

issued thereunder; the duration of such permits shall be up to six (6) months, renewable only once. These provisional permits may be authorized by the Ministry of Government and Justice, following a report of the General Bureau of Civil Aeronautics.

4) Permanent certificates shall be granted for periods of three (3) years, computed from the date of issue, renewable for periods of like duration upon the express application by the interested party, at least sixty (60) days prior to the expiration date. There shall be no renewal or extension when the certificate has been suspended, cancelled, or revoked. These permanent operating certificates will be issued or renewed by the Executive Branch after a report of the National Board of Civil Aeronautics.

5) No permit or certificate for operation of public air transport services shall confer exclusive ownership in or rights to the use of air routes, airways, airdromes, airports or services of aid to air navigation.

*Article 103. Domestic transportation or Cabotage.*

The operation of domestic public air transport services between two or more points anywhere in the Republic is reserved to Panamanian natural or corporate persons. In the latter situation at least 60% of the paid-up corporate capital must be owned by citizens, and the administration of the corporation shall be by Panamanian citizens.

*Article 104. International Transportation.*

1) International public air transport services may be effected by national or foreign enterprises.

2) The operation of such services under the Panamanian flag is reserved to Panamanian natural or corporate persons; in the latter case, no less than 51% of the paid-up capital must be owned by citizens.

3) Certificates issued for operation of such services by foreign enterprises shall be pursuant to the terms of approved treaties or agreements on civil aviation in effect with the respective States. In the absence thereof, such certificates shall be issued on the basis of equitable reciprocity.

4) The Executive Branch shall not grant commercial rights to foreign enterprises to operate on national territory [in the following cases]:

- a) When the granting thereof represents a danger to the security of the Republic; or
- b) If there is no guarantee of due reciprocity on the part of the respective government.

*Article 105. Applications for Operating Certificates.*

1) In order to obtain an operating certificate, it is necessary to fulfill the requirements established by this Law and the regulations issued thereunder, and post a cash bond or State Bonds for the sum of five hundred *balboas* (B/500.00) when the service to be undertaken is domestic, and ten thousand *balboas* (B/10,000.00) in the case of international service, and such sum will be reimbursed upon initiation of operations. Companies already established need not post this bond.

2) No operating certificates shall be issued to national or foreign companies:

- a) when the rendering of the service is contrary to the national interests or to international agreements entered into by the Republic;