

Continente still under threat

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Aero Continente, Peru's largest airline, remains blacklisted by the US government more than two months after the US Treasury named its founder, Fernando Zevallos, as a 'narcotics kingpin'. However, there is hope that the airline may return to normal service soon after a change of ownership and a deal with a new insurer, Houlder, the London broker.

Seven unnamed investors are believed to have bought the airline from the Zevallos family in late July for \$3.5 million, renaming it Nuevo Continente. The airline, which had earlier planned to transfer ownership to its employees, hopes that the change in ownership will break links with suspected drug traffickers, allowing it to resume trading with US companies.

Aero Continente did not serve US destinations at the time of its blacklisting, so the most serious consequence for the airline was the suspension of its insurance deal with US insurers Global Aerospace, and its subsequent grounding on July 12 by Peruvian air authorities. The airline subsequently signed a replacement deal with Houlder, and resumed flying later the same month.

But a resolution could still take time.

There is no independent appeal against a listing by the Treasury's Office of Foreign Asset Control: the only approach, says the office, is for the blacklisted entity to appeal to the office itself. The office says it is investigating whether the change in ownership has sufficiently distanced Nuevo Continente from the alleged drug trade.

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