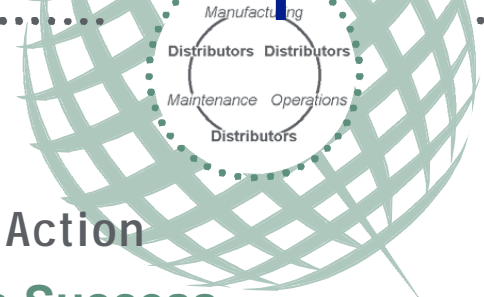


The UPDATE Report



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Your Association In Action 2005 Conference a Success

ASA's 2005 Annual Conference represented another successful business conference for the Association. Our attendance numbers were up, which is always a sign that the aviation economy is improving.

On pages 54 - 67 of this double issue, you will find descriptions of several of the major presentations. There was so much meat to this year's conference that the remainder of the conference proceedings will be found in the next issue!!

For those of you who attended this year's Annual Conference, these descriptions may trigger your memory of some of the key points addressed by the speakers. There was a lot of good information exchanged - we hope that you can take maximum advantage of it, but we also recognize how tough it can be to remember everything that you heard at the Conference. Read through these summations and if your memory is jogged, please be sure to review the entire presentation in your Conference notebook.

These summations will also let you see what you missed if you were unable to attend a session or workshop.

For those of you who were unable to attend, hopefully this will give you a flavor of the material that you missed, and provide you with at least little guidance on some of the issues that your competitors are now racing to address. As always, a copy of the conference materials is available for \$75. Just contact ASA for your copy!

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UPDATE REPORT

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

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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.

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Board Election Ballot - Be sure to complete your ASA Board of Director's Election Ballot which was sent earlier this week. If you haven't received your ballot please send an e-mail to jeanne@aviationsuppliers.org. Four seats on the ASA Board of Directors are available for election. Completed ballots are due no later than 4:00 pm EDT on August 31st. Please vote!

Training - Make sure you check out our training schedules! We are currently planning to hold regulatory training throughout the country between October and December. That is one of the best ways to keep current on the details of what is happening to the laws and regulations that affect you. It is a also a wonderful opportunity for your employees to ask ASA questions about regulatory and policy issues. We look forward to seeing many of you at these workshops.

And don't forget about hazmat training. If your shipping and receiving personnel have not been hazmat-trained within the last three years (or if their three year training anniversary is fast approaching) then you should get them to our hazmat training classes in Reno or Dallas (see page 53 for dates and details).

Since our June hazmat class in Miami, we have received a number of calls from members who would be interested in attending another hazmat class training class in South Florida. If you would be interested in having us hold another hazmat class in South Florida this year, please contact the Association - if we get enough people interested in such a class then we will schedule another Florida hazmat class for the Fall.

Best regards,

Michele Dickstein

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Western Aero Services - The Go-To People for Hard-to-Find Parts

As the son of a Frontier Airlines pilot, Scott Balfanz grew up around airplanes. One of Scott's first jobs was working on the ramp for Frontier. Working there offered Scott various opportunities, eventually working within the leasing division. During the turbulent 80's in the airline industry, dealing with bankruptcies and cut backs, Scott held positions at Frontier, Frontier Horizon, Continental, and finally at a local Denver travel club, Ports of Call. Says Scott, "All of these airlines failed. I was starting to wonder ..."

After Ports of Call ceased operations, Scott was enlisted by the new owner to facilitate the transfer of assets. "We had parts all over the world and at every repair station in the country. I made a lot of contacts. I was very fortunate. The manager of operations suggested I open up my own business and they would be my first customer. With no job prospect and having worked for four failed airlines, I decided to give it a go."

A one-man operation has turned into a thriving business of more than 20 employees and one of the largest inventories of B707/KC-135 spares. While their niche is the military market, they also support a variety of classic and legacy aircraft. Western Aero now has an FAA-approved airframe repair facility on-site, Western Aero Repair. The repair facility has capabilities to repair and overhaul airframe components for the B707, B737 and B747 aircraft.

Maintaining a high level of service is not without challenges. Scott reports, "I suppose the challenges facing distributors (if you look at it from an economic standpoint) would be to come up with the right recipe to balance growth. As more demands are placed on the distributor by the customer, our job will be to keep costs under control, while at the same time, meeting those demands."

Scott also feels keeping pace with new customer requirements puts additional strains on small companies and their employees. "As we take on additional work loads, our success or failure will be determined by the employees and the tools we put in their hands to solidify the partnership with our customer. The changes in how we go about our business will be

Continued on Page 58

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determined by the customer.” Western Aero’s bottom line is this—keep the customer happy and they’ll become your best salesman.

How does Western Aero keep their customers happy? First and foremost is a knowledgeable staff. “Most of our employees are the casualties of deregulation. They’re either ex-commercial or ex-military. We’ve been on both sides of the desk. We understand what our customers require.”

In addition to their work experience, Scott attributes his co-workers expertise to the training and information received from ASA. Scott commented, “Not only are the one-day, continuing education workshops and attendance at ASA’s annual conference a must for Western Aero’s employees, The Update Report is by far the best source of information for aircraft parts distribution, bar-none.”



The team of Western Aero Services are what makes the company strong - Photo courtesy of Western Aero Services.

In the past fifteen years, they have established a solid, favorable rapport with some of the largest military contractors in the country. They are a gold supplier to Boeing and a platinum supplier to Northrop Grumman. Western Aero is a FAA AC 00-56A Accredited Company through the ASA-100 Quality Systems standard and has been a member of ASA since 1993.



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ASA 2005 REGULATORY WORKSHOPS

Aviation Suppliers Association

THE INTELLIGENCE RESOURCE SERVING THE AVIATION PARTS SUPPLIER COMMUNITY

DATES AND LOCATIONS

Nov. 8	Los Angeles, CA	Embassy Suites Hotel Arcadia, CA
Nov. 10	Seattle, WA	Marriott Courtyard Southcenter, Tukwila, WA
Nov. 15	Chicago, IL	Hosted by AirLiance Materials LLC, Franklin Park, IL
Nov. 17	Dallas/Ft. Worth, TX	Marriott Courtyard DFW Airport North, Irving, TX
Dec. 6	Newark, NJ	Four Points Sheraton, Newark, NJ
Dec. 7	Miami/Ft. Lauderdale	Hilton Garden Inn, Miramar, FL
TBA	European Workshop	

Keep checking our website at: www.aviationsuppliers.org
for complete details on dates, locations, fees and registration.

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- Introduction to the Regulations
- Changes in Laws and Regulations
- Protecting Your Commercial Transactions
- Documentation
- Traceability
- Approved/Unapproved Parts
- Export Issues

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Air Carrier Technologies Affect Distribution

Tracer's Roy Resto, an ASA Board Member, is a crowd favorite at the ASA Annual Conference – known equally well for his golf-ball prizes for correctly answered questions and for his extremely useful presentations on how the air carrier world operates (and how ASA members can use this information to improve their bottom line). This year, Resto told conference attendees during the



Roy Resto: airline operations expert. Photo by Rinus Lammers.

public sessions how airlines are using emerging technologies to facilitate their business (and maintenance) practices.

Many airlines report that a large amount of their maintenance is unscheduled. Resto suggested using Predictive Maintenance (PM) programs as an effective tool for tackling the unscheduled maintenance market. PM programs can offer, on a small scale, early warning signs of deteriorating equipment in relation to specific engine serial or tail numbers. On a larger scale, these programs can provide a more accurate prediction for future maintenance needs. With a PM, maintenance planners can plan and position spare parts, distribute maintenance technicians, and ration tools and test equipment with greater accuracy and efficiency.

Boeing and Airbus are both releasing new PM systems that are expected to benefit their respective customers.

Boeing's Airplane Health Monitoring (AHM) system detects and relays aircraft problems during flight to the ground where the problems are analyzed for severity, parts availability, and scheduling. It is expected that AHM will offer a 15% reduction in schedule interruptions and a 10% or greater average reduction of No Fault Found (NFF) actions.

Airbus is introducing the AIRMAN, AIRcraft Maintenance ANalysis which will work with the Aircraft Condition Monitoring System (ACMS) to download Fault Monitoring and Diagnostics data to the ground stations, where it will be analyzed for severity, parts availability, and scheduling. AIRMAN is predicted to reduce costs by \$4/hour and provide a 10-minute decrease in maintenance actions.

Another emerging technology that will aid with non-routine maintenance is wireless technology and software. Managing non-routine writeups is one of the most burdensome tasks of heavy maintenance; currently writeups must be written, reviewed, distributed, and then entered into the software system for scheduling. Wireless technology, along with ERP software, cuts out the

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paperwork and replaces it with a near real time entry and viewing of the writeups. Additionally, wireless technology may also start being used to access maintenance manuals, part inventories, an airline's maintenance data system, blueprints, schematics, and charts.

A new technology known as Radio Frequency Identification (RFID) is being introduced in the aviation industry for the purpose of better tracing part location, history, configuration, and inventories. RFID is a small silicon chip that could be placed in the bar code label of a part and be used to store information such as the date of manufacture, P/N's, serial numbers, hours in service, and repairs and modifications. The information stored in the chips can be changed and can reduce human paperwork errors and increase traceability and the ease in which inventory is managed. Boeing and Airbus have both begun testing this technology and the FAA's acceptance of it is expected soon. Meanwhile, some ASA members have already started using RFID in their internal systems to track bins containing parts identified to certain orders.

The final technology issue Resto described was Integrated Materials Management (IMM), a Boeing program designed to manage and integrate the supply chain by improving spare parts delivery while reducing operational costs. IMM is not a piece of technology itself; IMM is a program that involves keeping parts off-site from the airline - allowing the airlines to have a reduced inventory - while at the same time using effective management to provide ready access to parts and a better parts service level for the Boeing customers. This program is in its early implementation phase at Boeing.

Air Carrier Contract Maintenance

Marshall Filler of the Aeronautical Repair Station Association (ARSA) spoke during the general session about the realities and the benefits of maintenance contracting.

Filler explained that contracting is pervasive in many sectors of the aviation industry, including training, manufacturing, and writing FAA rules and guidance, just as it is in nearly every other industry across the globe. In terms of aviation maintenance, an airline can choose to contract to other air carriers, to independent maintenance providers, to joint ventures, to non-certificated entities, and even to manufacturers' repair stations to complete projects.

The fact is that outside contractors are often more efficient at performing certain tasks than airlines because they are able to



Marshall Filler of the Aeronautical Repair Station Association. Photo by William Tipton.

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specialize. Although some airlines may be hesitant to look to outside contractors for help, recent economic issues make it more and more unfeasible to complete every job within the company. From 2001-2004, the airline industry suffered about \$30 billion in losses. The price of fuel is rising, many businesses are undergoing bankruptcy or consolidation, labor negotiations and payment plans are difficult to negotiate, and the “legacy” model of the airline business is no longer as competitive as some of the newer business models.

Airlines often look to contract to a maintenance facility that is known for being safe, reliable, and efficient, and they hope to enjoy lower costs and a better value for the work. Filler explained that anecdotal evidence may make one question the safety of contracted maintenance in comparison to in-house maintenance, but a look at the actual statistics shows that no one has a monopoly on safety – in fact, safety issues are just as likely within the company as they are outside of it, and the increasing emphasis on quality systems suggests that contracted maintenance means increased safety when it multiplies the amount of oversight.

Filler reminded the audience that one of the other challenges that repair stations must face in their efforts to receive contracted work is the plan of organized labor of airlines and air carriers to campaign through the media and through legislation against outside contracting. Filler presented ARSA’s Contracting Philosophy for maintenance facilities. ARSA recommends that your agreement cover all the important regulatory issues, including the technical, the administrative, and everywhere in between. Also, in order to maintain a strong relationship, you should ensure that General Term Agreements, purchase orders, customized GMM/other technical information, supplemental letters, and maintenance records are all a part of the communication between the maintenance facility and the airline. In terms of regulatory issues, both parties should be aware of parts substitution, differing methods of repair, use of locally manufactured tools, and approval of the data by both the customer and the regulator. The training and calibration programs, recordkeeping, drug and alcohol testing, and the use of subcontractors can also be regulatory issues.

The audits that a repair station undergoes as a contracted maintenance facility can highlight potential regulatory and other issues that need to be addressed so that the repair station can provide the best contracting possible. Repair stations should especially also concentrate on applying the air carrier’s General Maintenance Manual, which is written for in-house maintenance, to contracted maintenance providers (sometimes requiring more business flexibility than you might have imagined).

Finally, Filler highlighted ARSA’s summary: in contracting, it is important for the airline to conduct internal evaluation, assess repair station procedures, exchange reliability/performance data, and audit the relationship. Overall, if proper attention is paid to regulating and maintaining contracting relationships, the recent trend towards contracting will prove to be a positive one for air carriers and maintenance facilities alike.

Parts Wars: The Saga Begins with OIG

One of the biggest events of the summer borrowed some of its titles from one of the other huge events of the summer when some of the ASA workshops were titled “Parts Wars.”

Harry Schaefer, from the Office of Inspector General of the Department of Transportation gave a workshop on OIG cases in the aviation industry entitled “Parts Wars: Taking the Fifth.” He began by reviewing SUPs statistics, highlighting repair stations as both the leading reporters of SUPs and as the leading type of company investigated for SUPs. As of May 18, there have been 154 SUPs cases this year; and . So far, for 2005, there have been 155,066 unapproved parts identified to closed cases and currently 53% of open aviation safety investigations are SUPs related.

Some of the current trends that Schaefer identified as affecting aviation safety were convicted felons getting back into the aviation business, illegal aliens operating in FAA-regulated functions bearing fraudulent/false FAA certificates, persons operating without appropriate certification – including persons operating for hire without appropriate 135 certificates. He also cited industry failure to report SUPs and criminal activities as a concern.

Schaefer also spoke about the OIG’s recommendations for protecting your business from employees that could potentially cause legal violations. You should make sure that your company has a policy on verifying employees’ identities, meets your I-9 requirements for documentation, and carefully examines presented documentation, reporting any discrepancies. To ensure your employees’ FAA certificates are valid and to find out what type and date they have, you can call the FAA Airman’s Certification Branch at 1-866-878-2498. You can call the Social Security Administration at 1-800-772-6270 to confirm social security numbers. To verify immigration status, you can call your local Immigration and Customs Enforcement Office (but good luck in getting through to a human being). For driver’s licenses contact your local DMV and for CDLs get in touch with your local office of the Federal Motor Carrier Safety Administration.

Schaefer also told attendees about the OIG’s website, which contains information about recent aviation investigations. You can check this site to find out about violations that you should avoid making within your company, and to become aware of potential and current business associations that are being or have been investigated. The OIG’s website is <http://www.oig.dot.gov>.



Harry Schaefer of the Office of the DOT Inspector General. Photo by Rinus Lammers.

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Parts Wars: The FAA Provides ‘A New Hope’

The saga continued when Al Michaels presented the “Parts Wars: A New Hope” workshop.

Michaels began his workshop by discussing the AVS Flight Plan, which is expected to result in increased safety, greater capacity for airports and airspace, improved international leadership, and improved organization within the FAA. But how will the FAA reach these lofty goals? Some highlights of the plan are:

- Reduced accidents through improved air traffic safety,
- Domestic Reduced Vertical Separation Minimums,
- A partnership with the European Aviation Safety Agency,
- Better cost control, and
- Enriched customer satisfaction.

Michaels also noted some Maintenance Division (AFS-300) staffing changes. Rick Domingo is now the Deputy Division Manager, AFS-301. There are several new branch managers (they each manage one branch of the Maintenance Division and report to the Division Manager): Ed Oritz is heading the Air Carrier Branch, AFS-330; Dan Bachelder is managing the General Aviation and Repair Station Branch, AFS-340; and Ferrin Moore is in charge of the Airman and Avionics Branch, AFS-350.

Michaels also discussed some specific initiatives from the maintenance division.



National Resource Specialist Al Michaels enjoys helping people understand the FAA regulations. Photo by William Tipton.

The recent revisions to the Part 145 Repair Station Rules left out certain matters that were originally in the notice of proposed rulemaking. Repair station items that are currently being worked include changing the rules concerning personnel and concerning quality assurance systems; the FAA is also engaged in additional scrutiny of surveillance of non-certificated maintenance providers. The Part 145 Proposed NPRM is expected to establish six ratings for repair stations - aircraft, engine, propeller, avionics, component, and specialized service- (note the change from radio and instruments). It also is expected to propose expanding quality system elements to include internal audits, root cause analysis, corrective action and follow-up, and management review.

One change that made it into the final rule but is still awaiting implementation is the new rule on repair station training. Implementation of the repair station training rule

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has been delayed until April 6, 2006 so that repair stations can make use of the FAA compliance tools to assure that their systems meet expectations. The training Advisory Circular and the training Handbook Bulletins (to guide the FAA's own personnel) were both released in June. The repair station training rule will cover initial, recurrent, technical, specialized, and remedial training as well as maintenance human factors.

The FAA is examining training courses in the Airman and Avionics Branch, including updating outdated training curriculum for Part 147 schools and modifying FAA Inspector Indoctrination Courses at the FAA Academy. In the Air Carrier Maintenance Branch, the Cargo Advisory Circular has been proffered to the Administrator for signature, a new CASS training course has been introduced, the outsourcing of 8300.10 chapters is being updated, and the Part 145 Surveillance Program is in place.

Fourteen of the original 15 FAA assessments of EU Member NAAs have been re-assessed and 10 new member countries will be assessed. FAA and EASA are formulating modifications to current MIP agreements and are focusing on reducing the differences between EASA 145 and FAR 145.

FAR Part 3, the False and Misleading Final Rule, is currently at the Office of Management and Budget for review and is expected to be published in the Federal Register before the end of this year.

AFS-50 has developed a Personnel Licensing Course and an Approved Training Organization Course and is in the process of developing an Aviation Safety Inspector Surveillance Course.

Unmanned Aerial Vehicles (UAVs) pose some serious conceptual problems for the FAA. How do handle the possible integration of UAVs into the same airspace as civil aircraft? The UAV initiative is currently facing challenges such as regulatory language, integration into the national airspace system, maintaining proper levels of safety, developing airworthiness standards, and regulatory language.

One of the projects near and dear to the heart of Flight Standards is an initiative for working on the FAA Safety Program: including making available online resources at <http://www.faasafety.gov> which would include resources for mechanics and the Safety Program Airman Notification System (SPANS). Another large Flight Standards project consuming Mr. Michaels time is developing solutions to address the helicopter air ambulance safety issues. The goals of this project are to work within existing regulations, to consult the FAA, NTSB, trade associations, and helicopter operator public meetings, to investigate causal factors of accidents, and to make safety recommendations. Some of the recommended changes that have already been received are improving interior requirements, emphasizing use of radar altimeters, and use of the Terrain Awareness Warning System (TAWS) and Enhanced Night Vision Goggles (NVGs).

Michaels also reviewed the PMA Order revision. Essentially, the PMA Order, FAA Order No. 8110.42, has been edited to remove errors, reduce paragraphs, add guidance, and be converted into plain language. Under the new guidance, the "Project Specific Certification Plan" will now serve as a timeline contract between both the FAA and the applicant. The PMA Order (or other guidance) also may be undergoing future changes including the following: altering the modification part

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definition to include using PMA for minor repairs and alterations, adjustments to Part 21 rules, using state OEMs or supplements as instructions for continued airworthiness, and change of PMA templates.

ASA Members will be interested to know that Revision E of FAA Order 8130.21 will involve changing the sectioning to chapters and permitting the electronic transfer of the 8130-3 tag among industry parties (in a manner that preserves the integrity of the part). The ATA Electronic Documentation Task Force was created to create an industry specification to allow for the electronic trade of regulatory documentation for aircraft products and parts. The guidelines for this project are to maintain a data-centric approach, to comply with FAA Order 8130.21, and to leverage existing technologies, standards, and best practices. The goal is to provide industry standard electronic format, content, and structure for FAA Form 8130-3, EASA Form 1, JAA Form One, TCCA Form 24-0078, CASA Form 917, and the Certificate of Conformance. For all businesses, a new e-Form will be issued for each transfer/RTS (distributors will issue an electronic form that is the philosophical equivalent of a C of C). Under the new paradigm, separate e-Forms will be issued for each serialized part (there is no need to amalgamate them on one form, as with paper forms, because the digital records take up so little room). All unadulterated e-Forms will be considered originals and any paper copies of e-Forms will be considered copies. Some of the expected benefits of this system are reduced errors, reduced costs to keep records, reduced lost/mis-directed originals, removal of damaged originals, verifiability of originals, and increased reliability, consistency, and speed of the data.

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 hamat training rules.

September 15-16 Hilton Garden Inn DFW Airport South, Dallas, TX
October 11-12 Reno Hilton. Reno, NV

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 scheduled to be published later this year.

Parts Wars: Revenge of the Myth

Jason Dickstein of ASA continued the Parts Wars theme with his two presentations.

The first of these, entitled “Parts Wars: Revenge of the Myth,” took place during the general session and provided attendees with the truth behind five major myths in the aviation industry. The first of these myths was that the U.S. and Europe have synchronized their aviation standards to allow for easy transactions. In reality, the European Aviation Safety Agency (EASA) is developing a new regulatory system. In this system, many regulations correspond with JAA/FAA/TC standards but many of those that may affect your business are not synchronized. EASA expects to be fully operational by 2006 and will govern nations that are a part of the EC. The EASA 145 will govern all maintenance operations of those under EC authority, with maintenance only being allowed under 145 certificates. The JAR 145 acceptances issued prior to and still in effect on November 20, 2003 are considered to be issued under EASA 145. JAA Form 1 Tags, if signed before November 20, 2004, are considered grandfathered and will be treated as if they were EASA Form 1 Tags. Current bilateral agreements will stay as is and be managed by EASA; eventually EASA hopes to develop a replacement BASA with the U.S. on behalf of the EC. Export 8130-3 tags should stay legally acceptable in Europe according to existing bilaterals and the “or equivalent” clause of EASA 145; however, in some cases domestic 8130-3s may not qualify as equivalent. It is important to stay on top of changes in European regulations in doing business with Europe because they are complicated and changing rapidly.

The second myth is that unlike European regulations for documentation, U.S. policies for the 8130-3 tag are unchanging and permanent. Actually, the 8130-3 is in a state of flux; for example, until

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Nancy Jacobus, ASA Quality Assurance Committee Chairman Mark Jacobus and ASA’s Jason Dickstein.
Photo by William Tipton.

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May 12, 2005, domestic 8130-3 tags were required to read “for domestic shipments only.” This requirement was removed by a May 12 FAA memo. Also, the Electronic Documentation Task Force (EDTF) is working to develop a way to electronically transmit airworthiness data (See the discussion of Al Michaels’ presentation for more on this). Additionally, ASA has been trying to make export 8130-3s obtainable for its members for class III parts. The FAA has been working with ASA to make this a reality through a Petition for Exemption that would apply to ASA members; recently, ASA worked with its members to develop a table of data that responds to FAA queries about who would directly benefit from such a Petition.

The third myth Dickstein presented was that hazardous materials regulations are no longer a concern for the government since they eliminated the Research and Special Programs Administration (RSPA). In fact, RSPA has been replaced with the Pipeline and Hazardous Materials Safety Agency (PHMSA). PHMSA has a more narrow mission than RSPA, so they can better focus on their core substantive issues. Fines for hazmat violations are increasing and there is a proposed FAA regulation that would increase the three year recurrent training requirement to an annual recurrent training requirement for many in the industry. In response to these concerns, ASA continues to offer hazmat training for the industry. ASA is offering two hazmat training sessions this fall; see ASA’s website for more information.

Myth number four is that you are allowed to copy any document that you desire. In fact, aviation businesses are currently acting to protect their intellectual property rights. The important intellectual property rights that are most likely to affect a distributor’s business are trademarks, trade secrets, and copyrights; be sure to be aware of the rules in these areas and make sure that your business is not violating them.

The final myth is that there aren’t any upcoming changes that could affect your business. A final rule for FAR 3 dealing with false and misleading statements, establishing a low criterion for violations and allowing warrantless searches, should be published this year. The Organization Designation Authorization (ODA), which allows delegated authority for non-certificate holders, is another upcoming project. Also, the NPRM for Part 21 will be put out in 2006; it will unify quality rules for PAHs, create a single form for all 8130-3s, and require all PAHs to issue 8130-3s with new parts.

Finally, Dickstein presented ASA’s focus for the coming year, which includes export compliance, ATFE licensing rule compliance, documentation, integration with European and Asian aviation systems. ASA’s government affairs program strives to remain dynamic and responsive to the needs of the members, so please do not hesitate to contact us about the things that YOU deem important!

Parts Wars: The Global Marketplace

Dickstein’s second presentation was a workshop on “Parts Wars: Making it a GLOBAL Marketplace,” discussing export laws and compliance with them.

He began by distinguishing between the FAA’s definition of an export and the standard definition. The standard definition is the transmission of items out of the U.S. whereas the FAA’s definition is that an

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item is exported when it is transferred to the aviation safety jurisdiction of a foreign nation. This means that export airworthiness approval may not be necessary in circumstances where the component in question will be installed on a US-registered aircraft (even if the installation is performed outside the United States' borders). It also means that circumstances where the FAA does not treat a transaction as an export may nonetheless be treated as an export by other agencies (and vice versa) so it is important to understand what is regulated!

The term "transmission" regarding an export can include items going to another country for repair, as a loan, or to a U.S. subsidiary in a foreign country. It can also include items that are shipped from the U.S. to the country of origin and delivery of technology to a foreign national in the U.S. An "item" in the export definition can include commodities, software, and technology, including aircraft parts, blue prints, and design plans.

Violations of export regulations can include \$10,000/violation for civil penalties, up to \$1,000,000 and 10 years in prison for criminal penalties, license removal, and denial of export privileges. This is another reason to pay careful attention to export laws!

After giving several examples of export penalty cases, Dickstein outlined six important steps to follow if you're analyzing an import from the U.S. for re-export. The first step is to see if your customer is a "forbidden" person or entity and to see if your country of destination is a forbidden country by checking various lists (URLs for the lists are available in the printed copies of the presentation).

Second, you should look for "red flags," which have been established by the Bureau of Industrial Security (BIS) as circumstances that cause reasonable suspicion that a business deal with an entity may violate export administration regulations (EAR). Dickstein went on to provide multiple examples of circumstance that would be defined as red flags and advised that you investigate red flags fully; if they appear to reflect a violation, either end the transaction or contact your regional BIS office before engaging in the transaction.

The third step is to check the pertinent regulations. The government agencies that have enforcement jurisdiction over aspects of exports include: the Department of Commerce, the Department of State, the Treasury Department, the Nuclear Regulatory Commission, the Department of Energy, the Patent and Trademark Office, and the FAA.

Next, you should make sure that you and your U.S. business partners have the necessary licenses, if any, for exporting. The two types of licenses are a BIS license, requirements for which can be found on the BIS website, and a DDTC license, which is necessary for military items.

Fifth, if you find that you do need a license, be sure to check to see whether your transaction might fall under a license exceptions or exemptions set forth by the relevant agency.

The sixth and final step is to be sure to complete fully and properly all appropriate paperwork. Shipper's export declarations (SEDs) must be filled out (Dickstein noted some exceptions to this general rule); SEDs can be completed and filed online at <http://www.aesdirect.gov>. Finally, make sure to retain your shipping documents for at least five years after the transaction.

Accreditation - The Peace Accord For Your Parts Wars

Michele Dickstein, President, Greg Tinti, Program Coordinator of ASA and Kelly Lyon, ASA Auditor presented a workshop on accreditation.

They began their presentation by giving some facts about distribution. They also explained that although distributors are not regulated, distributors' customers are regulated and therefore distributors must pay careful attention to regulation in order to meet the needs of their customers. Accreditation is a tool that can help.

The FAA created Advisory Circular (AC) 00-56A, a voluntary accreditation program by which distributors conform to and are evaluated on the FAA's recommended Quality System Standards by a third party audit. There are 17 requirements set forth in the Advisory Circular to which distributors must conform and if a distributor is accredited, they may be listed in a database of accredited distributors. Some of the benefits are that accreditation can be a marketing tool, a value-added service, provide a better reputation, and improved aviation safety is just good business.

Dickstein Tinti, and Lyon then detailed the six step process for becoming accredited. The first is to review FAA AC 00-56A and ASA-100; next use ASA-100 to perform a self-audit of your company. Third, complete the ASAAP application and forward the application, along with payment, to ASA. After receiving the application and payment, ASA will arrange a date for an audit and fifth, ASA will conduct a physical audit at your place of business. Finally, for accreditation to become effective, you must fax a copy of the accreditation certificate provided to you by ASA after the audit and a database letter to ASA to become listed in the Voluntary Industry Distributor Accreditation Program database.

Lyon elaborated on the audit process. During the audit, the auditor will look at certain parts of your



business for evaluation. The auditor will examine the acquisition of your materials, including the traceability of parts and the identity of suppliers, the training of your personnel, and non-conforming materials and scrapped parts. They will also look at your calibration program, your shelf-life control, your technical data control, your receiving/shipping inspection policies, various sources of material control, certification and release of materials, your facilities, your records, your self-evaluation program, and your quality system and quality manual.

ASA Board Member Mike Molli (SAS Component) greets Northwest Airlines Vice President - Materials Management, Dale Wilkinson (this year's keynote speaker at the conference). Photo by William Tipton.

Dickstein, Tinti and Lyon then told attendees about the multiple benefits of doing business with an

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accredited distributor. Some of these benefits include an acknowledged audit of the distributor's quality system, greater reliability in purchasing parts, streamlined and standardized documentation, and easily monitored distributors listed on ASA's website.

They finished their presentation with an overview of the future of accreditation. The FAA acknowledged in its FY 2004 audit report of AC 00-56A that the program has improved safety and praised ASA's quality system.

ASA has 170 distributors in its ASA-100 program and as of May 2005, ASA has been experiencing the same high growth rate that ASA experienced with the program in 2004.

Bill Cote named 2005 Recipient of the ASA Edward J. Glueckler Award

The Aviation Suppliers Association (ASA) is pleased to announce Mr. Bill Cote, Senior Vice President Corporate Quality, Volvo Aero Services, LP as this year's honored recipient of the Edward J. Glueckler Award. The award was announced and presented to Cote at ASA's Twelfth Annual Conference Banquet Dinner recently held at The Boca Raton Resort & Club in Boca Raton, FL.



Bill Cote humbly accepts the 2005 Edward J. Glueckler Award. Photo by Rinus Lammers.

Bill Cote served on the Board of Directors of Aviation Suppliers Association from 1996 until August 2004. Bill has forty years of experience in the aviation industry, the last twelve years with Volvo Aero Services, LP as Senior Vice President of Corporate Quality.

"Bill has been a tireless supporter of ASA and has helped promote quality and business ethics practices through out the industry," said ASA's President Michele Dickstein. "Bill is a consummate professional and through his business contacts he has assisted ASA in promoting business development for distributors worldwide."

ASA extends its sincere best wishes to Bill Cote and its heartfelt appreciation for all he has done for ASA and the aviation industry.

The Edward J. Glueckler Award is named for ASA's first president and is presented annually in recognition of outstanding commitment, dedication and contribution to the Aviation Suppliers Association and to the aviation industry. Nominees are submitted and are reviewed by the ASA Board of Directors.

ISSUES OF THE UPDATE REPORT ARE NOW ONLINE!

Are you reading a borrowed copy of the Update Report? Subscriptions to the Update Report are now FREE to persons in the aviation industry or the government. To receive your free subscription, send your name, title, company, address, phone number, fax number and email address to ASA. Our email address is info@aviationsuppliers.org and our fax number is (202) 347-6894.

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, Michele or Jeanne on the speaking program or on the Trade Floor. For additional information click on the link below*

- 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 10-11*MARPA (PMA) Annual Conference, Phoenix, AZ. <http://www.pmamarpa.org>
- October 11-12*Hazmat Training, Reno, NV. <http://www.washingtonaviation.com/hazmat>
- October 18-20*MRO Europe, Berlin, Germany. <http://www.aviationnow.com>
- November 8*ASA Regulatory Workshop, Arcadia, CA. <http://www.aviationsuppliers.org/training>
- November 10*ASA Regulatory Workshop, Tukwila, WA. <http://www.aviationsuppliers.org/training>
- November 15*ASA Regulatory Workshop, Franklin Park, IL. <http://www.aviationsuppliers.org/training>
- November 17*ASA Regulatory Workshop, Irving, TX. <http://www.aviationsuppliers.org/training>
- December 6*ASA Regulatory Workshop, Elizabeth, NJ. <http://www.aviationsuppliers.org/training>
- December 7*ASA Regulatory Workshop, Miramar, FL. <http://www.aviationsuppliers.org/training>
- TBA*ASA Regulatory Workshop, Location TBA. <http://www.aviationsuppliers.org/training>

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