could delay a wider deal on restructuring $10 billion of Dubai Group's debt.

Algeria revises hydrocarbons law to lure foreign investment.

Following a steep drop in foreign investment, the Algerian government decided to amend the 2005 law on hydrocarbons to lure back foreign investors. The amended hydrocarbons law sets out tax advantages for foreign partners to encourage operations in areas that have seen less activity or where complex resources are required.

Saudi Arabia issues new execution/enforcement of judgments law.

The Saudi Council of Ministers recently issued a new law under which enforcement and execution procedures will be carried out by specialized enforcement judges in the general Saudi Arabian courts in the main cities and districts. The new law allows the specialized judges to enforce resolutions and awards issued by competent courts, judicial authorities, and arbitration tribunals, including those issued outside Saudi Arabia. The law also sets out the method of enforcement attachments, protective attachments and selling of assets through auctions or any other execution methods.

Iraq and Kuwait resolve disputes over Port Mubarak construction.

Iraq and Kuwait will avoid arbitration over their dispute regarding Kuwait's construction of Port Mubarak. The dispute was resolved after Kuwait briefed an Iraqi technical team that the port would not harm Iraq or infringe on its sovereignty.

South America: Southern Cone

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Paraguay suspended from Mercosur, Venezuela admitted.

On 28 June 2012, Mercosur trading block suspended Paraguay's membership for "having impeached and ousted its president."Paraguay is one of the four founding members of Mercosur, along with Brazil, Argentina and Uruguay. A few days later, in a summit in Buenos Aires, the presidents of Argentina, Brazil and Uruguay said Paraguay would remain suspended until the next presidential election in April. They did not, however, apply any economic sanctions to Paraguay, Mercosur's poorest member.

At the same time, they announced that Venezuela would be admitted as Mercosur's fifth full member. Venezuela's application to join the Mercosur as a permanent member had been approved by Argentina, Brazil and Uruguay but blocked by the Paraguayan Senate. The suspension of Paraguay, noted *The Economist*, "provided an opportunity to ignore the block's rules, which call for unanimity in admitting new members."

On 31 July 2012, Venezuela was formally admitted to the Mercosur in a ceremony in Brasilia.

WEF study ranks Chile as the 33rd most competitive economy globally.

Chile's economy is the most competitive in South and Central America and the 33rd most competitive in the world, according to the new World Economic Forum's Competitive Index, which was presented in Chile at Santiago's Adolfo Ibáñez University on 12 September 2012. Uruguay is ranked as the 74th, Argentina as the 94th and Paraguay as the 116th most competitive economy in the world. The United States and Brazil are ranked, respectively, as the 7th and the 48th.

The Global Competitiveness Report 2012-2013 (see http://www.weforum.org/issues/global-competitiveness) assesses the competitiveness of 144 economies, providing insight into the drivers of their productivity and prosperity. The WEC considers its publication "the most comprehensive assessment of national competitiveness worldwide."

United States

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NAFTA verification audits for free trade.

Since the implementation of the North American Free Trade Agreement ("NAFTA") on1 January 1994, most trade among Canada, the United States, and Mexico is "free."In other words, any merchandise that originates in one of those countries may be imported into another of the member countries without the imposition of customs duties. The important question is whether merchandise "originates" in one country. For example, if a shirt was made in the United States from fabric that was imported from India, does the shirt originate in the United States for NAFTA purposes so that when it is shipped to Canada or Mexico it enters those countries duty free? There is a huge incentive for companies to declare fraudulently that merchandise is made in a member country so that it can be imported into another country duty free. Each of the member countries has established a special unit to conduct audits of the domestic importer and foreign exporter. In 2011 and 2012, there were a record number of verification visits where U.S. Customs and Border Protection officers traveled to Mexico to determine whether items like cars imported into the United States were really *hecho en México* for purposes of satisfying NAFTA's definition of "originating."Mexican officials have repeatedly issued NAFTA Audit Verification Questionnaires to United States companies exporting to Mexico. In 2012, millions of dollars of customs duties, interest, and penalties were assessed against Mexican and American companies for falsely declaring merchandise as originating.