

CARLOS ENRIQUE CANDELA ALVAREZ
FEDATARIO

R.D. N° 043-99-MTC/15,16
Reg. N° 409 Fecha

09 JUL 2002

Memorandum of Understanding

Delegations of the Governments of the Republic of Peru and the Republic of Korea met in Lima on 1 - 2 July 2002 to agree on a text for a Bilateral Air Services Agreement.

The discussions were held in a most friendly, constructive and cordial atmosphere.

The list of members of both delegations is attached as Attachment I.

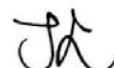
After both delegations had examined the document which was based on a proposal submitted by the Republic of Peru as well as the Republic of Korea, they agreed and initialled the text of an Air Services Agreement between the Republic of Peru and the Republic of Korea.
This text is attached as Attachment II in English language.

Peruvian delegation stated that in relation to Article III and IV regarding "Substantial ownership and effective control of the airline" each country has to follow its own laws and regulations, whereas Korean delegation maintained that the designation should be in accordance with the laws and regulations of both countries.

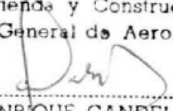
The Korean Delegation mentioned that the Wet Lease operation is not permitted by their Aeronautical Authorities.

The Korean Delegation explained that in practice a request for non scheduled cargo flight may be granted on a basis of reciprocity and on the route which are not serviced by regular scheduled airlines.

Finally the Delegations also agreed to encourage airlines of each country to initiate negotiations on "Code Sharing" operations between the two countries.



COPIA FIEL DEL ORIGINAL
Ministerio de Transportes, Comunicaciones,
Vivienda y Construcción
Dirección General de Aeronáutica Civil


CARLOS ENRIQUE CANDELA ALVAREZ
Fidatario

R.D. N° 043-99-MTC/15,18
Reg. N° 409 Fecha

Signed in duplicate in English in Lima, 2 July 2002.

09 JUL 2002

For the delegation of
The Republic of Peru



MR. JUAN KUAN VENG
Director General de Aeronáutica
Civil del Perú

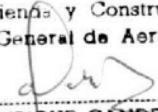
For the delegation of
the Republic of Korea



MR. KYUNGSOO KIM
Director Economic Cooperation
Division
Ministry of Foreign Affairs and
Trade.

ATTACHMENT II

COPIA FIEL DEL ORIGINAL
Ministerio de Transportes, Comunicaciones,
Vivienda y Construcción
Dirección General de Aeronautica Civil


CARLOS ENRIQUE CANDELA ALVAREZ
Fodetario

R.D. N° 043-99-MTC/15,16
Reg. N° 409 Fecha

09 JUL 2002

AIR TRANSPORTATION AGREEMENT

AGREEMENT BETWEEN

THE REPUBLIC OF PERU

AND

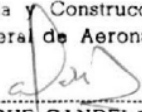
THE REPUBLIC OF KOREA

FOR

AIR TRANSPORTATION






CARLOS ENRIQUE CANDELA ALVAREZ

Fedatario

R.D. N° 043-99-MTC/15,16

Reg. N° 409 Fecha

09 JUL 2002

**AIR TRANSPORTATION AGREEMENT BETWEEN THE GOVERNMENT OF THE
REPUBLIC OF PERU AND THE GOVERNMENT OF THE REPUBLIC OF KOREA**

The Government of the Republic of Peru and the Government of the Republic
of Korea;

DESIRING to facilitate the expansion of international air transport
opportunities;

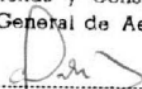
RECOGNIZING that efficient and competitive international air services
enhance trade, the welfare of consumers, and economic growth;

DESIRING to make it possible for airlines to offer the travelling and shipping
public a variety of service options, and wishing to encourage individual airlines to
develop and implement innovative and competitive prices;

DESIRING to ensure the highest degree of safety and security in international
air transport and reaffirming their grave concern about acts or threats against the
security of aircraft, which jeopardize the safety of persons or property, adversely
affect the operation of air transport, and undermine public confidence in the safety
of civil aviation; and

Being Parties to the Convention on International Civil Aviation opened for
signature at Chicago on 7 December 1944;

HAVE AGREED AS FOLLOWS:


CARLOS ENRIQUE CANDELA ALVAREZ
F. de A. 043-89-MTC/15,16

Reg. N° 409 Fecha 09 JUL 2002

ARTICLE I

DEFINITIONS

1. For the purposes of this Agreement and its Annex, unless otherwise stated:
 - a. The term "Agreement" means this Instrument, its Annexes, and any amendments thereto;
 - b. The term "the Convention" means the Convention on International Civil Aviation, opened for signature at Chicago on December 7, 1944, and includes any Annex adopted under Article 90 of such Convention and any amendment of the Annexes of the Convention under Articles 90 and 94 thereof, insofar as those Annexes and amendments have become effective for both contracting Parties;
 - c. The term "Aeronautical Authorities" means for the Republic of Korea , the Ministry of Construction and Transportation, and for the Republic of Peru, the Ministry of Transportation, Housing and Construction, through the General Direction of Civil Aeronautics or in both cases the person or body authorized to perform those functions by the said Authorities;
 - d. The terms " Air Services", " International Air Service", "Airline" and "Stop for non-traffic purposes" shall have the meaning respectively assigned to them in Article 96 of the Convention;
 - e. The term "Designated Airline" means an Airline which has been designated by either Contracting Party, in accordance with Article III of this Agreement, for the operation of air services agreed;

- f. The term "Territory" of a Contracting Party means the land areas and adjacent waters under the sovereignty, jurisdiction, protection, or trustee of that Contracting Party, in conformity with its Constitution and/or laws of each Contracting Party;
- g. The term "Price" means the fare to be charged for the transportation of passengers, baggage and cargo, as well as the conditions under which these prices are to be applied, including payment of commissions and any other additional earnings for the agency or selling of transportation documents, but excluding the earnings and conditions for the transportation of mail.
- h. The term " Capacity" in relation to an aircraft means the payload of the aircraft available on a route or section of a route;
- i. The term " Capacity" in relation to a specified air service means the capacity of aircraft used on such service multiplied by the frequency operated by such aircraft over a given period and route or section of route;
2. The Annex is an integral part of this Agreement. All references to the Agreement shall include the Annex, unless otherwise explicitly agreed.

ARTICLE II

GRANT OF RIGHTS

1. Each Contracting Party grants to the other Contracting Party the rights as specified in this Agreement for the conduct of air services in the routes specified in the Schedules of the Annex. Such services and the routes shall be referred respectively hereinafter as "Agreed Services" and "Specified Routes."

COPIA FIEL DEL ORIGINAL
Ministerio de Transportes, Comunicaciones,
Vivienda y Construcción
Dirección General de Aeronáutica Civil

CARLOS ENRIQUE CANDELA ALVAREZ

Fedatario

R.D. N° 043-99-MTC/15,16

Reg. N° 409 Fecha 09 JUL 2002

2. Subject to the provisions of this Agreement, the Airline Designated of each Contracting Party shall benefit, while operating the international air services, from:
 - a. The right to fly across its Territory without landing;
 - b. The right to make stops in its Territory for non-traffic purposes;
 - c. The rights otherwise specified in the Annex of this Agreement.
3. Nothing in this article shall be deemed to confer on the Designated Airline of one Contracting Party the rights to take on board, in the territory of the other Contracting Party, passengers, their baggage, cargo, and mail carried for compensation and destined for another point in the territory of that other Contracting Party.

ARTICLE III

DESIGNATION AND AUTHORIZATION

Copia Fiel del Original
Ministerio de Transportes, Comunicaciones,
Vivienda y Construcción
Dirección General de Aeronáutica Civil

CARLOS ENRIQUE CANDELA ALVAREZ
Fodetario

R.D. N° 043-89-MTC/15,16

Reg. N° 409 Fecha 09 JUL. 2002

1. Each Contracting Party shall have the right to designate one or more Airlines, of their own country, to operate Air Services as agreed on the routes specified in the Annex, with the frequencies and capacity established therein, and to withdraw or alter such designation, and notify the other Contracting Party in writing through diplomatic channels.
2. On receipt of such designation and the requests from the Designated Airlines, in the form and manner prescribed for operating authorizations and technical permits, each Contracting Party shall, with minimum procedural delay, grant to the airlines the appropriate operating authorizations and permits, unless it is not satisfied that:



CARLOS ENRIQUE CANDELA ALVAREZ

Fedatario

R.D. N° 043-99-MTC/15,18

Reg. N° 409 Fecha 09 JUL 2002

- a. Substantial ownership and effective control of the airline belong to the Contracting Party designating the airline, their nationals, or both.
- b. The airline is qualified to meet the conditions prescribed under the laws, regulations and rules normally applied to the operation of international air transportation by the Party considering the application or applications; and
- c. The Contracting Party designating the airline is maintaining and administering the standards set forth in Article VI (Aviation Security) and Article VII (Safety).

ARTICLE IV

REVOCATION AND SUSPENSION OF OPERATING AUTHORIZATION

1. Each Contracting Party shall have the right to withhold or revoke any operating authorization, or suspend the exercise of the rights specified in Article II of this Agreement, of an airline designated by the other Contracting Party, where:
 - a. The Designated Airline fails to comply with the laws and regulations applied by the aeronautical authorities of the Contracting Party granting those rights, with respect to the terms of this Agreement.
 - b. The Designated Airline is not complying with the laws and regulations as set forth by the Contracting Party granting those rights.
 - c. It is not satisfied that substantial ownership and effective control of the designated airline are vested in the Contracting Party which designates the airline, its nationals, or both.

2. Unless immediate action is essential to prevent further non-compliance with paragraph 1 of this Article, the rights established by this Article shall be exercised only after consultation with the other Contracting Party

ARTICLE V

APPLICATION OF LAWS AND REGULATIONS

COPIA FIEL DEL ORIGINAL
Ministerio de Transportes, Comunicaciones,
Vivienda y Construcción
Dirección General de Aeronautica Civil

CARLOS ENRIQUE CANDELA ALVAREZ
FEDATARIO

R.D. N° 043-99-MT D/15,16

Reg. N° 409 Fecha

09 JUL 2002

1. While entering, within, or leaving the territory of one Contracting Party, its laws, regulations and rules relating to the operation and navigation of aircraft shall be complied with by the airlines of the other Contracting Party.
2. The laws, regulations and procedures of either Contracting Party relating to immigration, passports, or other approved travel documents, entry, customs clearance, and quarantine including dispatch and aviation security shall be complied with by, or on behalf of crews, passengers, cargo and mail carried by aircraft of the Designated Airlines of the other Contracting Party upon their entrance into, and until and including their departure from the territory of the said Contracting Party.
3. Neither of the Contracting Parties shall give preference to any other airline over the Designated Airlines of the other Contracting Party in the application of its customs, immigration, quarantine and similar regulations.
4. Passengers, baggage and cargo in direct transit through the territory of either Contracting Party and not leaving the area of the airport reserved for such purpose shall not undergo any examination except for reasons of aviation security, narcotics control or in special circumstances. Baggage and cargo in direct transit shall be exempt from customs duties and other similar taxes.

ARTICLE VI

AVIATION SECURITY

COPIA FIEL DEL ORIGINAL
Ministerio de Transportes, Comunicaciones,
Vivienda y Construcción
Dirección General de Aeronáutica Civil

CARLOS ENRIQUE CANDELA ALVAREZ
Fodetario

R.D. N° 043-89-MTC/15,16

Reg. N° 407 Fecha

09 JUL 2002

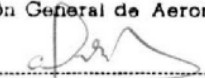
1. In accordance with their rights and obligations under international law, the Contracting Parties reaffirm that their obligation to each other to protect the security of civil aviation against acts of unlawful interference forms an integral part of this Agreement. Without limiting the generality of their rights and obligations under international law, the Parties shall in particular act in conformity with the provisions of the Convention on Offences and Certain Other Acts Committed on Board Aircraft, signed at Tokyo on September 14, 1963, the Convention for the Suppression of Unlawful Seizure of Aircraft, signed at The Hague on December 16, 1970, the Convention for the Suppression of Unlawful Acts against the Safety of Civil Aviation, signed at Montreal on September 23, 1971, and the Protocol for the Suppression of Unlawful Acts of Violence at Airports Serving International Civil Aviation, signed at Montreal on 24 February 1988, as well as any other Agreements and Protocols governing civil aviation security binding upon the Parties.
2. The Contracting Parties shall provide upon request all necessary assistance to each other to prevent acts of unlawful seizure of civil aircraft and other unlawful acts against the safety of such aircraft, of their passengers and crew, and of airports and air navigation facilities, and to address any other threat to the security of civil air navigation.
3. The Contracting Parties shall, in their mutual relations, act in conformity with the aviation security provisions established by the International Civil Aviation Organization and designated as Annexes to the Convention. They also shall require that operators of aircraft of their registry, operators of aircraft who have their principal place of business or permanent residence in their territory, and the operators of airports in their territory act in conformity with such aviation security provisions.

R. Viny

EC

4. Each Contracting Party agrees to observe the security provisions required by the other Contracting Party for entry into, for departure from, and while within the territory of that other Contracting Party. Each Contracting Party shall ensure that adequate measures are effectively applied within its territory to protect aircraft and to inspect passengers, crew, carry-on-items, baggage, cargo and aircraft stores prior to and during boarding or loading. Each Contracting Party shall also give positive consideration to any request from the other Contracting Party for reasonable special security measures to meet a particular threat.
5. When an incident, or threat of an incident, of unlawful seizure of aircraft or other unlawful acts against the safety of aircraft, its passengers and crew, airports and air navigation facilities occurs, the Contracting Parties shall assist each other by facilitating communications intended to terminate rapidly and safely such incident or threat thereof.
6. When a Contracting Party has reasonable grounds to believe that the other Contracting Party has departed from the aviation security provisions of this Article, the aeronautical authorities of other Contracting Party may request immediate consultations with aeronautical authorities of the other Contracting Party. Failure to reach a satisfactory agreement within fifteen (15) days from the date of such request shall constitute grounds to withhold, revoke, limit, or impose conditions of the operating authorization and technical permissions of an airline or airlines of the other Contracting Party. When required by an emergency, a Contracting Party may take interim action prior to the above – mentioned fifteen (15) days.

COPIA FIEL DEL ORIGINAL
Ministerio de Transportes, Comunicaciones,
Vivienda y Construcción
Dirección General de Aeronautica Civil


CARLOS ENRIQUE CANDELA ALVAREZ
Fodstario

R.D. N° 043-99-MTC/15,16

Reg. N° 409 Fecha

09 JUL 2002





ARTICLE VII

RECOGNITION OF CERTIFICATES AND LICENSES

09 JUL. 2002

1. Certificates of airworthiness, and certificates of competency and licenses issued or validated by either Contracting Party which have not expired, shall be recognized as valid by the other Contracting Party for the purpose of operating the specified routes in Annex.
2. Each Contracting Party reserves the right to refuse to recognize as valid for the purpose of operating the said specified routes over its own territory, certificates of competency and licenses issued to its own nationals by the other Contracting Party.

ARTICLE VIII

SAFETY

1. Each Contracting Party may request consultations at any time concerning, the safety standards maintained by the other Contracting Party in areas relating to aeronautical facilities, flight crew, aircraft. Such consultations shall take place within thirty days of that request.
2. If, following such consultations, one Contracting Party finds that the other Contracting Party does not effectively maintain and administer safety standards in the areas referred to in paragraph 1 that meet the Standards established at that time pursuant to the Convention on International Civil Aviation (Doc 7300), the other Contracting Party shall be informed of such finding and of the steps considered necessary to conform with the ICAO Standards. The other Contracting Party shall then take appropriate corrective action within an agreed time period.

R. Vey

JP

3. Pursuant to Article 16 of the Convention, it is further agreed that, any aircraft operated by, or on behalf of an airline of one Contracting Party, on service to or from the territory of another Contracting Party, may, while within the territory of the other Contracting Party be the subject of a search by the authorized representatives of the other Contracting Party, provided this does not cause unreasonable delay in the operation of the aircraft. Notwithstanding the obligations mentioned in Article 33 of the Chicago Convention, the purpose of this search is to verify the validity of the relevant aircraft documentation, the licensing of its crew, and that the aircraft equipment and the condition of the aircraft conform to the Standards established at that time pursuant to the Convention.
4. When urgent action is essential to ensure the safety of an airline operation, each Contracting Party reserves the right to immediately suspend or vary the operating authorization of an airline or airlines of the other Contracting Party.
5. Any action by one Contracting Party in accordance with paragraph 4 of this Article shall be discontinued once the basis for the taking of that action ceases to exist.
6. With reference to paragraph 2 of this Article, if it is determined that one Contracting Party remains in non-compliance with ICAO Standards when the agreed time period has lapsed, the Secretary General of ICAO should be advised thereof. The latter should also be advised of the subsequent satisfactory resolution of the situation.

ARTICLE IX

USER CHARGES

User charges imposed by the competent charging Authorities or bodies of each Contracting Party on the Designated Airlines of the other Contracting Party shall

Copia Fiel del Original
Ministerio de Transportes, Comunicaciones,
Vivienda y Construcción
Dirección General de Aeronautica Civil
CARLOS ENRIQUE CANDELA ALVAREZ
Fedatario
R.D. N° 043-89-MTC/15,18
Reg. N° 409 Fecha 09 JUL 2002

be fair, reasonable and not discriminatory. In any event, any such user charges shall be assessed on the airlines of the other Contracting Party on terms not less favorable than the most favorable terms available to any other airline at the time the charges are assessed.

ARTICLE X

COMMERCIAL ACTIVITIES

COPIA FIEL DEL ORIGINAL
Ministerio de Transportes, Comunicaciones,
Vivienda y Construcción
Dirección General de Aeronautica Civil

CARLOS ENRIQUE CANDELA ALVAREZ
Fidatario

R.D. N° 043-99-MTC/15,18

Reg. N° 409 Fecha

09 JUL. 2002

1. The airlines of each Contracting Party shall have the right to establish appropriate offices in the Territory of the other Contracting Party. These offices may include commercial, operational and technical staff, which may consist of transferred or locally hired personnel.
2. The principle of reciprocity shall be applied on the commercial activities. The competent authorities of each Contracting Party shall take every required step to assure the offices of the Designated Airlines of the other Contracting Party exercise their activities in an orderly manner.
3. Each Contracting Party, in particular, guarantees the Designated Airlines of the other Contracting Party the right to engage directly, and at its discretion through its agents, in the sale of air transportation in its Territory. Each Designated Airline shall have the right to sell such transportation, and any individual is free to purchase such transportation in the currency of that Territory or in freely convertible currencies.
4. The Designated Airline(s) of each Contracting Party shall be allowed to pay local charges, including fuel purchases, in the Territory of the other Contracting Party, in local currency. At their discretion, the airlines of each Contracting Party may pay such expenses in the territory of the other Contracting Party in currencies freely convertible, in accordance with the local currency regulations.

[Handwritten signature]

[Handwritten initials]

5. In operating or holding out the authorized services in the agreed routes, any Designated Airline of either Contracting Party may enter into cooperative arrangements, such as blocked-space and code-sharing with:

- a) An airline or airlines of either Contracting Party.
- b) An airline or airlines of a third country, provided that such third country authorizes or allows equivalent arrangements between the airlines of the other Contracting Party and other airlines on services to, or from, or through such third country,

provided that all airlines establishing such arrangements have the appropriate authorization and comply with the requirements normally applied to such arrangements.

6. Notwithstanding any other provision of this Agreement, airlines and indirect providers of cargo transport of both Contracting Parties shall be permitted, without restriction, to employ in connection with international air transport any surface transport for cargo to or from any points in the territories of the Parties or in third countries, including transport to and from all airports with customs facilities, and including, where applicable, the right to transport cargo in bond under applicable laws and regulations. Access to airport customs processing and facilities shall be provided for such cargo, whether moving by surface or by air. Airlines may elect to perform their own surface transport or to provide it through arrangements with other surface carriers, including surface transport operated by other airlines and indirect providers of cargo air transport. Such intermodal cargo services may be offered at a single, through price for the air and surface transport combined, provided that shippers are not misled as to the facts concerning such transport.

COPIA FIEL DEL ORIGINAL
Ministerio de Transportes, Comunicaciones,
Vivienda y Construcción
Dirección General de Aeronautica Civil

CARLOS ENRIQUE CANDELA ALVAREZ
Fidatario

R.D. N° 043-89-MTC/15,16
Reg. N° 409 Fecha

09 JUL 2002



ARTICLE XI
EXEMPTIONS

COPIA FIEL DEL ORIGINAL
Ministerio de Transportes, Comunicaciones,
Vivienda y Construcción
Dirección General de Aeronáutica Civil

CARLOS ENRIQUE CANDELA ALVAREZ
Fodotario

R.D. N° 043-99-MT-27.5.18
Reg. N° 409 09 JUL. 2002

1. Aircraft operated on international air services by the designated airlines of either Contracting Party, as well as their regular equipment, supplies of fuel and lubricants, and aircraft stores (including food, beverages and tobacco) on board such aircraft shall be exempted from all customs duties, inspection fees and other similar charges on arriving in the territory of the other Contracting Party, provided such equipment and supplies remain on board the aircraft up to such time as they are re-exported.
2. The following shall also be exempted from the same duties, fees and charges with the exception of charges based on the cost of service provided:
 - (a) aircraft stores taken on board in the territory of one Contracting Party, within limits fixed by the authorities of that Contracting Party, and for use on board outbound aircraft engaged in an international air service of the other Contracting Party;
 - (b) spare parts introduced into the territory of either Contracting Party for the maintenance or repairs of aircraft used on international services by the designated airlines of the other Contracting Party;
 - (c) Fuel, lubricants and consumable technical supplies introduced into or supplied in the territory of a Contracting Party for use in an aircraft of an airline of the other Contracting Party engaged in international services; even when these supplies are to be used on the part of the journey performed over the territory of the Contracting Party in which they are taken on board; and
 - (d) Transport documents (including ticket stocks, airway bills) of the designated airlines of one Contracting Party, on the occasion of importation into the territory of the other Contracting Party.

3. Materials referred to in sub-paragraphs (a),(b) and (c) above may be required to be kept under customs supervision or control.

ARTICLE XII

TRANSFER OF EARNINGS

Each Contracting Party shall grant to the designated airlines of the other Contracting Party the right of free transfer of the excess of receipts over expenditure earned in the territory of the respective Contracting Party. Such transfer shall be effected on the basis of official exchange rates or where there are no official exchange rates at the prevailing foreign market rates for current payment.

ARTICLE XIII

PRICING

Prices for the air transportation of passengers and cargo, in a combined or exclusive manner, shall be set pursuant to the national Law of the country wherein such passenger or cargo flights originate. The compliance of such provisions shall be reflected by the airway ticket or letter of air carrying authorizing the air transportation.

1. Each Contracting Party shall allow prices for air transportation to be established by each Designated Airline based upon commercial considerations in the market place. Intervention by the Contracting Parties shall be limited to:

- a. Prevention of unreasonably discriminatory prices or practices;

COPIA FIEL DEL ORIGINAL
Ministerio de Transportes, Comunicaciones,
Vivienda y Construcción
Dirección General de Aeronautica Civil

CARLOS ENRIQUE CANDELA ALVAREZ
Fodetario

R.D. N° 043-89-MTC/15,16
Reg. N° 409 Fecha 09 JUL 2002

- b. Protection of consumers from prices that are unreasonably high or restrictive due to the abuse of a dominant position; and
- c. Protection of airlines from prices that are artificially low due to direct or indirect governmental subsidy or support.

2. Each Contracting Party may request that prices charged or to be charged by the Designated Airlines of the other Contracting Party, from or to its Territory, shall be notified to their Aeronautical Authorities.

ARTICLE XIV

PRINCIPLES OF OPERATION

COPIA FIEL DEL ORIGINAL
Ministerio de Transportes, Comunicaciones,
Vivienda y Construcción
Dirección General de Aeronáutica Civil

CARLOS ENRIQUE CANDELA ALVAREZ

Fedatario

R.D. N° 043-89-MTC/15,16

Reg. N° 409 Fecha 09 JUL 2002

Each Contracting Party shall grant fair and equal opportunity to the Designated Airlines of both Contracting Parties to operate the services of international air transportation, as mentioned in this Agreement.

The international services on the routes specified in the Annex, offered by a Designated Airline or airlines, shall have the primary purpose of providing sufficient and reasonable capacity, to meet the needs of traffic between the territories of both Contracting Parties.

ARTICLE XV

STATISTICS

The Designated Airline of one Contracting Party shall provide to the Aeronautical Authority of the other Contracting Party, upon request and within a reasonable period, all the periodic publications or any other statistical reports of the Designated Airlines, in regard with the agreed services.



ARTICLE XVI

CONSULTATIONS

CARLOS ENRIQUE CANDELA ALVAREZ
Fedeatario
R.D. N° 043-99-MTC/15,16
Reg. N° 409 Fecha

09 JUL 2002

1. The Contracting Parties may, at any time, consult each other, through diplomatic channels, with a view to ensuring the implementation, interpretation, application of the provisions of this Agreement. These consultations shall begin within sixty (60) days from the date of the receipt of the request by the other Contracting Party, unless otherwise agreed. In the event the requesting Contracting Party deems it is necessary to have immediate consultations to avoid imminent and irreparable harm to their Airline or Airlines, such consultations may begin within thirty (30) days from the date of the receipt of the request by the other Contracting Party.

This same procedure shall be applied to discrepancies arising from the surveillance conditions of safety adopted by the other Contracting Party on aeronautical facilities, crews, aircraft, and the operation of the Designated Airlines.

2. Any revision and/or amendment of this Agreement, except the Annex, shall come into force on the date on which the Contracting Parties have informed each other in writing through diplomatic channels of the completion of their respective constitutional requirements.

Any revision and/or amendment to the Annex of this Agreement shall require the agreement of the Aeronautical Authority of both Contracting Parties and shall come into force on the date on which the Contracting Parties have informed each other in writing through diplomatic channels of the completion of their respective local procedures.

ARTICLE XVII

SETTLEMENT OF DISPUTES

COPIA FIEL DEL ORIGINAL
Ministerio de Transportes, Comunicaciones,
Vivienda y Construcción
Dirección General de Aeronautica Civil

CARLOS ENRIQUE CANDELA ALVAREZ

Federario

R.D. N° 043-99-MTC/15.18

Reg. N° 409 Fecha

09 JUL. 2002

If any dispute arises between the Contracting Parties relating to the interpretation or application of the present Agreement, the Contracting Parties shall in the first place endeavor to settle it by direct negotiation between themselves, within the period stipulated by paragraph 1. of Article XVI of this Agreement. Failure to solve the discrepancy shall require it to be worked out through diplomatic channels and, if the discrepancy persists, the Contracting Parties may submit it to arbitration in accordance with the procedures prescribed as follows:

1. Arbitration shall be by a tribunal of three arbitrators to be constituted as follows:
 - a. Within thirty (30) days after the receipt of a request for arbitration, each Contracting Party shall name one arbitrator. Within sixty (60) days after these two arbitrators have been named, they shall by agreement appoint a third arbitrator, who shall act as President of the arbitral tribunal
 - b. If either Party fails to name an arbitrator, or if the third arbitrator is not appointed in accordance with subparagraph a. of this paragraph, either Party may request the President of the Council of the International Civil Aviation Organization to appoint the necessary arbitrator or arbitrators within thirty (30) days. If the President of the Council is of the same nationality as one of the Parties, the most senior Vice President who is not disqualified on that ground shall make the appointment.
2. Unless otherwise agreed, the arbitral tribunal shall set its jurisdiction limits in accordance with this Agreement, and establish its own procedures. The tribunal, once complete, may recommend the adoption of temporary measures pending a definite resolution arrives. At tribunal's initiative, or upon either Contracting Party's request, within fifteen (15) days from the day the tribunal is completely



constituted, a conference shall be held to find out relevant matters to be submitted to arbitration along with the procedures to be followed.

3. Unless otherwise agreed, or as stipulated by the tribunal, each Contracting Party shall submit a summary document within a period of forty-five (45) days from the date the complete constitution of the tribunal. Responses shall be received within the next sixty (60) days. The tribunal shall conduct a hearing at either Contracting Party's request, or at its own discretion, within fifteen (15) days from the date the responses are due.
4. The tribunal shall try to issue a written resolution within thirty (30) days from the date the hearing is completed, or if the hearing has not been conducted, the date of submission of both responses. The decision of the majority of the tribunal shall prevail.
5. The Contracting Parties may submit clarification of resolution requests within fifteen (15) days after a resolution has been made, and any clarification given shall be issued within fifteen (15) days of such request.
6. Each Contracting Party, subject to its own legislation, shall fully comply with any resolution or arbitration from the Arbitral Tribunal.
7. The expenses of the arbitral tribunal, including the fees and expenses of the arbitrators, shall be shared equally by the Contracting Parties. Any expenses incurred by the International Civil Aviation Organization in connection with the procedures of paragraph 1 (b) of this Article shall be considered to be part of the expenses of the tribunal.

COPIA FIEL DEL ORIGINAL
Ministerio de Transportes, Comunicaciones,
Vivienda y Construcción
Dirección General de Aeronáutica Civil

CARLOS ENRIQUE CANDELA ALVAREZ
Fedatario

R.D. N° 043-89-MTC/15,16
Reg. N° 409 Fecha

09 JUL 2002

LC

ARTICLE XVIII

TERMINATION

CARLOS ENRIQUE CANDELA ALVAREZ
Fedatario
R.D. N° 043-99-MTC/15,16
Reg. N° 409 Fecha 09 JUL. 2002

1. Either Contracting Party may, at any time, give notice in writing to the other Contracting Party of its decision to terminate this Agreement. Such notice shall be sent simultaneously to the International Civil Aviation Organization.
2. This Agreement shall terminate at midnight (at the place of the other Contracting Party) immediately before the first anniversary of the date of receipt of such notice by that other Contracting Party, unless the notice is withdrawn before then by agreement of the Contracting Parties.
3. In the absence of acknowledgment of receipt of the notice of termination by the other Contracting Party, such notice shall be deemed to have been received fourteen (14) working days after the receipt of that notice by the International Civil Aviation Organization.

ARTICLE XIX

REGISTRATION WITH ICAO

This Agreement and its amendments shall be registered with the International Civil Aviation Organization.

ARTICLE XX

AMENDMENT

1. If either Contracting Party considers it desirable to amend any provisions of this Agreement, it may at any time request consultation with the other Contracting Party. Such consultation may be through discussions or by correspondence, and

R. Vega

EC

shall begin within a period of sixty (60) days from the date of receipt of the request. Any amendments so agreed shall come into force when they have been confirmed in writing through diplomatic channels.

2. Amendments of the Annex may be made by direct agreement between the aeronautical authorities of the Contracting Parties and shall come into effect when confirmed in writing through diplomatic channels.

ARTICLE XXI

APPLICABILITY OF MULTILATERAL AGREEMENTS AND ARRANGEMENTS

1. The provisions of the Convention shall apply to this Agreement.
2. If a multilateral Agreement or Arrangement, as accepted by both Parties, associated with any matter covered by this Agreement, would enter into effect, the provisions of that multilateral Agreement or Arrangement shall supersede the appropriate provisions of this Agreement.
3. The Parties may perform consultations to determine the consequences, in the Agreement, of the superseding as specified in this Article, and to arrange the amendments it requires.

ARTICLE XXII

ENTRY INTO FORCE

This Agreement will enter into force once the legal legislation procedures of each Contracting Party have been concluded. Each Contracting Party will inform the other Contracting Party in writing through diplomatic channels, that all its necessary legal procedures have been completed.

COPIA FIEL DEL ORIGINAL
Ministerio de Transportes, Comunicaciones,
Vivienda y Construcción
Dirección General de Aeronáutica Civil

CARLOS ENRIQUE CANDELA ALVAREZ
Fodetario

R.D. N° 043-99-MTC/15,16
Reg. N° 409 Fecha

09 JUL 2000

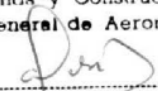
IN WITNESS WHEREOF, the undersigned, being duly authorized thereto by their respective Governments, have signed this Agreement.

DONE in duplicate, at _____, in Korean, English and Spanish languages, on _____, 2002. In case of any divergence of interpretation, the English text shall prevail.

**For the Government
of the Republic of Peru**

**For the Government of
the Republic of Korea**

COPIA FIEL DEL ORIGINAL
Ministerio de Transportes, Comunicaciones,
Vivienda y Construcción
Dirección General de Aeronautica Civil



CARLOS ENRIQUE CANDELA ALVAREZ
Fedatario

R.D. N° 043-88-MTC/15,16
Reg. N° 409 Fecha 09 JUL. 2002

CARLOS ENRIQUE CANDELA ALVAREZ

Fedatario

R.D. N° 043-99-MTC/15,16

Reg. N° 409 Fecha

09 JUL 2002

ANNEX

1. Scheduled Air Transportation of Passengers and/or Cargo Services

The Designated Airlines of each Contracting Party pursuant to this Agreement, as arranged with the conditions of their designation, shall be entitled to conduct the international scheduled air transportation of passengers and/or cargo, between points in the following routes:

A. Routes of the Designated Airlines of the Republic of Korea:

From points in the Republic of Korea via intermediate points to points in Peru and beyond.

B. Routes of the Designated Airlines of the Republic of Peru:

From points in the Republic of Peru via intermediate points to points in Korea and beyond.

2. Non Scheduled Air Transportation Services

The Designated Airlines shall be entitled to conduct international non scheduled air transportation services of passengers and cargo:

- a) between points in the territory of the Contracting Party that has designated the airline and any point in the territory of the other Contracting Party; and
- b) between points in the territory of the other Contracting Party and points in a third country or countries,

provided that such service constitutes part of a continued operation, that includes the service from the country of origin to conduct local transportation between the country of origin and the territory of the other Contracting Party.

3. Traffic Rights

The Designated Airlines shall be entitled to exercise rights of third and fourth freedom in the points stipulated in paragraphs 1. and 2. of the timetable.

Fifth freedom rights, in intermediate points and beyond, shall be established by agreement between the Aeronautical Authorities of both Contracting Parties.

4. Operational Flexibility

Each Designated Airline may, on any or all flights and at its option:

- a. Operate flights in either or both directions;

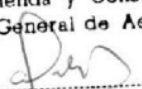
[Handwritten signature]

[Handwritten initials]

- b. Combine different flight numbers within one aircraft operation;
- c. Serve points on the routes in any combination and in any order (which may include serving intermediate points as beyond points and beyond points as intermediate points);
- d. Omit stops at any point or points;
- e. Serve points behind any point in its Territory with or without change of aircraft or flight number and hold out and advertise such services to the public as through services,

provided that the service serves a point in the territory of the Party designating the airlines.

COPIA FIEL DEL ORIGINAL
Ministerio de Transportes, Comunicaciones,
Vivienda y Construcción
Dirección General de Aeronautica Civil


CARLOS ENRIQUE CANDELA ALVAREZ
Fedatario

R.D. N° 043-99-MTC/15,16
Reg. N° 409 Fecha

09 JUL 2002