



The Update Report

The Aviation Suppliers Association

Volume 10, Issue 7

July 2002

YOUR ASSOCIATION IN ACTION

2002 Conference a Success

June 23-25 marked the ninth Annual Conference of the Aviation Suppliers Association. Hundreds of distributors, manufacturers, air carriers and repair stations gathered for three days of education and business.

ASA was particularly pleased with the turnout this year. Many other industry conferences this year have experienced low attendance, but ASA's conference was able to exceed our target numbers (which had been reduced as of September 2001) and meet last year's figures with ease. Grateful for the attendance, ASA did its best to provide the information that the industry needs to thrive (as well as survive) in the new economy.

The Conference included a members' only breakfast at which the official business of the Association was transacted. Association President Michele Dickstein provided a "State-of-the-Association" address, discussing the Association's financial situation, recent accomplishments and strategic plans.

Although the business of the Association was accomplished during the members' breakfast, the vital information that every distributor needs was discussed throughout the main conference presentations.

The keynote speaker for this year was

National Transportation Safety Board Member John Goglia. A former US Airways mechanic, Goglia is an industry insider who has devoted a lifetime to making aviation safe. Goglia explained that he has devoted his attention to examining the maintenance factors that contribute to accidents, and investigating mechanisms to prevent the adverse maintenance factors that can contribute to accidents. He mentioned improperly performed work, and work that is documented as completed but never actually completed as two examples of practices that cannot be allowed to continue. As purveyors of maintenance work on parts from our inventories, ASA members can help prevent accidents by confirming that the work for which we've paid is completed correctly.

General Session Presentations

This year's industry update from ASA's General Counsel, Jason Dickstein, addressed the usual range of regulatory and business issues, but this year's presentation also focused on strategies for surviving the recent industry downturn and thriving in the coming years. Dickstein reviewed the ASA actions that lead to SBA loan programs for companies that were adversely affected by the terrorist attacks of September 11, 2001

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*For their re-accreditation to the
Aviation Suppliers Association's
Accreditation Program*



A Message from ASA's President

It was so nice to see so many of you at the annual conference. Discussing issues with members and hearing your concerns is the only way to ensure that ASA is focused on improving issues that directly impact the membership. Please take a moment and complete the conference survey.

ASA's Board of Directors met on the Saturday prior to the annual conference and unanimously voted to continue the accreditation payment plan through the end of the year. They also approved new contractual terms to mirror the new 36 month accreditation term allowed in FAA AC 00-56A. Companies participating in ASA's Accreditation Program will receive details regarding the changes. If you have any questions, please contact Jason Lewis.

ASA is able to hold a conference because of our sponsors. We thank the following companies:

- GOLF: The AGES Group, LP, A Volvo Group Company
- SUNDAY & MONDAY DINNER: Inventory Locator Service
- MONDAY BREAKFAST: M & M Aerospace Hardware, Inc.

Call for Nominations!

The terms of office for at least two ASA Directors will be expiring this year. Nominations for candidates for the ASA Board of Directors are being accepted until August 9, 2002. Each Director must be an employee, officer, director, or owner of a company that is a regular member in good standing of the Association.

Send nominations by fax to (202) 730-0274 or by email to michele@aviationsuppliers.org

- MONDAY AM BREAK: Continental DataGraphics
- MONDAY LUNCH: Hamilton Sundstran and JetBlue Airways
- MONDAY PM BREAK: Intertrade, a Rockwell Collins Company
- MONDAY RECEPTION: The Boeing Company
- TUESDAY BREAKFAST: AirLiance Materials, LLC
- TUESDAY AM BREAK: Tracer Corporation
- TUESDAY LUNCH: Unical Aviation, Inc.
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- POCKET AGENDA & SPEAKER GIFTS: Pratt & Whitney SMMO and Pratt & Whitney Dallas Aerospace

Michele Dickstein

Conference Notebooks Available!

ASA has a limited number of Conference Notebooks available for purchase. The fee is \$75(USD) and includes shipping. Fax your request along with credit card information to Jeanne Pearsall, at (202) 730-0274.

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The Update Report

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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) 730-0270.

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President

ASA Conference Provides Important Business Tips

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(including practically everyone in aviation). He noted some of the industry changes since that time, both the obvious ones and the less obvious ones. His presentation addressed the FAA forecasts for an aviation rebound in 2003.

Some important issues covered included the rise in hazmat enforcement actions (and the importance of hazmat training to distributors, repair stations and anyone else who handles aviation parts), the major revisions to the manufacturing rules of Part 21 (the FAA plans to devote resources to this project and move it forward – under current plans it appears that we can expect a notice of proposed rulemaking by the end of 2004), and the changes to the 8130-3 tag that are still taking some distributors by surprise.

Dickstein also addressed ASA's actions in response to the Panaviation allegations, in which an Italian distributor was accused of wrongdoing, but many ASA members who analyzed their inventories for parts from Panaviation could find nothing wrong with the parts they had in inventory. In response to these allegations, ASA spent a great deal of time educating the media about the quality systems in our industry and the role the parts distribution industry plays in supporting safety. The Panaviation issue demonstrated ASA's effectiveness in preventing the widespread dissemination of incorrect information about our industry, but more importantly it demonstrated the close ties that have developed between the United States parts distribution market and the parts distribution markets of the rest of the world. Mr. Dickstein followed up with a discussion of some of the recent changes in the European marketplace that could affect the American marketplace, and a promise to address

more details on European and other markets in his Import/Export program on the last day.

Sarah MacLeod, Executive Director of the Aeronautical Repair Station Association, presented a comprehensive overview of the new FAR Part 145 governing repair stations. MacLeod highlighted the principal differences between the current rule and the new rule scheduled to become effective in 2003, focusing on the new requirements for repair station manuals, new personnel requirements, and new rules for contract maintenance. She also gave insights on the Aviation Rulemaking Advisory Committee recommendations that addressed the still-pending changes to the rules defining repair station ratings and mandating quality assurance systems.

Marshall Filler from the law firm Filler & Weller PC explained the intricacies of the recently published rule on life-limited parts. The new rule affects anyone who parts out aircraft in that it makes removal of life-limited parts a maintenance action within the scope of FAR Part 43. Filler explained the safe disposition methods set forth in the rule and the recordkeeping requirements that support them.

Roy Resto from Tracer Corporation gave a presentation on airline economics designed to help the distributor community better understand the economic considerations that make or break their largest customers. Resto defined and explained the various yardsticks by which airlines track their performance and productivity, such as available seat miles, available ton miles, load factors, revenue ton miles, aircraft density and aircraft efficiency, and effective yield management.

The events of September 11 had a

major effect on the aviation industry, and Robert Agnew, President & COO of the aviation consulting firm Morten, Beyer & Agnew analyzed the changes so far. Agnew pointed out the many similarities between the overall state of the industry in 1990-91 and 2001. In both periods, he noted, the industry was handicapped by a general recession or stagnant economic outlook; airline financials were depressed; terrorist activity and wars injected significant uncertainty into the markets; and fuel prices were a major concern. As the industry slowly recovers from the sharp downturn in the immediate aftermath of September 11, Agnew sees a changed environment in which the "new economy"-driven boom of the 1990s has run its course and airlines will have to tightly control costs to achieve profitability. He predicts that most older aircraft mothballed following 9/11 will never be brought back into service, and if so, then most likely in third world markets. He also sees a shift toward greater use of regional jets for short-haul service.

Jason Dickstein explored the international dimension of the parts distribution industry with a presentation on the rules governing the import and export of aircraft and their parts. Dickstein outlined both the overall legal architecture of international agreements affecting trade in aircraft and aircraft parts, as well as the more specific paperwork requirements imposed by U.S. and foreign regulatory authorities. He also drew attention to the U.S. trade sanctions and the variety of ways they apply to parties both in the United States and abroad in today's increasingly security-conscious environment. Dickstein concluded with a look at the changes under way in Europe as the European Union establishes an EU-wide regulatory au-

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Doing Business With The DOD: Getting Started

During the recent ASA Conference in Las Vegas, many of you may have attended the ARINC workshop on Military Contracts. This was an excellent program—both informative and detailed. For those who are interested in breaking into military contracts and want to know what you have to do first, here's some advice on the preliminary matters you should address before you get started.

Before giving any thought to selling your goods or services to the DoD, you'll have to register with the Central Contractor Registration (CCR), which can be accomplished free and on line at www.ccr2000.com. Government agencies and private industry are only required to register in the database once, with subsequent requirements for annual updates. Registering with CCR automatically registers you with every Defense agency. CCR is the single source from which the DOD receives business information on all vendors. We recommend that you first download the instructions and forms for registration and go over them before you begin to enter the data online. This will ensure that you have all the required business information at hand so you can submit a complete application online.

In order to register with the CCR, you need:

- Data Universal Numbering System (DUNS) number
- Commercial and Government Entity (CAGE) code
- Taxpayer Identification Number (TIN)
- Standard Industrial Classification (SIC) codes
- Finance and banking information

The Data Universal Numbering System (DUNS) number is a unique

nine-digit company identification number. To obtain a DUNS number, call Dun & Bradstreet (D&B) at 1-800-333-0505. The process takes about ten minutes and is free of charge. If your company already has a DUNS number, the D&B representative will advise you over the telephone. For additional information on DUNS Numbers, visit D&B's web site, <http://www.dnb.com>.

The Tax Identification Number (TIN) is usually the Employee Identification Number (EIN) issued by the Internal Revenue Service. You can get one of these in a matter of minutes by calling the IRS. If your company is not incorporated then there is the option of using the owner's Social Security Number (SSN), but we recommend that you get a separate EIN even if you're not incorporated to make your tax accounting easier. Check for the TIN with the accounting, payroll, and/or personnel department.

The Standard Industrial Classification (SIC) codes are part of a numbering system that identifies the type of products and/or services the company provides. The following web site offers search capabilities for matching codes based on keyword descriptions: <http://www.osha.gov/oshstats/sicser.html>. A minimum of one primary code and as many secondary codes as necessary should be listed.

Most aircraft parts distributors will find that their SIC Code is 5088, and that their NAICS Code is 421860 (NAICS is replacing SIC as the standard for industrial classification). Repair stations and other businesses will be represented by other SIC/NAICS codes.

Registering with PRO-Net:

If your business is small, woman-, or minority-owned, you should register with SBA's PRO-Net. It's not mandatory, but it's a good place to showcase your company's capabilities. The site can be found at the following URL: <http://pro-net.sba.gov>.

PRO-Net is an Internet database of information on more than 195,000 small, disadvantaged, 8(a), HUB-Zone, and women-owned businesses. It's free to federal and state government agencies as well as prime and other contractors seeking small business contractors, subcontractors and/or partnership opportunities. The site is open to all small firms seeking federal, state and private contracts. Business profiles can be searched by SIC codes, key words, location, quality certifications, business type, ownership race/gender, EDI capability, etc. Free registration is available at: <http://pro-net.sba.gov/pro-net/register.html>.

Sage advice: Delegate these registrations to someone who is project and detail oriented. After you're registered don't expect the calls to come pouring in. You'll have to exercise basic sales and marketing skills to reach the DoD customers. Breaking in to this business can at first be frustrating as you attempt to navigate your way around the blinding morass of DoD acronyms, forms, agencies, and sources of information. A very good primer on getting started can be found at <http://www.acq.osd.mil/sadbu/publications/selling/>

Roy Resto is the Vice President of Operations at Tracer Corporation in Milwaukee, WI and is a member of the ASA Board of Directors. Roy has extensive experience in working with the Air Force, and he is a proud member of the U.S. Air Force Reserve.

FAA Forecasts Strong Recovery in 2003

The FAA anticipates that airline passenger traffic will continue to decline this year, followed by a strong recovery in 2003. This prediction is part of the agency's annual Commercial Aviation Forecast, which was released on March 12th.

The latest Forecast sees airline passenger traffic returning to more normal levels of growth by Fiscal Year (FY) 2004, expanding at an average annual rate of 4.0 percent for the next ten years, reaching 1.0 billion passengers in FY 2013. That is three years later than predicted in last year's Forecast, and the slippage is due largely to the recession last year and the terrorist acts of September 11.

Speaking at the agency's 27th Annual

Commercial Aviation Forecast Conference in Washington, D.C., FAA Administrator Jane Garvey said: "Regardless of the short-term decline in air traffic, our Forecast underscores the need for the government and the aviation industry to continue adding capacity to our system to meet the demand that will return and grow."

The FAA said airline passenger traffic fell 1.8 percent in FY 2001, which ended September 30, 2001. That figure did not reflect the impact of the events on September 11, which was felt in the fourth quarter of Calendar Year (CY) 2001, which is the first quarter of FY 2002. Therefore, there will be relatively large differences between FY and CY growth rates for 2001 - 2003, and the FAA is reporting

data on both a FY and CY basis for those years.

For example, the Forecast says passenger demand in FY 2002 – the current year – will fall 12.0 percent to 600.3 million enplanements, whereas the decline on a calendar year basis is spread over two years - down 6.9 percent in CY 2001 and 4.7 percent in CY 2002. In FY 2003, passenger traffic is forecast to increase 14.0 percent; the comparable figure in CY 2003 is 12.5 percent.

The FAA sees several uncertainties facing the airline industry in the next two years. These include:

- Exactly how soon and to what

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New Function Code for Alterations Approvals

The FAA has announced a new propose function for designees that could represent a benefit to the aviation community if it is implemented properly. This new designee privilege would benefit distributors who seek alterations to products in their inventory, as well as repair stations performing alterations.

Designees are persons who exercise FAA privileges on behalf of the FAA, but do not work directly for the FAA. Instead, they are usually paid by the people who hire them to perform their approval functions. The privileges that they exercise tend to be those that reflect certificate issuance and approval of data and processes that support the issuance of an approval or certificate. For example, when a Designated Airworthiness Representative (DAR) issues an 8130-3, that form represents the documentation of the

airworthiness conclusions that the DAR has reached.

Many ASA members who use DARs know that the designee function codes are published in Advisory Circular 183-35 (current revision level is 183-35H). An ASA member who hires a DAR to issue a domestic 8130-3 for a demonstrably airworthy component is asking the DAR to exercise function code 8 (manufacturing DAR) or function code 23 (maintenance DAR).

The FAA published a proposed change that would add a new function code 50 to AC 183-35. Function code 50 will be identified as the Data Management Function Code, and it would apply to alterations. This function code would permit a DAR or ODAR responsible for managing an alterations programs to issue a FAA Field

Approval to approve the data associated with the alteration. The findings of the DAR would most likely be documented on a FAA Form 337.

The prototype for the Data Management DAR concept was demonstrated through a joint FAA-AEA (Aircraft Electronics Association) Program known as ADEOS. Under that program, designated engineering representatives (DERs) approved data, the ADEOS management personnel confirmed that the data was sufficient to cover all necessary aspects of the field approval, and then an appropriate field approval or supplemental type certificate was issued in cooperation with the FAA. This permitted complex alterations to be approved much more quickly than would have been possible using only FAA employees to review the data.

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ASA Recognizes Tipton and Gallimore

Each year, one of the highlights of the ASA Annual Conference is the presentation of the Edward J. Glueckler Award, named for the founder and first president of ASA. The Glueckler Award recognizes individuals who have made an outstanding contribution to ASA, its members, and the aircraft parts distribution industry as a whole.

This year, ASA presented the Glueckler Award to two individuals: William Tipton and Peter Gallimore. Both men have recently retired (from Northwest Airlines and Boeing respectively), but their influence on the aviation industry will be felt for many years to come.

Gallimore was instrumental in obtaining Boeing support of ASA programs,

particularly accreditation. Gallimore is one of the best-respected figures in aviation, so his support was key to the Association's efforts to reach a wide audience of manufacturers. As an ARAC Chair, Gallimore worked to help develop FAA regulations that



Past and present winners of the Edward J. Glueckler Award (from the left): Peter Gallimore, Al Michaels, Ed Glueckler, Jay Rosenberg, and Bill Tipton. Not pictured: Ken Reilly.

were fair to parts distributors.

Few people believed him when Bill Tipton first suggested that the 8130-3 would become a standard document for parts in our inventories. Now we cannot do without it. Tip worked to standardize documentation in a way that made it easy for distributors to sell to air carriers. His input as a member of the ASA QA Committee was invaluable. He will be best remembered for his willingness to help distributors and his effervescent support and promotion of ASA among the air carrier community.

ASA extends its sincere congratulations to Bill Tipton and Peter Gallimore and its heartfelt gratitude for all they have done to make our industry safer, more professional, and a source of confidence to the flying public.

ASA Conference Provides Important Business Tips

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thority, the European Aviation Safety Authority, and the effects that is likely to have on the industry.

Industry Workshops

The conference once again featured a wide range of workshops focusing on specific topics designed to help members improve both their business practices and their bottom line.

Several of the workshops discussed the importance of quality systems and audit programs. Richard Mills of Empire Airlines gave a presentation on effective corrective action, explaining how businesses can learn from their mistakes and establish procedures that correctly identify the root causes of problems and prevent problems from recurring. ASA's Manager of Ac-

creditation and Training, Jason Lewis, conducted two workshops, one revealing the "secrets" of effective internal audit programs, the other highlighting the importance and benefits of formal accreditation for parts distributors. Amy Cochis and Jeff Fiscus of Pratt & Whitney's Serviceable Material Management Organization explained the economic benefits of quality systems by examining the sometimes hidden cost to businesses of poor quality.

Other workshops described various market opportunities for distributors. Glen Baer and Edward Reynolds of ARINC provided an introduction into the complex, daunting, but often profitable world of dealing with the world's largest consumer – the U.S. federal government. Debby McElroy, President of the Regional Airlines

Association, described the opportunities in this growing segment of the industry. Michelle Garetson of *GSE Today* magazine focused on the large and often-overlooked market supporting aviation ground support equipment.

Several workshops offered suggestions on how companies can streamline their business practices and bolster their bottom lines. Steve Peterson of Continental DataGraphics demonstrated how businesses can save time and money by moving away from their traditional reliance on paper in favor of digital document storage and distribution. Jim Sdoia of ILSmart.com, the leading Internet clearinghouse for parts sales, showed how ILSmart.com can help connect distributors and customers from all over the world for a fraction of the

Workshop Schedules Announced

Regulatory Workshops

Oct. 10 - Atlanta, GA
Oct. 17 - New Jersey/New York
Oct. 29 - Seattle, WA
Oct. 31 - Los Angeles, CA
Nov. 19 - Dallas, TX
Nov. 21 - Chicago, IL
Dec. 10 - Ft Lauderdale/Miami, FL

There are plenty of new government decisions that will affect our businesses: from new FAA policies to new areas of scrutiny under the Transportation Security Administration!

2002 Syllabus

- Introduction to the regulations
- Parts documentation
- Suspected unapproved parts
- Changes in laws & regulations
- Hazmat recognition
- Getting paid in today's economy

As many of you know, ASA chose to defer its regulatory workshops and hazardous materials workshops until late in 2002. This was done to permit ASA members to concentrate on business essentials in the wake of the industry-wide depression after September 11, 2001.

With the FAA's predictions of business normalization and growth in 2003, ASA is pleased to be able to announce the workshop and training schedules.

We have scheduled our courses all around the country in the third and fourth quarter, so there is bound to be one near you.

To register or obtain more information, please contact the Association at (202) 730-0270. We look forward to seeing you at your local workshop!

Hazardous Materials Training

Sept. 11-12 - Ft Lauderdale/Miami, FL
Oct. 23-24 - Washington, DC
Dec. 4-5 - Los Angeles, CA

If your business handles used or surplus equipment, then there is a very good chance that you are required by the regulations to be hazmat trained.

This year, ASA's training will focus on shipments of Dangerous Goods under the IATA Dangerous Goods Regulations (a field manual that includes the ICAO technical instructions). ASA will also address matters arising out of the United States regulations that are not covered by IATA. This course meets the training requirements of Title 49 C.F.R. and includes the additional elements described in 14 C.F.R. 121.433a

ECONOMIC UPDATE

FAA Aviation Forecast

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- extent will passenger traffic recover from the September 11 attacks?
- When will airline finances recover, considering that carriers are facing large losses this year while coping with reduced passenger demand and increased security and insurance costs?
 - How soon and to what extent will the high-fare business traffic - which provides a large percentage of airline revenue - return from depressed 2001 levels?

For general aviation, there will continue to be declines in the short term as the industry copes with the effects of recession and September 11. In the longer term, business flying is ex-

pected to grow, with the number of jet aircraft increasing by an average of 3.5 percent annually, while flying hours are forecast to be up 4.1 percent. The outlook is much less robust for personal or sport flying, however, which is expected to grow less than 1.0 percent in the long term. The number of student pilots fell 6.6 percent in FY 2001 and is expected to decline further in 2002 and 2003. Although the number of student pilots is expected to grow by 1.0 percent annually after 2004, it is not forecast to reach the level attained in 2000 by 2013, the end of the current forecast period.

Activity at the FAA's 21 air route traffic control centers - a measure of demand on the air traffic system - is

forecast to fall 4.4 percent in FY 2002, expand by 5.0 percent in FY 2003, and then grow at an average annual rate of 2.2 percent beginning in FY 2004. The figure of 56.6 million aircraft handled, now forecast for FY 2013, occurs three to four years later than predicted in last year's Forecast.

The parts distribution community can look forward to much the same outlook. The next year is likely to call for belt tightening throughout the industry, but recovery, with any luck, is not too far off.

The FAA Commercial Aviation Forecast is available at www.api.faa.gov/content.asp.

Supplier Held Liable for 1994 Crash

The importance of quality control and quality assurance was demonstrated on June 28, when a jury found that a Boeing supplier was mostly to blame for the crash of a US Airways jet that went into a nosedive and slammed into a hillside eight years ago, killing 132 people.

On September 8, 1994, USAir flight 427, a Boeing 737-300 crashed near Aliquippa, PA at about 7 p.m. The aircraft had been approaching Pittsburgh International Airport for a landing. The airplane was destroyed by impact and post crash fire. The 2 pilots, 3 flight attendants and 127 passengers were all killed.

As a result of that crash (and the NTSB recommendations that followed the investigation of the crash), the FAA ordered certain changes be made in Boeing 737 rudder power control units. Eight years later, we are still learning lessons from that disaster.

The jury verdict held that Parker Hannifin Corp., which made a valve in the plane's rudder, was 75 percent liable for the 1994 crash. The verdict means Parker Hannifin must reimburse US Airways for most of the money that the air carrier paid to settle lawsuits brought by the families of those killed in the crash.

Boeing was found to be 25 percent liable but will not have to pay any more money because it settled with the airline and victims' families in 1999.

The total of Parker Hannifin's liability is not known at this time. US Airways has not disclosed how much it paid to victims, although attorneys for some of the victims' families have

said the settlements were more than \$1 million per passenger, so it is likely that USAirways has paid out hundreds of millions of dollars to victims and lawyers.

Parker Hannifin attorneys had argued that the accident was caused by pilot error. They claimed that the flight's first officer, Charles Emmett, overreacted to turbulence caused by a jet ahead of Boeing 737 and inadvertently stalled the plane. US Airways called an expert witness (a Boeing 737 pilot) who testified that Emmett reacted properly when the plane began to lose control. The jury rejected the Parker Hannifin argument, and found that Parker Hannifin was primarily responsible for the crash.

This jury ruling was consistent with the 1999 NTSB decision that a malfunction in the rudder control system caused the accident. The NTSB report found that the probably cause of the accident was a jam of the main rudder power control unit servo valve. This jam would have caused the rudder to move in the opposite direction from that commanded by the pilot.

"It's great for us that the pilots and the airline were found to have no liability," said Bill Pietragallo, US Airways' attorney.

Parker Hannifin spokeswoman Lorrie Paul Crum said the company will probably appeal. "Our valve worked perfectly even after the crash," Crum said. "They dug it out of the hillside, it worked perfectly."

This case serves as an important lesson to us all that our quality goal must be 100% airworthiness because the price of any failure—in terms of lives as well as money—is simply too high.



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ASA Conference Provides Important Business Tips

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cost of many other marketing methods. Ed Lindquist from the consulting firm Morten, Beyer & Agnew explained how to determine the valuation of your inventory through the use of an appraiser. And on another topic dear to every businessperson's heart, ASA's Jason Dickstein presented a workshop on how businesses can maximize their chances of getting paid for the products and services they provide, through means such as communication and negotiation, effective contract terms and billing techniques, or liens and financing statements.

As always, government officials were on hand to offer the latest insight into regulatory developments and enforcement trends. Ken Reilly of the FAA Suspected Unapproved Parts Program Office, and Al Michaels, FAA National Resource Specialist for Rotorcraft and Aircraft Parts Airworthiness, provided an update on recent rule-making and advisory guidance published by the FAA. Harry Schaeffer (who announced that he is moving to the Transportation Security Administration) and Carlos Vazquez from the Department of Transportation Office of the Inspector General presented an overview of recent and ongoing aviation-related investigations and en-

forcement actions.

The conference ended with a panel that has become an ASA tradition. Representatives from a wide variety of aviation interests answered the burning questions posed by the Association members. This annual panel has become an important opportunity for ASA members to bring issues before the Association, and to obtain answers to their questions, about issues that may not have been addressed elsewhere during the Conference. This year's panel consisted of the Mike Brown of Soundair, Jason Dickstein, ASA Washington Counsel, Michele Dickstein, ASA President,

CAPITOL HILL UPDATE

Function Code 50 Proposal

(Continued from page 80)

The FAA generally demands the highest of qualifications from its designees, and this will be the case for those chosen to wield function code 50. The FAA intends to limit this function only to persons with a thorough knowledge of both the aviation regulations and the technical information that applies to the sort of approvals being issued. Integrity, attitude, judgement and objectivity are all among the selection criteria so those who use DARs with function code 50 should be able to enjoy complete confidence in their DARs' abilities.

Like any proposal, there is room for improvement. The Federal Register description of the proposal includes unwieldy language that makes it appear that the FAA is delegating the ability to perform the alteration and approve it for return to service. Past experience with the management DAR prototype makes it clear that this is not the case - the Data Manage-

ment DAR's duties will reflect analysis designed to assure completeness of the data submitted. The Data Management DAR's privileges will likely include the ability to either recommend issuance or to actually issue some form of final approval for the data associated with the alteration (e.g. STC or form 337). These responsibilities and privileges need to be more clearly and concisely described in the final language adopted by the FAA.

The proposal suggests that the Data Management DAR privileges would only be issued to former FAA employees, and not to DARs that have never worked for the FAA. There are a significant number of DARs that never worked for the FAA, but nonetheless are qualified to wield the privileges of function code 50. There are also many engineers in the industry who are qualified to be Data Management DARs because of their technical expertise and their familiarity with FAA regulations and practice.

Erecting artificial barriers that prevent qualified people from exercising function code 50 does a disservice to the industry as well as the FAA itself, so this should be changed.

ASA members wishing to comment on this proposal can find it in the July 8, 2002 Federal Register at pages 45169-45170. Comments are due to the FAA on or before September 6, 2002, and should be addressed to the attention of George Torres, FAA, Designee Standardization Branch, AFS-640, P.O. Box 25082, Oklahoma City, OK 73125. Comments also may be submitted by e-mail to georgetorres@mmac.iccbi.gov or by fax to (405) 954-4104. All comment letters should refer to proposed Function Code 50.

Function Code 50 is a great concept. If written properly and implemented correctly then it could be a terrific benefit to aviation safety as well as efficiency.

NTSB Bill Provides for Appeals of “Accident” Determinations

The U.S. House of Representatives has approved legislation to renew the funding for the National Transportation Safety Board [NTSB], the independent federal agency responsible for investigating all aviation accidents and other significant transportation accidents, conducting transportation safety studies, and making safety recommendations.

The bill reauthorizes the NTSB for three years at the funding levels the agency requested – \$73 million in FY 2003, \$85 million in FY 2004, and \$89.7 million in FY 2005. An additional \$4 million per year is provided for the NTSB’s training academy.

One of the more interesting features of the bill is a provision that would require the NTSB to notify aircraft owners and operators of a new right to appeal a Board employee’s deci-

sion to classify a particular event involving an aircraft as an “accident.” This right of appeal would only be available where the incident in question did not involve a loss of life. The bill directs the NTSB to establish and publish procedures for such appeals.

This provision could have tremendous significance for anyone parting out an aircraft. If, for example, an aircraft were involved in a relatively minor incident that nevertheless resulted in some damage to the aircraft, the aircraft owner or operator would have a means of contesting an NTSB determination that their aircraft was involved in an “accident.” Avoiding this designation could significantly enhance the resale value of parts removed from that aircraft, and could also eliminate some unnecessary hidden damage inspections, preserving resources for *necessary* inspections.

The bill also contains provisions designed to focus attention on priority safety recommendations made by the Board that agencies are slow to implement. The NTSB cannot require the implementation of its recommendations, but must work with government agencies on a cooperative basis to ensure they are carried out. The new measure introduces more congressional oversight into the process by requiring the Department of Transportation (DOT) to submit to Congress an annual report on the regulatory status of all significant safety recommendations the DOT or its modal Administrations received from the NTSB. Each subsequent annual report would have to include an update on the regulatory status of each such recommendation until the recommendation was either implemented or rejected.

INTERNATIONAL UPDATE

Chinese Ball Bearings Investigation May Lead to Trade Sanctions

Businesses that deal in ball bearings and parts thereof manufactured in China may be seeing some increased prices in the months to come.

The United States International Trade Commission (USITC) has completed an initial investigation and determined that there is a reasonable indication that China has been dumping certain ball bearings in the United States market. If the final phase of the USITC’s investigation confirms this determination and finds that U.S. businesses have been materially injured or threatened with material injury by these imports, the U.S. may impose so-called countervailing duties on the products in question to negate the unfair price advantage.

The scope of the investigation includes all finished bearings and parts thereof manufactured in China. Unfinished parts are included only if they have been heat-treated prior to importation, or if heat treatment is not required to be performed on the part.

This investigation was prompted by a petition from the American Bearing Manufacturers Association submitted in February of this year. The association alleged that the Chinese bearings were being sold at less than fair value in the United States, to the detriment of U.S. manufacturers. The USITC investigates such claims and has the authority to levy additional duties on foreign products if it finds those products are being sold at artificially low prices in the United States

and that U.S. businesses are being adversely affected.

The Commission’s public report *Ball Bearings from China* (Investigation No. 731-TA-989 (Preliminary), USITC Publication 3504, May 2002) will contain the views of the Commission and information developed during the investigation. Copies of the report are expected to be available after May 27, 2002, by calling 202-205-1809 or from the Office of the Secretary, 500 E Street SW, Washington, DC 20436. Requests may also be faxed to 202-205-2104.

If the final investigation finds that countervailing duties are warranted, the duties will most likely be imposed later this year.

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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 nine are now on-line!

UPCOMING EVENTS

* = *Look for ASA personnel on the speaking program*

*ASA is currently working on the 2002 workshop and training schedule. Tentative dates are listed here.
More information will be available soon. Keep checking our website for the latest updates.*

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| Aug. 24-27 | * Air Carrier Purchasing Conference , Wyndham Anatole, Dallas, TX. See www.acpc.com on the web. |
| Sept. 10-12 | NBAA Convention , Orlando, FL. See www.nbaa.org on the web. |
| Sept. 11-12 | * Hazmat/Dangerous Goods Training , Ft Lauderdale/Miami, FL area. See page 82 for details. |
| Sept. 23-25 | European Aviation Industry Suppliers Conference , Toulouse, France. Call (310) 203-9603. |
| Oct. 10 | * ASA Workshop , Atlanta, GA. See page 82 for details. |
| Oct. 17 | * ASA Workshop , New Jersey/New York. See page 82 for details. |
| Oct. 23-24 | * Hazmat/Dangerous Goods Training , Washington, DC. See page 82 for details. |
| Oct. 29 | * ASA Workshop , Seattle, WA. See page 82 for details. |
| Oct. 31 | * ASA Workshop , Los Angeles, CA. See page 82 for details. |
| Nov. 3-5 | Regional & Corp. Aviation Industry Suppliers Conf. , Rancho Mirage, CA. Call (310) 203-9603. |
| Nov. 19 | * ASA Workshop , Dallas, TX. See page 82 for details. |
| Nov. 21 | * ASA Workshop , Chicago, IL. See page 82 for details. |
| Dec. 4-5 | * Hazmat/Dangerous Goods Training , Los Angeles, CA area. See page 82 for details. |
| Dec. 10 | * ASA Workshop , Fort Lauderdale/Miami, FL. See page 82 for details. |

Thank you to everyone who made the 2002 ASA Annual Conference such a successful event. We hope to see everyone at a workshop or hazmat training this fall. For more details, see page 82.

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