



The Update Report

The Aviation Suppliers Association

Volume 11, Issue 9

September 2003

YOUR ASSOCIATION IN ACTION

ASA To Conduct ILS AVP Audits

ASA has teamed up with Inventory Locator Service (ILS), the largest online business-to-business marketplace for aircraft parts, to launch the ILS Accredited Vendor Program. The program will enable ILS subscribers to quickly and easily identify suppliers that provide the highest level of service and quality to their customers. ASA will conduct third-party audits of vendors to ensure that they meet the program's standards.

ASA and ILS have enjoyed a long and successful relationship. ILS is a long-standing ASA member and one of the pioneers in online parts marketing (their original system predates the world wide web). The development of e-marketplaces such as ILSmart.com, took full advantage of the potential of the Internet and revolutionized the way parts suppliers and purchasers came together. Indeed, the rise of e-commerce is one of the most significant factors in the growth of the aftermarket parts industry. As the technology matures, however, parts distributors need to find new ways to enhance their services and keep customers coming back.

ILS is offering the Accredited Vendor Program as a means to provide greater value to its subscribers and listing vendors. Accredited vendors must meet certain criteria concerning the currency and accuracy of their inventory listings on ILS and the promptness of their responses to customers. Customers buy-

ing parts from an ILS Accredited Vendor can look forward to prompt and reliable service. The vendors, in turn, benefit from preferential listing on the ILS web site, which allows them to market their certifications to prospective customers more effectively. Ultimately, the program helps to raise the bar for all parts vendors.

Jim Sdoia, the ILS Vice President of Sales & Service, was instrumental in establishing the new program. He described the origin of the partnership:

"ILS has been a strong supporter of the ASA since the organization was founded. In fact, the majority of ASA members are also ILS customers. ASA members served as a valuable resource for us as we began designing the Accredited Vendor Program.

"With our similar customer and membership base, ILS and the ASA share overlapping goals to promote and reinforce responsible and safe business practices to the benefit of our membership and of the aviation industry. The Accredited Vendor Program was developed with this goal in mind.

"The ASA was a natural choice to assist us with the program audits. We turned to them for assistance primarily because of their high level of expertise in performing

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Congratulations to the following companies:

Cornerstone International Aviation
Chicago, IL
FlightSource, Inc.
Smyrna, DE

For their accreditation, and

Spectrum Aerospace, Inc.
Tempe, AZ
Turbine Support Services, Inc.
Simsbury, CT

For their re-accreditation to the ASA-100 standard in accordance with the FAA's AC 00-56A Voluntary Industry Distributor Accreditation Program.



A Message from ASA's President

December marks the 100th anniversary of the first powered flight. When the Wright Flyer first took flight on December 17, 1903, it paved the way for everything that aviation is today.

For those of you looking for something special to do in honor of this 100th anniversary, you might consider The Wright Memorial Dinner hosted by the Aero Club of Washington, which will take place at the Ronald Reagan National Airport in Washington, DC on December 12, 2003. Details are available online at <http://www.aeroclub.org/events.htm>.

ASA celebrated its own 10th birthday in 2003. The industry is still clawing its way out of the post-9/11 trough in which we all found ourselves, which has muted the celebration but it has also given us an opportunity to reflect on our successes over the years. Despite the industry's economic woes, many of our members have successfully developed strategies that are carrying them (or have already carried them) back to profitability. The economic state of the industry has caused ASA to be extremely cost conscious but we are still committed to providing you with the most benefit for the best value.

One area where you have all clearly seen economic benefit is the ASA Accreditation Program, which has continued to grow even in hard economics times. This trend shows quite clearly the industry's commitment to safety and customer support.

ASA has been working on issues that arise concerning the 8130-3 tag. Many members have experienced problems exporting class III products because of the conflicting language of the Bilateral Aviation Safety Agreements [BASAs]. Recent BASA agreements appear to promise the 8130-3 tag will accompany exports even though exporters are currently not eligible to obtain such a tag. Until recently, US exporters had good luck getting non-US customers to

agree to accept the domestic 8130-3 tag, since its statement of domestic airworthiness is largely acceptable to countries with similar aviation regulation systems, but Change 2 to the FAA Order 8130.21C (issued in June) has hobbled these efforts by requiring the phrase "for domestic shipments only." This new phrase has taken a form that was largely acceptable for exports based on the substance of what it meant, and made it unacceptable based upon language that has no real legal meaning.

We have been working all summer with the FAA to try and come up with a solution that will permit exports to continue without jeopardizing safety in the slightest bit. I hope we can report some progress by next month's issue.

Looking ahead to 2004, ASA has signed a contract with a hotel for our next Annual Conference. We will be at the San Francisco Ritz on June 27-29, 2004. We were able to secure a great room rate for our members so I think you will all be very happy. I can't wait to see you all then.

Best regards,

Michele Dickstein

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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.

The Update Report

For information on special package rates for advertising, contact the Association at (202) 347-6899.

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ASA To Conduct Audits for NEW ILS Program

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industry-wide audits. We recognized that the ASA-100 certification has become an aviation industry standard, and we knew that our customers would benefit from their vast experience."

How the Program Works

Vendors who wish to participate in the ILS Accredited Vendor Program agree to permit ILS to conduct on-site, third-party audits of their facilities and quality systems to ensure that they meet the Accredited Vendor Program's criteria. The criteria include maintaining a system for tracking their inventory, updating their inventory listing on ILS at least weekly, responding to all quotes within the buyer's specified timeframe, shipping customer orders within the buyer's specified timeframe, and ensuring that their inventory listing on ILS is congruent with their physical inventory.

ILS asked ASA to provide auditing services because of ASA's extensive experience in conducting quality system audits. The Association has conducted

hundreds of distributor audits over the past several years through the ASA Accreditation Program (ASAAP). Distributors participating in the ASAAP program are audited to evaluate their compliance with the standards of ASA-100 Quality System Standard as set forth in FAA Advisory Circular (AC) 00-56A, Voluntary Industry Distributor Accreditation Program.

If the audited party is accredited to AC 00-56A, an independent ILS audit may not be required.

The ILS Accredited Vendor Program audits represent a separate audit program for ASA, independent of the ASAAP audits. Although there is a certain amount of overlap in the criteria applied in the two programs, the overall focus and scope differ in some significant respects. Both programs, for example, include criteria concerning how inventory is to be stored and shipped. ASAAP audits, however, are not concerned with obligations to provide updates of inventory listings to

ILS or other services. Similarly, ILS Accredited Vendor Program audits do not evaluate compliance with wider regulatory obligations such as proper shipment of hazardous materials.

ILS Accredited Vendor Audits will typically be completed in one day or less. Additionally, distributors accredited to AC 00-56A will find it much easier to become ILS Accredited Vendors. If the audited party is accredited to AC 00-56A, an independent ILS audit may not be required.

The Future for ASA

The new program offers benefits for both ILS and ASA. ILS will be able to improve the services it offers to its subscribers by helping them to find the most responsive and reliable business partners. ASA will benefit from increased exposure as it conducts audits of ILS vendors who may not yet be ASA-100 certified or ASA members. As more and more distributors recognize the benefits of belonging to an accreditation program, more and more of them will be likely to consider becoming AC 00-56A accredited.

SUSPECTED UNAPPROVED PARTS?

It's Everyone's Business!

To report SUPs, call:

FAA Aviation Safety Hotline - (800) 255-1111

Dept. of Transportation, Inspector General - (800) 424-9071

NASA Office of Inspector General - (800) 424-9183

Dept. of Defense, Inspector General - (800) 424-9098

In Canada, Transport Canada Hotline - (800) 305-2059

Boeing Commercial Airplanes Hotline - (888) 223-PART

Boeing International Hotline - (206) 662-7144



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Dispute Over Privatization Threatens FAA Reauthorization Bill

“Vision 100,” the \$59 billion bill that will provide funding and establish priorities for the FAA for the next four years, has become the focus of an intense debate that could delay the bill’s enactment. At issue is a provision that would allow the FAA to staff an additional 69 VFR control towers at small airports with private-sector contract controllers.

Privatization of air traffic control has been a hotly contested issue for several years. Proponents argue that contract controllers provide services with the same level of safety as FAA employees, but at significantly lower cost. Supporters of the idea point to Canada as an example of a privatized air traffic control (ATC) system that has proven to be safe and cost effective over the course of several years. Opponents, chief among them National Air Traffic Controllers Association (NATCA), the union representing FAA air traffic controllers, counter that air traffic control is an inherently governmental function and accuse proponents of trying to “sell aviation safety to the lowest bidder.” Opponents point to the largely privatized ATC system in Europe as an example of how privatization leads to a less efficient and less productive system.

Opponents of full-scale privatization managed to build safeguards into the reauthorization bill that would prevent widespread privatization of control towers. Under the compromise version of the bill agreed to by both houses of Congress in July, the Department of Transportation is barred by law from privatizing air traffic control functions associated with the separation and control of aircraft – functions that account for 94 percent of the FAA’s controller workforce. The provision nevertheless ensures that the current Contract Tower Program can continue.

The House-Senate conference committee that produced the compromise version of the bill added one provision that was not in the original House or Senate versions, however. Under this provision the contract tower program could be expanded to up to 69 additional visual flight rule (VFR) towers, where the FAA finds it safe and efficient to do so. NATCA has cried foul and is fighting the new provision.

The current contract tower program has been in place for over 20 years. It was instituted as a means to provide needed services and reopen towers shut down by the air traffic controllers’ strike in 1981. Presently, 218 towers at general aviation and small air carrier airports participate in the program. The private sector controllers working at the towers – many of them former military or FAA controllers – are certified by the FAA and comply with the same safety regulations as FAA controllers. A recent audit of the program by the DOT Office of the Inspector General gave the program high marks, finding that contract controllers enjoy a significantly better safety record than their FAA counterparts at comparable VFR towers (0.49 incidents per million operations handled versus 2.7 per million for FAA-staffed towers) and are considerably more cost effective (the OIG calculated that the contract towers’ operating costs for fiscal year 2002 were \$173 million less than they would have been had the towers been staffed with FAA controllers).

Impact on the Bill

NATCA has orchestrated an intense lobbying and media campaign to prevent passage of the authorization bill with the expansion provision. The battle lines hardened early on, with the administration threatening to veto the bill if the provision were removed. More ominously, FAA spokespersons announced that the agency would have

to halt numerous activities and furlough employees on October 1st if no funding bill were in place by that time.

To relieve the crunch, Sen. John Rockefeller, D-W.Va., has introduced temporary FAA reauthorization legislation so that Congress would not feel rushed to pass the permanent bill before Oct. 1st. Rockefeller’s extension would provide \$1.7 billion for airport improvement projects and an additional \$5.5 billion for salaries, facilities and security programs. These funds, which last until March 31, 2004, will allow the FAA to continue its “core” work while lawmakers resolve their disagreements, Rockefeller said. Not all senators favor this temporary fix, however. Senators Lott (R-Miss.) and McCain (R-Ariz.) both spoke in favor of blocking temporary funding in order to force a resolution sooner.

The bill still faces final approval in both houses of Congress, and the ride may be rough. The republican leadership in the House already signaled its willingness to drop the controversial privatization expansion provision after all in order to ensure the bill’s survival. The bill promises to meet stiff resistance in the Senate if the provision remains in place.

The outcome remains uncertain as this issue of the Update Report goes to press. ASA shares the opinion of many in the industry that the benefits of this bill far outweigh its disadvantages. It would be unfortunate indeed to see a bill that offers so many positive features for so much of the industry fail to pass owing to one contentious issue, particularly at a time when the FAA needs robust funding to meet its many challenges.

For a complete analysis of what Vision 100 is likely to include that will affect distributors, see last month’s issue of the **Update Report**.

The European Community's New Regulator

Aviation regulation in Europe entered a new era on September 28, 2003 with the official establishment of the European Aviation Safety Agency, or EASA. The European Commission, the executive body of the European Union, has been actively working to establish EASA since 1998. The goal has been to create an EU-wide regulatory body that could establish uniform aviation safety regulations throughout the EU that, unlike the JAA's Joint Aviation Requirements, are legally binding on member states.

Initially, EASA has assumed responsibility for the certification of aeronautical products, parts, and appliances and the approval of organizations and personnel engaged in the maintenance of these products. In time, its competencies will expand to include the regulation of maintenance, air operations, and flight crew licensing. The agency is slated to be fully operational by 2006.

Patrick Goudou of France has been named as the first Executive Director of the new agency. Goudou, an engineer, graduated from the Ecole Polytechnique (Technical University) in Paris in 1970, and went on to further studies at the Ecole Supérieure de l'Aéronautique et de l'Espace (National Aerospace College) in Toulouse. Much of his career has been spent at France's General Delegation for Armaments, where he held various management posts in economic policy and industrial strategy, with particular emphasis on the aerospace industry, including the issue of Europe-wide restructuring of the sector.

Goudou has no doubts concerning the ability of the Agency to develop and to make its presence felt: "Of course, our first priority is a successful start to operations without any disruption to certification activities," he said in a recent press release. "Although at the start the

Agency will draw on the expertise available in the Member States, notably via the Joint Aviation Authorities (JAA), its own capabilities will steadily grow. It shall soon be addressing the issue of Maintenance and shall expand its field of action to Air Operations and Flight Crew Licensing in due course. Today the Agency takes its rightful place among its counterparts from other continents as the pre-eminent European interlocutor for aviation safety."

One of the chief benefits of the new regulatory environment will be the standardization of aviation component import and export requirements throughout all EASA participating countries

Starting Small

EASA is off to a very modest start in terms of personnel and facilities. Its full-time staff consists of little more than its new Executive Director and a few key support staff. Brussels was chosen as the agency's first home, but no decision has been made as yet concerning where the permanent headquarters will be located. Until the headquarters staff is fleshed out, many of the agency's functions will be handled by personnel on loan from the JAA and from national aviation authorities (NAAs) in the EU Member States.

New applications for type certification of aeronautical products should now be submitted directly to EASA, rather than to one of the NAAs. Beyond that, companies in the United States will probably notice few changes in the near

term. The European Commission has been working with the FAA and other significant partners to ensure that changes are phased in gradually so as to minimize the impact on industry.

Effects on Imports and Exports

One of the chief benefits for U.S. businesses of the new regulatory environment will be the standardization of import and export requirements throughout all EASA participating countries (all 15 EU member states – expanding to 25 in 2004 – plus Iceland, Norway, and Switzerland). The EU has established common standardized import requirements for aircraft for all EU Member States. Standardized requirements for importing aircraft engines and propellers, or parts and appliances have not yet been published. The FAA will provide this information to its work force, designees, and industry as soon as it becomes available. Until that time, aircraft engines and propellers, appliances, and parts must continue to meet the importing country's requirements defined in Advisory Circular 21-2 and the Implementation Procedures for Airworthiness (IPAs) supporting Bilateral Aviation Safety Agreements with individual countries.

For U.S. products exported to Member States of the European Union after September 2003, the importing authority is the European Union. For European products exported to the U.S., the exporting authority will still be the individual NAA. Each NAA will continue to issue its own Export Certificate of Airworthiness form for new aircraft exported to the United States. However, a new EASA Form One will be used for the export of new engines, propellers, appliances, and parts. The proposed EASA Form One is virtually identical to the JAA Form One in use today. The FAA will continue to rec-

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EASA Becomes a Reality

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ognize JAA Form Ones previously issued or until new EASA forms are implemented.

FAA approval of European products, parts, and appliances will continue for those products covered under a bilateral agreement with an EU Member State. Eventually, the existing system of bilateral agreements with individual EU Member States will be replaced by a single bilateral agreement with the European Community as a whole, something that is unlikely to occur until

2007 at the earliest. Until that time, the FAA can only accept applications for validation and import into the U.S. of products, parts and appliances from EU Member States with which the U.S. currently has a bilateral agreement.

Where To Get More Information

The FAA offers information about EASA, including a list Frequently Asked Questions, on the Aircraft Certification Service web site. The EASA web site can be found at <http://www.easa.eu.int>, although por-

tions are still under construction. In addition, the Aerospace Industries Association web site has copies of presentations given at an FAA public meeting in February of this year on various EASA issues.


Although the transition is sure to result in some confusion and uncertainty, the ultimate goal – a single set of rules covering 28 countries in the region that constitutes one of the United States' principal foreign markets for aviation products – is certain to work to the advantage of U.S. businesses over time.

EASA Resources on the Internet:

EASA web site: <http://www.easa.eu.int>

FAA Frequently Asked Questions: <http://www1.faa.gov/certification/aircraft/InfoAboutEASA.stm>

FAA public meeting presentations on EASA (February 2003): http://aia-aerospace.org/issues/subject/faa/easa_briefing.cfm



Back To School Isn't Just For Students

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Dates and Locations: <ul style="list-style-type: none">Oct. 21—Irving, TX—Marriott Courtyard Dallas DFW AirportOct. 23—Chicago, IL—Hosted by AirLiance MaterialsNov. 11—Tukwila, WA—Marriott Courtyard South Center MallNov. 13—Los Angeles, CA—Embassy Suites Arcadia/PasadenaNov. 20—Miramar, FL—Hilton Garden InnDec. 02—New York/New Jersey—TBA	Topics to be discussed: <ul style="list-style-type: none">• FAA Regulations & Latest Changes• Suspected Unapproved Parts• Commercial Documents to Protect your Rights & New Documentation Changes• Domestic Export 8130-3s & Other Changes Affecting 8130-3s• Protecting Your Transactions• Traceability• Parts Markings
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Visit our website at: www.aviationsuppliers.org for updates on specific locations and registration details.
Registration is open to non-member companies.

New Fractional Rule May Boost Parts Sales

Aircraft ownership became easier for more people with the recent issuance of a new rule governing fractional ownership. The rule, "Regulation of Fractional Aircraft Ownership Programs and On-Demand Operations," appeared in the Federal Register on September 17, 2003. It creates a new subpart K to Part 91 of the Federal Aviation Regulations that sets regulatory standards for fractional ownership operations and amends Part 135 to update requirements for on-demand charter operations.

The new rule comes in response to a significant trend in the aviation industry. The first fractional ownership program was instituted by Executive Jets Aviation, Inc. in 1986. The program permitted participants to purchase fractional, or shared, ownership of an aircraft. The fractional owners agreed to share their aircraft with others having an ownership interest in that aircraft, as well as to lease the aircraft to other program participants who did not have ownership interests. An aircraft management company administered the leasing of the aircraft among owners and maintained the aircraft. The FAA authorized this program to operate under the Part 91 general aviation rules.

Since that time, fractional ownership programs have enjoyed significant and sustained growth. By the August 2002, there were over 4,000 owners of more than 6,000 shares of 800 aircraft worldwide. This growth is expected to continue. This segment of the industry weathered the post-9/11 downturn in business better than most. In 2001, the combined fleet of the "big three" fractional-ownership providers – NetJets, Bombardier Flexjet, and the merged Flight Options/Travel Air – increased by 25 percent and shareholders by about 30 percent from the previous year, despite the ongoing economic aftereffects of the terrorist attacks.

This robust growth translates into a steady source of orders for new aircraft. Industry analysts estimate that some 15 percent of firm orders on business aircraft OEMs' books represent fractional ownership purchases. Between 1996 and 2002 alone, industry leader NetJets' aircraft purchases totaled more than \$19 billion. Light jets remain the most popular aircraft type among the leading companies. The Bombardier Learjet 31, the Cessna Citation Ultra, and the Raytheon Beechjet collectively account for almost 36 percent of the combined fractional ownership fleet. Indeed, fractional ownership of business jets accounts for the largest single source of sales for Cessna Aircraft, Gulfstream Aerospace and Raytheon Aircraft. Many manufacturers have found that fractional ownership customers are extremely reliable as well, with very few cancellations or pushbacks of orders.

What the New Rule Means To Distributors

Orders of new aircraft eventually lead to a need for replacement parts. As more aircraft are delivered and take to the skies, routine maintenance activities will create an ongoing need for parts that will benefit parts distributors. For this reason, the new rule governing fractional ownership is likely to work to the advantage of ASA members over time.

Part 145 Postponed

Implementation of the FAA's new final rule for the regulation of repair stations was further postponed in a move lauded by some as an act of calculated wisdom by the FAA.

Repair stations have an extra three months to update their manuals to comply with the new standards set out in the August 2001 amendment of 14 CFR Part 145. The FAA has announced that the new effective date for the rule will be January 31, 2004.

The revision of Part 145 is the most extensive change to the rules governing repair stations in decades. One of the changes that affects all repair stations, regardless of their size or ratings, is the institution of new rules regarding repair station manuals. The new rule eliminates the traditional Inspection Procedures Manual, or IPM, and introduces in its place two new manuals—a Repair Station Manual (which was essentially an operations manual) and a Quality Control Manual (similar to the IPM but including a variety of new features as well). The final rule explained that details about what these two manuals were supposed to contain and how they were supposed to be organized would be published in new FAA guidance materials (which were not yet written at that time).

Delays in the publication of this guidance, however, led to concerns in the industry that repair stations would not have sufficient lead time to re-write their manuals before the scheduled effective date of the rule, which was originally April 6, 2003. The FAA did not even publish a draft advisory circular on the new manuals until November 2002. Accordingly, ASA and several other concerned trade associations petitioned the FAA to extend the effective date of the new Part 145 until at least 180 days after the publication of a final

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Government Contractor Rules Changing

ASA members that provide goods or services to the Federal Government need to be aware of a number of updates to the Federal Acquisition Regulation published recently. The Civilian Agency Acquisition Council and the Defense Acquisition Regulations Council, the bodies responsible for setting federal procurement policies, have published the updates in Federal Acquisition Circular (FAC) 2001-16. The Circular was published in the Federal Register on October 1, 2003.

Here is a brief summary of some of the principal changes:

Central Contractor Registration

This final rule amends FAR parts 1, 2, 4, 13, 32, and 52 to require contractor registration in the Central Contractor Registration (CCR) database prior to award of any contract, basic agreement, basic ordering agreement, or blanket purchase agreement on or after October 1, 2003. In addition, the rule requires contracting officers to modify existing contracts whose period of performance extends beyond December 31, 2003, to require contractors to register in the CCR database by December 31, 2003.

E-Commerce in Federal Procurement

Another final rule implements provisions of two recent statutes that eliminate the former preference for the use of Federal Acquisition Computer Network (FACNET) computer architecture when conducting electronic commerce within Federal agencies, and to allow solicitation notices to be published via a "single Government-wide point of entry" on the Internet. One of the main objectives of the rule is to designate the [FedBizOpps.gov](http://www.fedbizopps.gov) site (<http://www.fedbizopps.gov>) as this point of entry. Under the new rule, agencies are required to use this site to provide convenient and universal pub-

lic access to information on their procurement opportunities. The rule also requires electronic access to notices of solicitation through the single Government-wide point of entry as a replacement for paper (or electronic) publication in the Commerce Business Daily.

Unique Contract/Order Identifier #s

The Federal Acquisition Regulation is also being amended to require each reporting agency to assign a unique procurement instrument identifier (PIID) for every contract, purchase order, basic ordering agreement, Basic Agreement, and blanket purchase agreement reported to the Federal Procurement Data System. Agencies are to have in place, no later than October 1, 2003, a process that will ensure that each PIID reported to FPDS is unique, Government-wide, and will remain so for at least 20 years from the date of contract award.

Other Developments

In addition, the Acquisition Circular publishes new rules that allow easier procurement of products from the Dominican Republic; remove Serbia, Iraq, and Taliban-controlled areas of Afghanistan from the list of prohibited sources for government procurement; and streamline procedures for procurements used to facilitate defense against or recovery from terrorism or nuclear, biological, chemical, or radiological attack.

The General Services Administration, together with the Department of Defense and NASA, have published a Small Business Compliance Guide that explains these rule changes and more. The Guide, as well as Federal Acquisition Circular 2001-16, can be found on the Internet at the official Federal Acquisition Regulation web site, <http://www.arnet.gov/far>.

Part 145

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advisory circular on the new manuals. The FAA agreed that the additional time would be necessary, and eventually postponed the effective date of the rule until October 6, 2003.

The final guidance, AC 145-9, *Guide for Developing and Evaluating Repair Station and Quality Control Manuals*, was published on July 3, 2003, only 90 days prior to the new scheduled effective date. The Aircraft Electronics Association, the Aviation Repair Station Association, and the National Air Transportation Association thereupon submitted another petition requesting that the FAA further extend the effective date of the final rule by at least 120 days to give repair stations and the FAA personnel responsible for reviewing repair station manuals sufficient time to digest the new guidance and make the necessary changes to their manuals. The FAA agreed that allowing the additional time would be in the best interests of all concerned, and formally announced the new postponement on September 29, 2003.

ASA welcomes the additional postponement. The industry has waited a long time for the revised Part 145, and a brief delay to ensure that the introduction of the new rule proceeds smoothly is time well spent.

DOT OIG Focuses On Our Place in the International Marketplace

The Department of Transportation's Office of the Inspector General has announced the initiation of an audit of the FAA's oversight of certification and manufacture of domestic and foreign aircraft and aircraft parts. The DOT seeks to evaluate the impact that the shift towards greater use of foreign manufactured products is having on U.S. manufacturers and on FAA oversight.

The market for aircraft and aircraft parts has become increasingly global in recent years. Manufacturers in the United States have long held a decisive lead in worldwide market share, led by giants such as Boeing, Pratt & Whitney, General Electric, and, in their day, McDonnell-Douglas and Lockheed. That lead, however, is beginning to narrow as foreign competitors have gained market share in an evolving industry.

Perhaps the most prominent example of this shift is the rise of Airbus Industries, which over the course of several decades has come to seriously challenge Boeing in the market for large commercial aircraft. Airbus has managed to attain a 50 percent market share in North America and elsewhere in the world. The changing nature of the airline industry itself is also playing a role. Sales of regional jets have increased significantly as a result of the rise of regional carriers and the economic pressures on all carriers to use more cost-efficient aircraft on short-haul flights.

These changes have had a significant effect on U.S. manufacturers of aircraft and aircraft parts. Boeing, for example, reported in July that it was doubling the number of layoffs planned for 2003 owing to a decline in aircraft orders. While the decline was partially attributable to the general downturn in the industry, it was also due to in-

creased competition from Airbus. Foreign manufacturers such as Bombardier and Embraer dominate the U.S. market for regional jets. The decline in aircraft orders for U.S. manufacturers has a ripple effect that spreads throughout the entire domestic industry.

The OIG audit aims to evaluate the FAA's process for reviewing and approving the design and manufacture of aircraft, aircraft parts, and aircraft modifications, both domestically and outside the United States. The audit also seeks to determine what impact the shift in market demand toward foreign manufactured aircraft and aircraft parts has had on the FAA's certification and surveillance procedures.

A significant motivating factor behind this inquiry is the issue of safety. The FAA exercises extensive regulatory control over type certification and over manufacturing surveillance in the United States. The FAA takes an active interest in virtually every aspect of manufacturers' operations in order to ensure that the end result is an airworthy product. As more and more foreign-manufactured products appear in our skies, it is prudent to examine the extent to which the FAA is able to ensure that those products truly meet the same standards as those manufactured domestically, especially in situations where the FAA has little or no direct surveillance over the manufacturing process.

Of course, America is motivated by more than safety as it considers the inquiry it will direct to foreign certificate holders. Aviation manufacturers in the United States have long voiced concern about their ability to compete fairly with foreign competitors. Some foreign manufacturers, like Airbus, have benefited over the years from hefty government subsidies. But even when it comes to regulatory issues, U.S.

manufacturers have often perceived that the playing field is not always entirely level.

One frequently cited example involves the different approaches to the validation of foreign type certificates by the FAA and Europe's Joint Aviation Authorities (JAA). The FAA has often managed to validate in a fairly expeditious manner the type certificates of aircraft manufactured in JAA member countries with which the United States has a bilateral agreement. In doing so, the FAA accepts the airworthiness findings of foreign civil aviation authorities without requiring extensive testing or other evaluations. American manufacturers, on the other hand, have encountered difficulties when seeking JAA validation of FAA type certificates. Some major manufacturers have faced numerous bureaucratic hurdles such as the requirement for additional flight testing and other measures. There have been cases in which U.S. manufacturers, after years of such delays, felt it was the path of least resistance to withdraw their validation projects with the JAA altogether and apply for a type certification from each of the individual nations that make up the JAA.

Manufacturers have voiced their frustrations over such situations on Capitol Hill and found some sympathetic ears. The original House version of recent FAA reauthorization bill included a provision that would have required the FAA to spend the same amount of time and perform a similarly thorough review when certifying or validating a foreign aviation product as the foreign nation spends certifying or validating U.S. aviation products. This rather problematic provision would have mandated a tit-for-tat approach to certificate validations motivated more by questions of political payback than by genuine safety concerns. The confer-

The FAA's new Customer Service Initiative is being touted in posters, pocketcards and other media. For those of you who didn't get to see one at this year's ASA Annual Conference, here is the FAA's poster concerning Customer Service Principles. The most important key to the Program is the last bullet—elevating concerns through the chain of command one-step-at-a-time.



FEDERAL AVIATION ADMINISTRATION



DEDICATED PROFESSIONALS WORKING TOGETHER TO MAKE A TRUE SAFETY DIFFERENCE



REGULATION AND CERTIFICATION

CUSTOMER SERVICE PRINCIPLES

As our customer, you can expect from us:

- ◆ Service that promotes a safe, secure, and efficient aviation system
- ◆ Considerate, respectful, and professional service
- ◆ A clear explanation of the requirements, alternatives and possible outcomes associated with your inquiry or request
- ◆ A timely and complete response to your inquiry or request
- ◆ A clear explanation of our decisions
- ◆ An environment without fear of retribution if you challenge our decisions
- ◆ Fair and careful consideration of your issue
- ◆ Clear guidance on how you can elevate your concerns to the next higher level of authority

We ask our customers to:

- ◆ Understand that FAA's first priority is safety
- ◆ Display the same level of professionalism with which you wish to be treated
- ◆ Provide all pertinent information in a timely manner
- ◆ Use our "chain-of-command" to elevate your concerns

SERVICE INTEGRITY COMPETENCE ACCOUNTABILITY PARTNERSHIP

Office: _____
 Supervisor(s)/Ph. #: _____
 Office Manager/Ph. #: _____
 Regional Division Manager/Ph. #: _____

We share the responsibility to work together with mutual respect and integrity to continue to make the U.S. aviation system the safest in the world.

More information on AVR Customer Service may be found at: <http://www1.faa.gov/avr/customerservice/index.dfm>

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 ence version of the bill watered this proposal down into a requirement for U.S. negotiators to "facilitate the reciprocal airworthiness certification of aviation products," meaning that *the regulatory authorities of each nation*

"perform a similar review" when certifying or validating the certification of aircraft and aircraft parts of other nations.

The OIG audit should provide some firm data to better evaluate these is-

sues. The results of the audit - and any measures taken by the FAA in reaction to it - may affect sales of foreign manufactured parts in the United States. ASA will evaluate the report when it appears, most likely sometime in 2004.

Issues of the Update Report Are Now Online!

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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 shortly after they are published.

UPCOMING EVENTS * = Look for ASA on the speaking program or on the Trade Floor

2003

- Oct. 7-9** * NBAA, Orlando, FL. See <http://www.nbaa.org> for details.
- Oct. 21** * **ASA Regulatory Workshop**, Marriott Courtyard Dallas DFW Airport, Irving, TX.
Visit www.aviationsuppliers.org for registration details.
- Oct. 23** * **ASA Regulatory Workshop**, Chicago, IL— Hosted by AirLiance Materials.
Visit www.aviationsuppliers.org for registration details.
- Nov. 2-4** **Speednews Reg'l & Corp. Aviation Industry Suppliers Conf.**, Rancho Mirage, CA. (310) 203-9603.
- Nov. 11** * **ASA Regulatory Workshop**, Marriott Courtyard South Center Mall, Tukwila, WA.
Visit www.aviationsuppliers.org for registration details.
- Nov. 13** * **ASA Regulatory Workshop**, Embassy Suites Arcadia, Arcadia CA.
Visit www.aviationsuppliers.org for registration details.
- Nov. 20** * **ASA Regulatory Workshop**, Hilton Garden Inn, Miramar, FL. Call (202) 347-6899
Visit www.aviationsuppliers.org for registration details.
- Dec. 2** * **ASA Regulatory Workshop**, NY/NJ/DE Area. Keep checking our website at www.aviationsuppliers.org for updates on specific location details.

Don't forget to register for the ASA Regulatory Workshop. This year's workshop will address all of the new, hot issues that are affecting distributors and their customers, and it meets the ASA-100 training requirements.

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