secured by the vessel involved.

Article 83. The State shall accord fuel franchise for the registration and other fees and charges otherwise payable in connection with the nationalization of the vessels hereunder, and shall grant Customs Duties exemption, upon recommendation of the Board, to ship-owners, for the importation of the machinery, appliances and instruments required for the operation of the vessels serving the routes or zones declared essential.

#### E- MAINTENANCE AND PRESERVATION OF THE FLEET.

Article 84. The State shall construct at its expense, with funds not earmarked for other obligations, a ships' drydock in the port of Havana, or in some other nearby port, with capacity for ten thousand ton ships, equipped with machine shops for general repairs to and overhauling of vessels, which may be managed through the Board, or else, leased to third parties for its exploitation, on such terms and conditions as may insure reasonable prices and charges to the users of said drydock and repair shop.

The expropriation of lands, coastal sites, port shores and such other real estate as may be required exclusively for the construction of the drydock, or annexed repair shops, or both, is hereby declared to be a public necessity, for all legal purposes.

#### F- CONSOLIDATION OF STANDARD OF LIVING OF CREWS.

Article 85. The crews of the subsidized vessels shall be permitted to enjoy a dignified standard of living and the costs to the Cuban ships for payrolls, crew maintenance, labor conditions and social charges must be equal to those of the American Continent with the highest wage level and of similar tonnage, type and class.

(Translator's Note: Above Article 86 has been translated literally).

Section III  
The System of Defense

Article 86. If, on routes declared essential by this Law or on any of them, the competing foreign ship-owners, either individually or collectively, should engage in trade wars against Cuban vessels through abnormal reductions in freight rates; employment of the so-called "combat ships", exclusive shipment contracts, detrimental publicity, or any other underhand trick, the Board shall report it to the President of the Republic, who is empowered by this Law to decree, gradually, for the period during which said circumstances may last and after hearing the opinion of the Board, the following measures:

- a) To partially or totally, prohibit persons established in the territory of the Republic who impart merchandise, animals or things, from signing contracts exclusively reserving covering their shipments, with ship-owners, conferences, committees or any other groups, associations or organisms regulating the trade, freight rates or operations in cooperative form, established abroad, when the same do not admit to membership, with equality of rights and duties, the competing Cuban ship-owners serving the routes or zones declared essential establishing to that end the necessary rules of control.
- b) To reduce by 50% the tonnage duties, as fixed by this Law, for the vessels whose ship-owners belong to the Country where the management of the groups, conferences or organisms referred to in the preceding Clause may be established when they admit the Cuban ship-owners competing on the same routes or zones, declared essential.
- c) To establish tonnage quotas for products whose exportation by means of Cuban ships serving routes or zones declared essential is compulsory.
- d) To establish a system of priorities for the use of auxiliary services.
- e) To exempt ship-owners serving routes or zones declared essential from payment of the Tax on Capital, created by Law No. 7 i.e., the Emergency Tax Law, but exclusively insofar as concerns the capital actually invested in said routes or zones.
- f) To exempt from the payment of the Tax on Gross Sales and Income the ship-owners serving routes or zones declared essential, but only insofar as concerns the freight charges on the cargo carried in said zones.
- g) To reduce up to 50% the duties established by the Consular Tariff on all the merchandise, animals or things exported to Cuba on Cuban vessels serving routes or zones declared essential, without prejudice to current international treaties.
- h) To reduce up to 75% the Port Improvement duties established by Article 176 of the Customs Ordinances on all the merchandise, animals or things imported into Cuba by vessels serving routes or zones declared essential, without prejudice to current international treaties.
- i) To demand the presentation of the cargo insurance policies at the Cuban Consulates, together with the other documents, for purposes of clearance, and collect for the legalization thereof a fee equal to the excess in premium the Insurance Companies charge on freight shipped on Cuban vessels in comparison with foreign ships of the same classification.

j) To apply up to a 50% surcharge on port tonnage duties and gross sales and income tax to the ships or the merchandise, animals or things carried by them, when they resort to dumping or make use of the unfair practices mentioned in the first part of this Article, without prejudice to current international treaties.

k) To grant, from the General Budgets of the Nation the complementary subsidies of a transitory nature which may be necessary to avert the collapse of the services on essential routes or zones, due to the aforementioned practices of unfair competition or other justified causes.

#### Section IV The Obligations of the Ocean-Going Ship-owners.

Article 87. The Cuban ship-owners serving routes or zones declared essential shall be bound;

a) To collect only 50% of the prices of passages which, because they are of an official nature, have to be paid by the State.

b) To give preference as articles of use and consumption aboard their vessels, in equality of prices and conditions, to all those commodities produced by Cuban manufacturers with raw materials of any origin and to repair their ships exclusively in Cuba, providing there exist in this Country the elements and conditions necessary to that end.

c) To employ Cuban personnel on all their vessels, after hearing the points of view of the corresponding professional and labor associations, as the case may be, all in accordance with the laws in force and with the rules for the organization of services abroad which the Board may decree.

d) To admit on all their ships, as supernumeraries, the nautical deck students and those of the engine room, so that they may carry out the exercises complementary to their career. These supernumerary crew members shall not, compulsorily, exceed one on deck and one in the engine room of each vessel, and the Board shall regulate their embarkation and services on board.

#### CHAPTER XI The Coastwise and Transshipment Services

Article 88. Coastwise ship-owners may establish, at any time, transshipment traffic in combination with ocean-going ship-owners, or their consignees or agents, through an equitable distribution of the through freight rates, from point of shipment to destination; but they shall be obliged to inform the Board of such agreements and such combined tariffs, and the Board may annul any price or clause whereby undue preferences may be established, as prohibited by Article 40 of this law; as well as the agreements covering distribution of through freight rates which are unfair or unreasonable.

Article 89. The National Transportation Commission shall transfer to the Board the proceedings and documents relative to the organization of the coastwise services, which may have been cleared or be in the course of clearance, in accordance with the provisions of Circular-Order No. 55, of September 30, 1940, issued by said organism. The licenses granted the maritime coastwise shipowners, through the application of the aforesaid Circular Order, shall be considered final and cannot be suspended or cancelled by the Board, except in the cases provided for in this Law.

Article 90. The coordination of tariffs, conditions and rules applicable to the

coastwise service with the inland services decreed by resolution of the National Transportation Commission, dated September 26, 1940, shall be maintained; and the representation of the coastwise service on the Traffic Committee created by Article 103 of Circular-Order No. 54, of September 23, 1940, of the same body, shall be assumed by the Coastwise Traffic Commission referred to in Article 26, Clause b) of this Law.

Article 91. It is incumbent exclusively upon the Board to resolve at all times:

a) On the traffic of interchange that should be established by the coastwise with the inland transportation services, since this is essential to the attainment of the aims embodied in Article I of this Law.

b) On the fair and reasonable differentials which should be granted for reasons of slowness and the occasional nature of coastwise traffic to and from the ports and subports and in the traffic interchange with the inland services.

Article 92. The Board can demand of the National Transportation Commission, always provided it considers it necessary for the purposes of Article I of this Law, the suspension or amendment of prices, rules or conditions governing the application of the general or special coordinated tariffs, and especially the reduced freight rates that do not have a general character and which may have been established by the inland services from ports, subports or places in the interior of the country, with which the coastwise service maintains traffic of interchange; and, also, when, in an equitable consideration of each case, it is found that such reduction might impair the economic stability of the coastwise service. If the National Transportation Commission should not accede to the petition of the Board within a term of fifteen days, the latter may demand said suspension or amendment of the Ministry of Commerce, which is hereby expressly empowered to do so. The Minister of Commerce shall have the power to issue rules for the equitable distribution of the freight rates in the traffic interchange between the coastwise and the inland services, whenever the ship-owners and inland carriers cannot reach satisfactory agreements.

Article 93. When the National Transportation Commission, in accordance with the laws governing the matter, opens its sessions for the revision of the general coordinated tariff, the Board shall order the Coastwise Traffic Commission, created by Clause b) of Article 26 hereof, to prepare the draft relative to said traffic, which it will submit to the Board for approval. The resolution finally adopted by the Board shall be forwarded to the National Transportation Commission for incorporation into the general coordinated tariff resulting from said revision, and the National Transportation Commission shall not be empowered to modify it. In cases of disagreement between the two bodies, joint meetings shall be held with the members thereof who may be appointed, either from the Commissions themselves or from their advisory Committees, and if an agreement is not reached, then the disagreements shall be submitted to the Minister of Commerce so that he may settle it definitely.

Article 94. The resolutions of the Minister of Commerce on the subjects dealt with in the preceding Articles shall be immediately enforceable but the party that considers itself unfavorably affected thereby may lodge an appeal through the procedure regulated in Chapter XIII hereof.

Article 95. The circulation through national territory of railway cars, vehicles or receptacles containing imported merchandise or sent to pick up export merchandise is forbidden when ~~such merchandise has~~ <sup>these have</sup> not been previously nationalized through the payment of the appropriate duties. The agreements entered into by the Government for the circulation of such vehicles for military purposes, and the vehicles to be used for the transportation of merchandise, animals and things in transit over the

Inter-American road system, are excepted from this provision.

Article 96. The commodities arriving at Cuban ports by railways car or other vehicles or receptacles, shall have to be unloaded for inspection and customs classification precisely in the warehouses prepared for such purpose in the respective Customs Houses. The agreements entered into by the Government for military purposes and the merchandise, animals and things in transit over the Interamerican highway system are excepted from these provisions.

Article 97. In special cases of evident public need, the Government of the Republic may enter into agreements with other governments so that the railway cars, vehicles or receptacles referred to in the preceding Article may circulate through the territory of the nation, provided that the Cuban railway cars, vehicles or receptacles be allowed to circulate through the territory of the other party to the agreement.

## CHAPTER XII General Provisions

### Section I Organization of Services on Board

Article 98. The ends pursued by Article I of this Law demand from the crews of the vessels both, proven ability and the necessary skill for the strict fulfillment of their functions; and to that effect, the Board, assisted by the Commission for the Organization of Services on Board created by Clause c) of Article 26 of this Law, shall issue the pertinent rules to insure such conditions.

### Section II The Safety of Lives at Sea

Article 99. The Commission for Safety of Lives at Sea is expressly bound to organize and study the provisions, circulars, orders and regulations in force on safety of vessels, proposing to the Board such pertinent amendments thereto as may insure greater efficiency at a smaller cost. The Board, taking into account the recommendations of the Commission, shall issue orders embodying the new rules, except in the case of revision, annulment or substitution of Decrees, in which case the Board shall submit to the President of the Republic the recommendations required to such ends.

### Section III On the sale of Ships to Foreigners

Article 100. The sale of ships sailing under the Cuban flag to foreigners is forbidden, and consequently, so is the change of flags, except when the Board authorizes it for any of the following reasons:

- a) Because the vessel is more than twenty years old,
- b) Because it is inadequate for the traffic in which it is used, although it is less than 20 years old.
- c) Because of discontinuance of payment to the ship-owner, without justified cause, of those provided for in this law, of the subsidy granted in accordance with Article 54, during three months.
- d) Any other reason considered duly justified in the opinion of the Board.

Article 101. The Board may suspend the exceptions comprised in any of the Clauses of the preceding Article for war purposes, and for the duration thereof.

#### CHAPTER XIII

##### On Appeals Against the Resolutions of the Board

Article 102. The decisions, orders or resolutions of the Board shall be legally binding at the expiration of a term of fifteen days after notification thereof to the parties affected thereby if no appeal thereagainst should have been lodged. The term of fifteen days shall commence, for each of the interested parties, on the day following that on which he is notified.

Article 103. The decisions, orders or resolutions issued by the Board shall be executed immediately, even though they may have been appealed, if the Board, because of the nature of the matter, should consider that a delay in their fulfillment might entail danger or difficulties for the safety and preservation of the persons, merchandise, animals or things.

Article 104. The decisions, orders or resolutions of the Board can be, by exception, and at any time, reconsidered by the Board at a special session convened for such purpose, when reasons or evidence demonstrating error in the appreciations of the Board when issued the resolution whose reconsideration is demanded, can be shown or submitted.

Article 105. Against the decisions, orders or final resolutions of the Board, appeals may be lodged before the Contentious-Administrative and Special Laws Chambers of the Supreme Court of Justice, within the term of fifteen days as from service of notice thereof to the appellant.

Article 106. Said appeal having been lodged, the Board will admit it in both cases, unless otherwise provided in Article 136, forwarding all the records of the proceedings connected with the appeal, to the Supreme Court, within the term of fifteen days, together with whatever report said Board may consider pertinent and in order to submit for the further information of the Court, and summoning the interested parties to appear before same within the unextendible term of fifteen days.

Article 107. The records of the case having been received by the Court and the term of the summons having expired, they shall pass on to the Submitting Magistrate, for a term of ten days, and, once returned, the proceedings shall be submitted for consideration to the interested parties in the Secretariat of the Court for a term of fifteen days, within which term the parties may submit the evidence they may deem relevant and pertinent on the facts of the case and which prove significant in connection with the claim filed.

Article 108. The Court may resolve on the examination of any evidence within a term not exceeding fifteen days. This term having expired, in the cases in which it may have been admitted the Court shall set a day and hour for the hearing, if it should deem it necessary, which hearing cannot be adjourned for reasons of illness of the interested parties, or of their counsel.

Article 109. The Supreme Court of Justice shall always settle all the questions in principle and shall issue the court orders it may deem necessary for the correction or deviations from the proper procedure which may be observed in the proceedings. The resolution having been issued and the interested parties notified, the matter shall be returned within a term of five days to the Board, with certified copy of the resolution issued, for the fulfillment thereof. The records having been received by the Board, it shall proceed without delay to execute the resolution issued in accordance with its powers and with the provisions of this Law.

CHAPTER XIV  
Penalties

Section I  
For Disobedience

Article 110. The persons who should disobey the regulations, orders and resolutions emanating from this and the other maritime laws falling under the jurisdiction of the Board, shall be sanctioned according to the provisions of Article 255 of the Code of Defense; although the offense of disobedience cannot be considered to exist until such time as a final resolution of the board should be rendered and until the interested party has been notified thereof.

Section II  
For Administrative Violations

Article 111. The violation of the presidential decrees rendering effective the Clauses a), c) and d) of Article 86 of this Law, shall be penalized with a fine of from \$1,000.00 to \$5,000.00.

Article 112. The violation of Article 44 of this Law shall be penalized with a fine of from \$1000.00 to \$5,000.00.

Article 113. The violation of the orders or resolutions issued by the Board in accordance with the powers conferred upon it by Paragraphs 2 and 3 of Clause a) of Article 33 of this Law, shall be penalized with a fine of from \$5.00 to \$100.00.

Article 114. The violation of the orders or resolutions issued by the Board in accordance with the powers conferred upon it by Chapter XI of this Law, shall be penalized with a fine of from \$5.00 to \$100.00.

Article 115. The violation of Articles 34 and 38 of this Law, shall be penalized with a fine of from \$5.00 to \$100.00.

Article 116. The violation of Articles 40, 42, 47, 71, 72, 73, 74, 75, 76, or 77 of this Law, shall be penalized with a fine of from \$100.00 to \$500.00.

Article 117. The violation of Article 61 of this Law, shall be penalized with a fine of from \$500.00 to \$1,000.00.

Article 118. The violation of Articles 76 or 77 on this Law, shall be penalized with a fine of from \$1,000.00 to \$5,000.00.

Article 119. Of the proceeds from the fines, seventy five per cent shall be added to the Subsidy Fund set up by virtue of sub-section c) of section 2 of Chapter X of this Law, and the remaining twenty five per cent shall be paid into the Maritime Retirement Fund created by the Law of September 3, 1939.

Section III  
On the Suppression of Benefits

Article 120. The Board shall be empowered to suspend, either temporarily or finally, the certificates of registration referred to in Article 34, the licenses and legalizations referred to in Paragraphs 2 and 3 of Clause c) of Article 33, and the subsidies referred to in sub-section a) of Section 2 of Chapter X all of this Law, in the cases of the persons sanctioned by Article 110 and those who may have recurred in penalties for violation of Articles 40, 42, 44, 47, 71, 72, 73, 74, 75, 76 or 77 or Chapter XI of this Law.