

ANNEX II

Charters

(1) Airlines of one Party operating under this Annex shall have the right to carry international charter traffic in passengers (and their accompanying baggage) and cargo, between any point or points in the territory of the Party which has designated the airline and any point or points in the territory of the other Party.

(2) In the performance of services covered by this Annex, airlines of one Party designated under this Annex shall also have the right: (a) to make stopovers at any points whether within or outside of the territory of either Party; (b) to carry transit traffic through the other Party's territory; and (c) to combine on the same aircraft traffic originating in one Party's territory with traffic that originated in the other Party's territory.

(3) Each Party shall extend sympathetic consideration to applications by airlines of the other Party to carry traffic not covered by this Annex on the basis of comity and reciprocity.

(4) With regard to traffic originating in the territory of either Party, each airline performing air transportation under this Annex shall comply with such laws, regulations and

rules of the Party in whose territory the traffic originates, whether on a one-way or round trip basis, as that Party now or hereafter specifies shall be applicable to such transportation. When such regulations or rules of one Party apply more restrictive terms, conditions or limitations to one or more of its airlines, except as may be specifically provided for the protection of consumer funds, the designated airlines of the other Party shall be subject to the least restrictive of such terms, conditions or limitations. Moreover, if the aeronautical authorities of either Party promulgate regulations or rules which apply different conditions to different countries, each Party shall apply the least restrictive regulation or rule to the designated airlines of the other Party.

(5) Each Party shall authorize, on an annual basis beginning July 1, 1986, the airlines of the other Party to perform up to 36 round trip passenger charters pursuant to this Annex. If after July 1, 1988, either Party believes that the number of passenger charters permitted under this paragraph should be increased, the two Parties will consult.

(6) Each Party shall notify the aeronautical authorities of the other Party through diplomatic channels of charters to be operated by its airlines.

(7) Consistent with Article 13 of the Agreement, either Party may call for consultations to discuss the level of service and other aspects of this Annex.

(8) The Parties agree to authorize cargo charter flights, which will not be subject to frequency levels, but will be granted on the basis of reciprocity, between points in the United States and points in Ecuador, as well as to sympathetically consider flights to other points outside of the United States and Ecuador.

(9) Unless otherwise agreed, this Annex will expire on June 30, 1990.