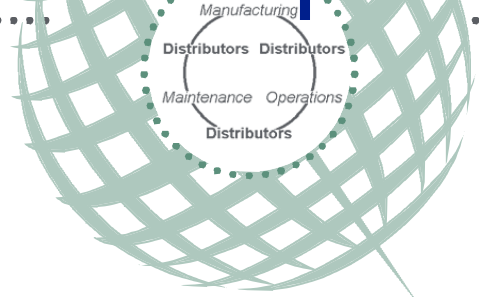


The UPDATE Report



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Regulatory Update

Export 8130-3 Tags: One Step Closer

Many ASA members have experienced problems exporting class III parts because they could not obtain export airworthiness approval tags for the parts. In recent years, the United States has signed bilateral agreements with several countries in which the U.S. promises to provide such documentation for all airworthy parts, and Europe has promulgated regulations requiring this form of documentation on all parts that are to be deemed airworthy.

ASA has filed a petition for exemption, seeking exemption for all ASA members from the FAA's restrictions against the issue of export 8130-3 tags for class III parts.

- Background and history: jump to page 19
- About the petition and what it would do: jump to page 24

If ASA is successful, the result will be that each ASA member is permitted to apply to a FAA designated airworthiness representative (DAR) for an 8130-3 tag. Of course, the applicant will still be responsible for demonstrating to the DAR that the part meets the requirements for issue of such a tag (e.g. was produced under a FAA production approval and is in an airworthy condition at the time the 8130-3 tag is issued).

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UPDATE REPORT

is a monthly newsletter of the Aviation Suppliers Association. Questions and/or comments should be addressed to:

Jason Dickstein
Aviation Suppliers Association
734 15th Street, NW, Suite 620
Washington, DC 20005
voice: (202) 347-6899
fax: (202) 347-6894
email: jason@aviationsuppliers.org

THE UPDATE REPORT

provides timely information to help Association members and readers keep abreast of the changes within the aviation supply industry.

THE UPDATE REPORT

is just one of the many benefits that the Aviation Suppliers Association offers members. For information on ASA-100, the ASA Accreditation Program, Conferences, Workshops, FAA guidance like Advisory Circulars, Industry Memos, or services and benefits, contact the Association.

THE UPDATE REPORT STAFF

Publisher Michele Dickstein
Editor Jason Dickstein
Advertising and Production Editor Jeanne Meade

OFFICERS:

Karen Odegard
253-395-9535
Corporate Treasurer
Jason Dickstein
202-347-6899
Corporate Secretary
Michele Dickstein
202-347-6899
President

Training in all its forms has been hot for the ASA.

We are pleased with the current status of our project to make class III 8130-3 tags available to the membership. A major component of this project has been educating the FAA about the commercial and safety needs of the industry, as well as educating them about their own obligations under the bilateral agreements they have signed. The educational process appears to be bearing fruit.

Is your hazmat training up-to-date? Hazmat penalties proposed and assessed against the aviation aftermarket continue to be high. Six figure penalties are not unusual. For these reasons, ASA has been bringin you hazmat training for several years now. This year, we are teaming with the Aviation Electronics Association (AEA) and the Aeronautical Repair Station Association (ARSA) to bring you cost-effective hazmat training that is tailored to the needs of the aviation industry.

We are getting into full swing on the Annual Conference! I am proud of the speaker line-up this year. At a time when many ASA members are well-positioned for success, ASA is bringing you the training and education you will need to maintain that success and to generate more.

Best Regards,

Michele Dickstein

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Beyond the Forecasts - Strategies for the Global Marketplace

MONDAY MORNING GENERAL SESSION

Keynote Presentation by a Northwest Airlines Executive
(Invited)

Parts Wars: Revenge of the Myth – Jason Dickstein, ASA

Emerging Technology – Roy Resto, Tracer Corporation, Messier-Bugatti-Tracer

Managing the Aviation Business in a Distressed Environment – John Kokoska & Eric P. Murray, Morris Anderson & Associates Ltd.

Law, Safety and Politics Associated with Contract Maintenance – Marshall S. Filler, Aeronautical Repair Station Association

MONDAY AFTERNOON WORKSHOPS (SELECT 2)

Parts Wars: Making it a GLOBAL Marketplace – Jason Dickstein, Jedi Lawyer

Parts Wars: Taking the Fifth – Harry Schaefer, US DOT OIG

Supplier Performance – George Ringger, P.E. Aviation Consultants

Want to do Business in China? – William Lawton, US DOC

Business Executive Roundtable: Keeping Good Employees Happy in a Tough Environment – Karen Odegard, Pacific Aero Tech, Inc; Mitchell Weinberg, International Aircraft Associates, Inc.

ILSmart.com – Jim Sdoia, ILS

TUESDAY MORNING WORKSHOPS (SELECT 2)

Parts Wars: A New Hope – Al Michaels, FAA *(Invited)*

Are Your Employees Appropriately Trained? – George Ringger, P.E. Aviation Consultants

LEAN Cuisine For Your Business – A.K. Trikha, LeanQA

Accreditation: Your Reputation Strikes Back – Michele Dickstein & Greg Tinti, ASA

E-Content in Aviation Distribution: Developing Smart Strategies for ERP Systems in the Marketplace – Frank Scales, Component Control

Business Executive Roundtable: Global Marketplace Expansion – Karen Odegard, Pacific Aero Tech, Inc; Mitchell Weinberg, International Aircraft Associates, Inc.

Aerexchange – Al Koszarek & Barb Gatti, Aerexchange Ltd

TUESDAY AFTERNOON GENERAL SESSION

Market Outlook – The Boeing International Marketing Team

The Promising Market of Latin America – Richard Levin, A.J. Levin Co.; Armando Berti, Tam Airlines; Lius Giacomani, TACA-Aeromantenimiento

Sunday Golf Tournament!

Sunday & Monday Dinner Functions!

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This is a partial agenda.

For the full agenda, see ASA's web site:

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e-mail/fax the full conference agenda.

Who Should Attend?

Executive, Legal, Purchasing, QA, QC,
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conference Registration Form

Please either attach a business card, type or print clearly (please complete all sections)

Name _____ Badge First Name _____
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Are you an ASA Member? Yes No Interested in becoming a member?
 Fill out the membership application and include the membership fee with your conference tuition.

Conference Schedule

SATURDAY | June 25, 2005

8:30 am – 4:00 pm QA Committee Meeting, Boca Raton Resort & Club
 2:00 pm – 5:00 pm Registration, Boca Raton Resort

SUNDAY | June 26, 2005

7:00 am – 2:00 pm Golf Tournament
 2:00 pm – 6:00 pm Registration, Boca Raton Resort
 6:00 pm – 8:30 pm Welcome Dinner and Golf Awards

MONDAY | June 27, 2005

6:30 am – 8:00 am Registration, Exhibits, Continental Breakfast
 8:00 am – 5:00 pm General Session, Workshops, Breaks, Lunch, Exhibits
 6:00 pm – 7:30 pm Reception, Exhibits
 7:30 pm – 9:00 pm Banquet Dinner, Presentation of the Edward J. Glueckler Award

TUESDAY | June 28, 2005

7:00 am – 8:30 am Members-Only Breakfast Meeting
 8:30 am – 3:15 pm Workshops, General Session, Breaks, Lunch, Exhibits

Workshop Schedule

MONDAY | June 27, 2005

PM Sessions Only (90 minutes)
 1:30 pm – 3:00 pm and 3:30 pm – 5:00 pm

Select two from the afternoon session:

- (A) Parts Wars: Making it a GLOBAL Marketplace
- (B) Parts Wars: Taking the Fifth
- (C) Supplier Performance
- (D) Want To Do Business in China?
- (E) Business Executive Roundtable
- (F) ILSmart.com

TUESDAY | June 28, 2005

AM Session Only (90 minutes)
 8:30 am – 10:00 am and 10:30 am – 12:00 pm

Select two from the morning session:

- (G) Parts Wars: A New Hope
- (H) Are your employees appropriately trained?
- (I) LEAN Cuisine for you Business
- (J) Accreditation: Your Reputation Strikes Back
- (K) E-Content in Aviation Distribution
- (L) Business Executive Roundtable
- (M) Aeroexchange

CONFERENCE FEES:	Save \$50 if registered By April 29, 2005	April 29 - June 20	AFTER
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Non-Member Add'l Attendee	\$625	\$675	\$725
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Exhibitor's fee:
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(Spouse/Companion fee includes Sunday and Monday evenings' social events.)

HOTEL INFORMATION: The Boca Raton Resort & Club, 501 East Camino Real, Boca Raton, FL 33431. Special Room Rate of \$149+ tax per night. Room rate is exclusive from additional fees as follows: \$14 per night resort fee (resort fee includes: fitness center, two bottles Mizner Water daily, complimentary local calls, complimentary credit card and 800 call access, high speed internet access, resort wide transportation, turn down service daily and daily newspaper) and a one-time \$10 baggage/housekeeping fee. For Room Reservations call: (800) 327-0101 or direct to or contact the hotel directly at (561) 447-3000. Room Block under ASA. Reservations should be made directly with the hotel.

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Cancellation Policy:

All conference cancellations must be received in writing. Cancellations before May 27, 2005 will be charged a \$75.00 service fee. There will be no refund for cancellations received on or after May 27, 2005.

There will be no refund for golf tournament cancellations by registrants. If the golf tournament is cancelled by the golf course due to inclement weather, a percentage of the golf fee will be refunded.

Background and History on the 8130-3 Tag

Tag Background

As many ASA members know, 8130-3 tags are issued by the FAA (including FAA designees, like DARs) to document the airworthiness of aircraft parts.

Generally speaking, an applicant for an 8130-3 tag would present evidence of airworthiness to the FAA. The FAA is usually represented by a DAR in such transactions. The applicant would have to show the DAR that the part was manufactured under a U.S. production approval. This can usually be done either by a documentation trail, or by reference to a part marking applied to the part pursuant to a production approval (such as PMA part markings added under Part 45, or markings added by a PC holder – or subcontractor to a PC holder – pursuant to approved designs). In addition, the part must be in a current airworthy condition (e.g., a new part that was produced under a FAA production approval and that has suffered neither degradation nor damage).

8130-3 tags are issued as both domestic tags and export tags. Both domestic and export tags require that the applicant demonstrate the production approval and airworthiness of the part. The difference between these two varieties of tags is that for export tags, the issuer must confirm that the part meets any special conditions that have been issued or imposed by the importing nation (since the U.S. is the only nation involved in a domestic transaction, no such showing is necessary).

There are few, if any, special conditions that have been issued or imposed by an importing nation on class III products. The primary example of special conditions addressed by the FAA is the option to designate PMA parts as being “non-critical” or as being critical but “produced under licensing agreement.” Neither of these is actually a special condition – rather, each comes from standard language found in the most recent implementation procedures for airworthiness (IPAs), which are part of the standard bilateral agreement package used by the United States.

Because of the paucity of special conditions imposed against class III products, many nations were willing to accept U.S. domestic 8130-3 tags in lieu of export tags. Recent FAA policies, however, have caused some nations to reject U.S. domestic 8130-3 tags and to insist on U.S. export 8130-3 tags. Two actions that helped prompt this response include: (1) the FAA’s internal-policy-level requirement that DARs print “For Domestic Shipment Only” in block 13 of the domestic 8130-3 tag, and (2) FAA internal-policy-level instructions that state that a domestic 8130-3 tag should not be issued for export purposes.

Historical Background

The export airworthiness approval dates back to the 1960s, when it was issued as a form 186 (predecessor to the 8130-3 tag). When the regulations for export airworthiness approvals were promulgated, the FAA divided the world of aircraft and their parts into three classes.

Class one (I) represented complete products, like aircraft, engines, and propellers.

Class two (II) was made up of parts that met two criteria: first, they had to be major components of the aircraft, like a wing or a fuselage; and second, they had to be safety sensitive parts in the sense that the failure of such a part would be likely to lead to an accident. In addition, the FAA defined

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articles manufactured to a FAA Technical Standard Order as class two products as well (e.g. avionics, seats, certain emergency equipment).

Finally, the FAA established Class Three (III) to reflect everything else – most aircraft parts are class three products.

When the FAA published the notice of proposed rulemaking that established these three classes and defined the export airworthiness approval, the FAA only permitted the export airworthiness approval to be issued for class I and class II products. The FAA explained that there was unlikely to be a need to issue export airworthiness approval tags for class III products.

During the comment period, one manufacturer hypothesized that they might see a need for the issuance of an export airworthiness approval tag for a class III product in the future. There was no reason to dispute the manufacturer's claim, and the purpose of the new rule was to facilitate commerce, so when the FAA published the final rule for export airworthiness approvals, they included a mechanism by which a manufacturer could apply for an export airworthiness approval for a class III product. No other parties were permitted this option because no other parties had asked for this privilege; and the FAA still believed (in 1965) that there was generally no demand for the issuance of an export airworthiness approval tag for a class III product.

The FAA of the 1960s did not see a genuine need for the issuance of an export airworthiness approval for class III products. Today, changes in documentation policy, changes in FAA bilateral policy and changes in foreign regulations causes a serious need for an American policy that makes such documentation available.

Is Your Hazmat Training Current?

- If you are a distributor, then the training rules require each hazmat employee to get re-trained at least once every three years.
- If you are an air carrier, then you are required to train your hazmat employees at least once per year.
- If you are a repair station, then you are required to obtain training at least once every three years,** and the FAA Inspectors' Handbook (Order 8300.10) now directs FAA inspectors to check to make sure that the repair stations they audit are in compliance with the hazmat training rules.

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Classes are affordable and only last for two days so you can get back to the job. Classes feature IATA and US DOT components and meet training requirements under federal regulations. Details at <http://www.washingtonaviation.com/hazmat> or call (202) 628-6777.

**The FAA has proposed a rule that would increase the training frequency for repair stations to annual recurrent training. The final version of the rule is expected to be published later this year (so expect it by 2006).

Quick Takes

ASA is still working with the FAA to try to develop a solution to the problems associated with export airworthiness approval of class III parts. The FAA has recently pledged that they *will* create a long-term solution in the long-awaited revisions to Part 21 (currently scheduled to be published as a Notice of Proposed Rulemaking in 2006).

The Part 21 final rule is still years away, but the FAA has also committed to developing a short-term solution. The Association has been working with the FAA and with others in the industry to develop a temporary solution to **the export 8130-3 issue** through a petition for exemption. For details on the petition, see page 13!

In a related issue, some DARs have been losing their ability to issue domestic 8130-3 tags for aircraft parts because of change in the language of Function Code 23 that arose when the function codes were moved from FAA AC 183-35 to FAA Order 8100.8. FAA insiders have admitted that this change was unintentional and is likely to have been a typographical problem. FAA Manager Frank Paskiewicz has already taken steps to try to remedy the situation.

The FAA is continuing to work toward a regulation that would apply to false and misleading statements in commercial documents associated with aircraft parts. After being returned to the FAA, the draft rule has been sent to the Office of the Secretary for a second time. If approved at this level, it will make a stop at the Office of Management and Budget before being published in the Federal Register as a Final Rule.



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Eagle Industries International Inc. was founded in March of 1993 by Frank Galizia and Thomas J. Mahalik. Both had worked for various aviation/manufacturing firms in the past. The two got together and formed Eagle in an effort to develop a company that not only offers the finest aviation components available, but to also offer their customers a level of trust, faith, and confidence so important in today's aviation marketplace.

Frank's background is in the finance area with 15 years experience in the aftermarket support segment of the industry. Tom has worked for several bearing manufacturers, including Fafnir and Barden in engineering and management positions before entering the aviation aftermarket. He has been in the aviation parts business for 30 years.

Eagle supplies expendable type components and kits used in an aircraft's hydraulic/pneumatic systems. These components consist of such items as bearings, fasteners, seals, switches/relays, connectors, pulleys and lamps. Eagle also supports a varied line of products. It is best known for its support and supply of bearing for all types of aircraft.

Having a diversified business plan has helped the company's stability by not only supporting the aviation market but by tapping into other markets as well. For example, Eagle supports commercial, corporate, private and military aircraft. However, the company's ability to offer engineering and design help has opened doors to other bearing applications such as marine and ground based vehicle support.

The company looks forward to the challenges of the future. Being able to adapt to changing market trends and product mixes is certainly part of this. Management also feels a major key to success is close relationships to its customers and working closely with them to accommodate their needs. Eagle is able to do this in the way of engineering support, inventory stocking programs and unique financial plans for its customers.

Personnel trained in the latest product approvals and FAA related specifications make eagle personnel some of the best in the business. When asked why is being a member of ASA so important, Tom replied, "Eagle has been a member of ASA since its inception and believes the programs and seminars offered are extremely important and helpful. The company has integrated ASA seminars as part of its training program for everyone in the company."

Eagle looks forward to a long healthy future, based on its strong financial foundation, experienced and dedicated people and a desire to be considered among the highest quality companies in the world. Eagle invites you to call and join the Eagle experience.

Eagle Industries has been a member of ASA since 1995 and is accredited to FAA 00-56-A through the ASA-100 Quality Systems Standard.

JV Turbine Support

ASA is pleased announce its newest international member, JV Turbine Support of Serbia. On February 25, 2005, JV Turbine Support held an opening ceremony to commemorate its establishment as the first engine management and aviation parts supply company in Serbia. JV Turbine Support offers a complete circle of services (from design to aftermarket support) and can provide them at competitive prices.

JV Turbine Support has established affiliations with the "UTVA Aircraft Industry" of Pancevo, Serbia; Orao, Bijeljina, Bosnia and Hercegovina - Engine Manufacturer/MRO; and, Prva Petoletka Namenska, Trstenik, Serbia - Landing Gear & Hydraulic Actuators manufacturer. JV Turbine Support also represents Mar Air who is the first Independent Slovenian Airline.

In addition to its established relationships with Eastern European companies, JV Turbine has signed a bilateral Agency Agreement and has become partners with the APS Romania. JV Turbine is also delighted to be working with several US companies in establishing future business partnerships.

While at the MRO Convention held in Dallas, TX last month, JV Turbine Support's President, Mr. Vladica Lovic introduced himself to ASA's President, Michele Dickstein and ASA's General Counsel, Jason Dickstein. Mr. Lovic is very excited about the business opportunities here in the United States and feels that his affiliation with ASA can only broaden his exposure in the marketplace. With the US being the largest aircraft parts market, Vladica feels he can support the needs of US companies by being able to purchase parts from US companies.

Vladica was proud to add, "More than above mentioned business related events, we consider as the greatest fortune we earned so far, our three new friendships worldwide: Denmark, Romania and USA. He also commented, "As ASA's first member in Serbia, we look forward to bring back to Serbia its long standing commitment to aviation excellence."



Pictured from left to right: Jason Dickstein, ASA, Michele Dickstein, ASA and Vladica Lovic, JV Turbine Support. Photo taken at ASA booth at the MRO Convention, April 19, 2005.

Benefits of the ASA Petition

ASA has filed a petition for exemption related to export 8130-3 tags. If granted, this Petition would do two things.

- First, it would extend the FAA's current policies concerning the issuance of airworthiness approval tags (8130-3 tags) by permitting non-manufacturer exporters to apply for an airworthiness approval tag for a demonstrably airworthy class III product.
- Second, it would lay a foundation for issuing such tags by permitting properly qualified Airworthiness Designees to issue export airworthiness approval tags for class III parts in accordance with FAA standards.

DAR Benefit

The petition for exemption carefully explains the importance of supporting guidance as a tool to implement this exemption. It asks the FAA to issue guidance to override the current policy-level impediments that prevent the FAA from delegating to DARs the privilege of issuing export airworthiness approval for class III parts held by non-production approval holders (production approval holders already had the privilege).

Distributor Benefit

The benefit of this rule to distributors is straightforward. By permitting them to apply for export airworthiness approval tags for demonstrably airworthy parts, this exemption would permit U.S. exporters to meet the obligations that the United States undertook when it signed each of the bilateral agreement implementation procedures for airworthiness (IPAs) that calls for the United States to issue such documentation as a condition of the importing nation's acceptance of the U.S. determination of airworthiness. This can mean the difference between making a sale to a non-U.S. buyer and not making the sale!

Public Benefit

The ASA petition provides both commercial and safety benefits to the public.

Documentation of airworthiness, through 8130-3 tags for demonstrably airworthy parts, serves to enhance aviation safety by providing a mechanism to record, and to subsequently audit, component airworthiness findings. It also enhances safety efficiencies in the marketplace because a prior finding of airworthiness by a DAR (as documented on the 8130-3 tag) may serve as a tool in a subsequent airworthiness finding by an installer (supporting the installer's legal obligations under 14 C.F.R. § 43.13).

It is important to note that the ASA petition does not change the standards for applying for airworthiness approvals – an applicant must still show that the part in question is airworthy in order for the tag to be issued – the major change in the equation is that distributors will now have an

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opportunity to apply for export 8130-3 tags for class III parts.

The FAA has gone to great lengths to harmonize the 8130-3 tag with its foreign counterparts – particularly the TC 24-0078 and the JAA Form One (predecessor to the EASA Form One). This has led to greater uniformity of documentation throughout the global market, and an increased reliance on the 8130-3 tag and the comparable European and Canadian tags. The benefits of uniformity and standardization in the aviation industry have long been extolled. Just a few of the obvious benefits in this situation include the fact that documentation uniformity aids in human factors by decreasing the amount of training necessary to identify and analyze airworthiness documentation. This allows receiving inspectors to specialize in these forms, making them better able to detect flawed or fraudulent documentation. It also makes them better able to appropriately characterize parts based on their documentation – for example, easily distinguishing overhauled parts from inspected parts (based on the terms found in block 12 of the form). Thus, uniform documentation for class III parts supports the human factors associated with receiving in sections for these parts, and leads to improved safety and efficiency.

Ultimately, increasing the pool of eligible applicants for export airworthiness documentation also leads to increased competition in the United States and better economic efficiencies in the global aviation marketplace. US distributors would be able to compete with manufacturers and non-U.S. distributors for international transactions if the FAA would permit them to apply for export airworthiness approval documentation. In addition to the exporters who are directly benefited, the improved competitive environment benefits operators as well as the flying public - through the expanded options for supply sources, operators will be better able to control their maintenance costs and be in a position to pass those savings on to the flying public. The aviation industry will benefit overall from more effective competition in the parts aftermarket, and the U.S. industry in particular is strengthened by the facilitation of international sales of U.S. aviation products.



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Back issues of the Update Report are now on-line! Missing a prior issue? Issues of the Update Report are being added to the ASA web site about one month after they are published. Complete sets of volumes six through 12 are now on-line!

2005 CALENDAR OF EVENTS!

** = Look for Jason or Michele on the speaking program or on the Trade Floor. For additional information click on the link below*

- May 11-12 ***Airline Purchasing Expo 2005**, London, UK. <http://www.aviationindustryexhibitions.com>
- May 16-17 ***Association of Asian Pacific Airlines (AAPA) Conference**, Bangkok, Thailand.
<http://www.aapa.org.my>
- May 16-19 ***RAA Annual Conference**, Cincinnati, OH. <http://www.raa.org>.
- June 25-28 ***ASA Annual Conference**, Boca Raton Resort & Club, Boca Raton, FL. See
<http://www.aviationsuppliers.org> for details.
- June 29-30 *Hazmat Training, Miami, Florida. <http://www.washingtonaviation.com/hazmat>
- August 20-23 ***2005 ACPC**, San Diego, CA. <http://www.acpc.com>
- September 15-16 *Hazmat Training, Dallas, TX. <http://www.washingtonaviation.com/hazmat>
- October 11-12 *Hazmat Training, Reno, NV. <http://www.washingtonaviation.com/hazmat>
- October 18-20 ***MRO Europe**, Berlin, Germany. <http://www.aviationnow.com>

www.aviationsuppliers.org
Fax: (202) 347-6894
Tel: (202) 347-6899
Washington DC 20005
734 15th Street, NW, Suite 620

