



# The Update Report

The Airline Suppliers Association

Volume 9, Issue 9

September 2001

## STATE OF THE INDUSTRY

### ASA Acts to Help Members

On September 11, 2001, our industry changed.

Current estimates suggest that 7000 people died that day. ASA grieves for the families of those who lost their lives in this terrible tragedy.

It was not the first time that a plane had been hijacked, nor the first time that a plane was used as a weapon against American interests, but it was a significant shock to a nation that has grown accustomed to feeling secure.

Perceptions of insecurity - financial as well as physical - are driving a recession that is having an especially harsh effect on the entire aviation industry.

Hard times for many companies began before September 11, and many ASA members have already taken steps to protect the business during the tough times ahead. Since September 11, though, ASA has focused ALL of its attention on obtaining relief for the ASA members.

ASA has been in contact with Senators and Representatives on Capitol Hill about the impact on our industry. ASA has sought four forms of relief for the industry:

- Make SBA economic disaster assistance loans available to all aviation industry companies, regardless of geographic location;

- Make loan guarantees available to the aviation industry through the Economic Development Agency or a similar program;
- Provide accelerated depreciation for aviation industry capital equipment placed into service before September 11, 2001;
- Enact a seller's exclusion that precludes product liability actions against aviation industry companies that are not involved in the design or manufacture of aircraft and aircraft parts;

ASA has successfully explained what sort of assistance the industry needs; now, **we need your assistance:** Every member of the ASA community to write to Congress and let them know the effect this is having on YOUR business - this means every ASA member company employee, from the company President to the hourly workers. ASA has prepared sample letters and instructions on addressing your letter. This is all available on the ASA website.

There is a very real chance that some distributors will not survive the next year, but ASA is confident that businesses that survive the next six months to a year will emerge from the recession as much stronger companies. ASA is committed to improving the odds that ASA members will survive and thrive.

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

## A Message from ASA's President

As you know, the Association has been working with Congress and various federal agencies to obtain loan and tax relief for the membership. We are not alone in this effort. In order to ensure that distributors are included in any form of relief we need to have information from your company. I sent to all members a survey regarding the financial impact of the terrorist attacks on 9/11/01. We have received a fair number of responses but we need replies from more members. The more responses the stronger our efforts can be. If you need a new survey, please email me at:

michele@airlinesuppliers.com.

Once the information is compiled, I will share with the membership the results for the industry. A quick review of the surveys already received could make a person cry. Most companies have suffered staggering losses. Companies have instituted pay reductions, lay-offs and cuts in the employee benefits.

We also need your help in writing to Congress. We need EVERYONE from an ASA member company to write to their Representatives and Senators. Host a letter-writing lunch hour and ask each of your employees to send their own letter. A sample letter is available on the ASA website.

The Department of Transportation has stated that passenger load factor increased last week, which is a good sign. However, the increase in load factor is a bit misleading because it is based upon reduced flight schedules.

One of the results of the terrorists' acts has been a huge reduction in the workforce of the air carriers. With the numbers being as large as over the next few weeks we will probably hear of many ASA supporters who have lost their jobs. One of our biggest supporters and most personable people in the industry, William "Tip" Tipton has retired early from Northwest Airlines. Tip has been a strong advocate for ASA, and has been an important figure in getting air carriers and distributors to work together on important issues. Tip brought a sense of realism to a meeting by always calling a spade a spade. ASA staff along with the Board of Directors, QA Committee and members will miss working with him.

Please be in touch and let's work together to make it through these trying times.

Best Regards,

Michele Dickstein

### The Update Report

is a monthly newsletter of the Airline Suppliers Association. Questions/ 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 Airline 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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#### Send Us Your Email Addresses!!

ASA will soon be changing the delivery method of the **Update Report** - it will become an emailed periodical. This means we will need your current email address if we are going to be able to send it to you. Please send the name and preferred email address of anyone in your company whom you think should get the Update Report to: **info@airlinesuppliers.com**. Please send us your email address even if you think we already have it. Thanks!!

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## Obtaining Economic Assistance from the SBA

Many ASA members are experiencing financial distress as a result of the events of September 11, 2001. While we all hope that this distress will be temporary, even temporary distress can be quite damaging to a company. Many ASA members have asked the Association how to obtain federal financial relief. Unfortunately, there is very little in the way of direct federal financial relief available to ASA members.

ASA is currently working with the Federal Government to try to obtain relief for companies within the aviation industry. The industry's most likely hope is to obtain access to loans and loan guarantees through the Small Business Administration [SBA]. At present, the program that seems most likely to be made available is the economic disaster assistance program. A

very limited number of ASA members may be eligible for these loans based on their geographical location

### *Obtaining Assistance Under the Program*

In order to get economic disaster assistance from the SBA under current law, there must be a disaster declaration that covers your business. There are at least four types of disaster declarations (13 C.F.R. sec. 123.4):

- **Federal:** The President declares a Major Disaster and authorizes Federal assistance, including individual assistance;
- **Damage-Based:** SBA makes a physical disaster declaration, based on the occurrence of at least a minimum amount of physical damage

to buildings, machinery, equipment, inventory, homes and other property;

- **Agricultural:** Based on the Secretary of Agriculture's recommendation;
- **State Geographic:** Based on a Governor's certification that at least 5 small business concerns in a disaster area have suffered substantial economic injury as a result of the disaster and are in need of financial assistance not otherwise available on reasonable terms.

At present, the federally-declared disaster area related to the September 11, 2001 tragedy covers lower Manhattan and the area surrounding the Pentagon. It does not generally apply to most aviation businesses.

*(Continued on page 95)*

## Essential Employee Reserve Military Duty Loans

Has one of your essential employees been called to service in the reserves? If so, then your business may be eligible for the Small Business Administration [SBA] Military Reservist Economic Injury Disaster Loan Program [MREIDLDP].

The MREIDLDP provides funds to eligible small businesses to meet their ordinary and necessary operating expenses that they could have met, but are unable to meet, because an essential employee was called to active duty in his or her role as a military reservist. An essential employee is an individual whose managerial or technical expertise is critical to the successful day-to-day operations of the small business. The essential em-

ployee does not have to be the owner of the small business.

These loans are intended only to provide the amount of working capital needed by a small business to pay its necessary obligations (as they mature) until operations return to normal after the essential employee is released from active military duty. In today's economic environment, though, that can mean the difference between survival or bankruptcy for some distributors.

### *Prerequisites to Application*

The SBA will only make a loan under this program if it determines that the business is unable to obtain credit on

reasonable terms from a non-governmental source. The SBA will use the "undue financial hardship" test – that is would the terms and conditions of available commercial lending programs cause undue hardship to the applicant business. Generally, SBA determines that over 90% of disaster loan applicants do not have sufficient financial resources to recover without the assistance of the Federal Government.

Because the MREIDLDP loans are taxpayer subsidized, Congress intended that the loans only be made to companies without the ability to recover out of their own funds. This does not mean that a company needs to dip

*(Continued on page 93)*

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## Air Carrier Oversight – How Much Is Enough?

Many air carriers outsource maintenance and other services in an effort to control their operating costs. When the services in question are regulated by the FAA, the air carrier generally bears the ultimate responsibility for ensuring that those services are carried out in compliance with the regulations. Even when the FAA does not regulate the services, though, an air carrier usually has commercial and safety concerns that drive its oversight decisions. Oversight of contractors' and suppliers' activities is essential to meeting regulatory, commercial and safety obligations.

The question often is: How much oversight is enough? When can oversight be accomplished solely by "paper audits," such as questionnaires, and when are more active methods, like on-site audits, necessary? In recent months, these questions have been increasingly directed to ASA by air carriers and by the companies that supply air carriers with their aircraft parts.

The answer depends on the nature of the service involved. This article scrutinizes the regulatory requirements for oversight of both maintenance and parts supply, and compares these two different functions. It also examines some of the alternatives to air carrier on-site auditing of parts distributors.

### *Maintenance Oversight*

Few contracted activities are as important to air carrier airworthiness as proper maintenance. Under the Federal Aviation Regulations (FARs) the carrier, as the certificate holder, bears the primary responsibility for the airworthiness of its aircraft, including airframes, aircraft engines, propellers, appliances, and parts thereof. 14 C.F.R. § 121.363(b) assigns responsibility

for maintenance airworthiness, and that regulation makes it clear that an air carrier remains primarily responsible for airworthiness even when the carrier delegates maintenance tasks to a third party. This makes it vital for the air carrier to have a mechanism for assuring that maintenance performed by contractors is performed in a manner that meets the air carrier's regulatorily-required performance standards.

*Air carriers are working with ASA to develop specific auditing practices that will allow a carrier to utilize the results of ASA-100 on-site audits as a replacement for the carrier's own on-site audits of parts distributors....*

In order to ensure an adequate level of oversight over maintenance providers, the regulations require an air carrier to have a Continuous Analysis and Surveillance System (CASS), as provided in 14 C.F.R. § 121.373. The CASS must be adequate to monitor and evaluate the performance and effectiveness of both the carrier's inspection program and its maintenance program. The CASS must allow for the correction of any deficiency found in these programs, regardless of whether those programs are carried out by the certificate holder or by another person.

Beyond these general requirements, the regulations offer no guidelines to let an air carrier know when its maintenance program contains procedures and standards that the Adminis-

trator will consider "adequate." The regulations are also silent concerning the nature of oversight that carriers need over their third-party maintenance providers. To help fill that gap, the FAA has published additional guidance in Advisory Circular (AC) 120-16, *Air Carrier Maintenance Programs*. The latest draft version of this document, AC 120-16D, is currently out for public comment and should be finalized in the coming months. The draft AC strongly suggests that an acceptable program will consist of a mixture of data collection techniques, including physical audits. The draft AC makes it clear that in most cases, an oversight system will not be considered acceptable unless it includes an initial on-site audit of the maintenance provider.

What must the initial audit look for? Section 14.d. of the draft AC specifies that the air carrier's on-site audit, or other means, must demonstrate that the maintenance provider meets the following requirements in accordance with the air carrier's maintenance program. The maintenance provider must have:

- (a) The capability to do the work;
- (b) The organizational structure to do the work;
- (c) Competent, trained personnel to do the work;
- (d) Relevant and current technical and administrative material from the air carrier manual for the work;
- (e) Adequate facilities and equipment to do the work in accordance with the air carrier's program; and
- (f) The ability to transfer and receive data and information necessary to support the air carrier's CASS.

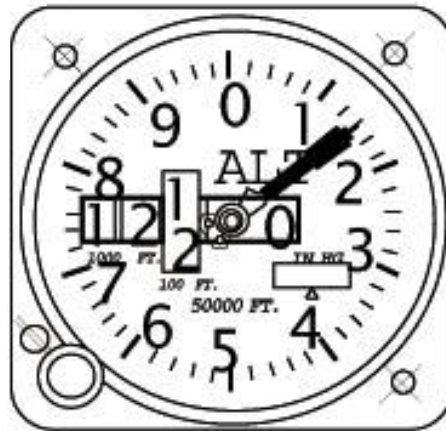
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## Essential Employee Reserve Military Duty Loans

(Continued from page 89)

into its own reserves or seek commercial loans – it is sufficient if the company can demonstrate that these options would be unsuccessful.

SBA must also find that the applicant company is a “good risk.” The applicant must show that can provide reasonable assurance that the loans can and will be repaid. Loans of \$5,000 or less do not require collateral, but loans in excess of \$5,000 require the applicant to pledge collateral to the extent that it is available. Normally the collateral would consist of a first or second mortgage on the business property (if the distributor’s inventory is owned free and clear of encumbrances then this could be acceptable collateral as well). In addition, personal guaranties by the principals of the business may be required. The SBA will not decline a loan for lack of collateral – they simply require the

applicant to pledge collateral if it exists.

### Details About the Loans

The actual amount loaned will depend on the needs of the applicant, but in no event can it exceed \$1,500,000.00. SBA has authority to waive the \$1,500,000 limit when the applicant is a “major source of employment.”

Interest rates are generally much lower than commercially available loans. The rates are determined by formulas established by the government, and they are recalculated quarterly. The maximum interest rate for this program is 4%.

The law authorizes loan terms up to a maximum of 30 years. SBA determines the term of each loan in accordance with the borrower’s ability to repay. Based on the financial circum-

stances of each borrower, SBA determines an appropriate installment payment amount, which in turn determines the actual term.

Make sure you file for relief in a timely fashion! The filing Period for small businesses to apply for economic injury loan assistance begins on the date the essential employee is ordered to active duty and ends on the date 90 days after the essential employee is discharged or released from active duty.

The SBA tries to respond to each applicant within 21 days and sometimes can respond within a week of application.

To obtain a Military Reservist Economic Injury Loan Application, contact the SBA Disaster Area Office that serves your state or territory (identified in the table below):

## SBA DISASTER AREA OFFICES

If your business is in one of these states or territories:

Connecticut, Delaware, the District of Columbia, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Puerto Rico, Rhode Island, Vermont, the Virgin Islands, Virginia and West Virginia

Alabama, Florida, Georgia, Illinois, Indiana, Kentucky, Michigan, Minnesota, Mississippi, North Carolina, Ohio, South Carolina, Tennessee, and Wisconsin

Arkansas, Colorado, Iowa, Kansas, Louisiana, Missouri, Montana, Nebraska, New Mexico, North Dakota, Oklahoma, South Dakota, Texas, Utah and Wyoming

Alaska, Arizona, California, Guam, Hawaii, Idaho, Nevada, Oregon and Washington

Then your local SBA Disaster Office may be contacted at:

Small Business Administration  
360 Rainbow Blvd. S., 3rd Fl.  
Niagara Falls, NY 14303  
1-800-659-2955 ... or ... (716) 282-4612

Small Business Administration  
One Baltimore Pl., Ste. 300  
Atlanta, GA 30308  
1-800-359-2227 ... or ... (404) 347-3771

Small Business Administration  
4400 Amon Carter Blvd., Ste. 102  
Ft. Worth, TX, 76155  
1-800-366-6303 ... or ... (817) 684-5600

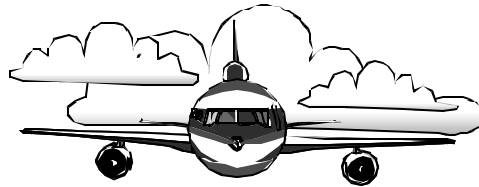
Small Business Administration  
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*YOUR ASSOCIATION IN ACTION*

## QA Committee Elects Officers, Postpones Meeting

ASA is pleased to announce the results of this year's ASA Quality Assurance (QA) Committee election.

Every two years, the ASA QA Committee elects new officers. Voting is open to all voting members of the QA Committee. To be a voting member of the QA Committee, a company must (1) be a member of the trade association and (2) have attended at least two of the prior three QA Committee meetings. The top two candidates are elected to the positions of Chair and Vice Chair.

The election took place in September this year. The voting was extremely close, with four excellent candidates, but two candidates emerged with a slim majority: Chris Anderson (Source One Spares) and Jay

Rosenberg (International Airline Support Group).

The two finished in a tie, so there must be a run-off to determine which one will serve as Chair and which one will serve as Vice Chair.

### *ASA QA Meeting Postponed*

Many of the members of the ASA Quality Assurance Committee have reported that their companies are limiting travel. Also, the local airport next to the planned site for the November meeting is Ronald Reagan National Airport, which remains temporarily closed in the wake of the September 11 terrorist attack (although the Virginia delegation fighting very hard for reopening). For these reasons, ASA has postponed the

next meeting of the ASA QA Committee.

ASA had already sent out an email asking members of the Committee to forebear from purchase of travel tickets in anticipation of a postponement, so this postponement should not cause too much of a hardship to members. ASA expects to reschedule the meeting for early in 2002.

ASA QA meetings are open to all ASA members. They provide a forum for discussing quality, interfacing with the FAA, and improving the ASA-100 standard. ASA QA meetings frequently feature guest speakers from the FAA or from other associations. Association members interested in learning more should send email to [jason@airlinesuppliers.com](mailto:jason@airlinesuppliers.com).

## Obtaining Economic Assistance from the SBA

(Continued from page 89)

The Pentagon declaration covers small business in the independent City of Alexandria and Fairfax County in the Commonwealth of Virginia, the District of Columbia, and Montgomery County in the State of Maryland. The World Trade Center declaration applies to small businesses in Bronx, Kings, New York, Queens, Richmond, Nassau and Westchester counties in New York State, as well as Bergen, Hudson, Middlesex and Union counties in the State of New Jersey. Any business suffering an economic loss as a consequence of the disaster is eligible to apply for economic injury disaster relief.

Aviation businesses in these counties may wish to pursue Economic Injury Disaster Loans, which are intended to cover financial losses resulting from the September 11, 2001 explosions and fires at the Pentagon and World Trade Center. The relevant declaration is known as SBA Declaration #3366/9M83 for the Pentagon area and SBA Declaration #3364/9M49 for the New York/New Jersey area.

The deadline for filing for an Economic Injury Disaster Loan under these declarations is June 21, 2002. Further information is available from the SBA at 1-800-659-2955.

### *What is ASA Doing?*

ASA is doing several things connected to SBA economic disaster relief. ASA is asking for Congress to pass a law that authorizes SBA to disburse funds under this program to the entire aviation industry. This would, in effect, broaden the list of ways that one could obtain relief under this program.

ASA is also pursuing expanded fed-

eral aid under the "Federal" category. In particular we are asking the White House to specifically amend its disaster declaration to include the aviation industry (presently, that assistance has been authorized only for the specific locations where the results of the terrorist activity took place).

ASA is also assisting members in pursuing "State Geographic" assistance from the state governor's offices (ASA is pursuing this through its members because ASA does not have the resources to pursue this course of action in all fifty states).

One such effort is going on right now in Florida, where the Miami Maintenance Management Council and the Greater Miami Airport Authority are working directly with the state to obtain a state-level disaster declaration. ASA has been sharing information with this group.

Any ASA member who intends to pursue state-level assistance should contact the Association for assistance in identifying other ASA members in the state.

### *Acquiring an SBA Loan*

If your business is in one of the disaster relief areas, or if ASA is successful in expanding the coverage of the SBA loan program to include other areas, then the next step will be to apply for the loan in a timely fashion (remember, loan applications under the current declarations are due by June 21, 2002).

SBA does not issue loans to everyone who applies. First, your business must be qualified. This means that your business must fall within the scope of a disaster declaration and it must have suffered substantial economic injury as a direct result of the declared disas-

ter. 13 C.F.R. sec. 123.300(a). The business must have been a small business when the declared disaster commenced, and you must be unable to obtain credit elsewhere. 13 C.F.R. sec. 123.300(b). You must also show need by demonstrating that your business is unable to meet its obligations as they mature or to pay its ordinary and necessary operating expenses. 13 C.F.R. sec. 123.300(a)(1).

You also must provide reasonable assurance that you can repay your loan out of your personal or business cash flow, and you must have "satisfactory credit and character." 13 C.F.R. sec. 123.6.

You may use an SBA economic disaster loan for working capital necessary to carry on your business activities until resumption of normal operations and for expenditures necessary to alleviate the specific economic injury. 13 C.F.R. sec. 123.303(a).

For more information about disaster assistance loans from the SBA, see the SBA webpage at <http://www.sba.gov/gopher/Disaster/eidlall.txt> or the ASA webpage at <http://www.airlinesuppliers.com/relief/SBAEconDisRelief.html>. Information about the World Trade Center SBA declaration is available at <http://www.sba.gov/gopher/Disnews/disnny.txt>, and information about the Pentagon SBA declaration is available at <http://www.sba.gov/gopher/Disnews/disnva.txt>.

**United States Businesses may also seek assistance through the Small Business Administration help line by calling 1-800-659-2955.**

## Accreditation is An Option Being Taken Seriously by Air Carriers

*(Continued from page 91)*

Beyond the initial audit, the draft AC encourages carriers to establish, as part of its CASS, a schedule for conducting continuing audits or inspections designed to determine the maintenance provider's level of compliance with the maintenance provisions of FAR part 121. The draft AC recommends that these audits be conducted on a dynamic schedule, with the frequency of audits determined by a variety of factors such as the complexity and quantity of the work provided by the maintenance provider, the air carrier's level of confidence in that maintenance provider, and the quality of the work and associated records produced. Although the AC does not specifically recommend that these continuing audits or inspections include on-site audits, its recommendations strongly suggest that follow-up visits to the maintenance provider are an important part of an acceptable CASS.

### *Supplier Oversight*

Audits of parties who provide other services or goods not covered under the regulations – such as parts distributors – are a different story. Because the provision of such goods and services is not regulated, there is no regulatory requirement to engage in oversight. In these cases, oversight is driven by commercial desires, and safety concerns.

At the most basic commercial level, safety is good business. Safety failures cost money. Safety failures have direct and measurable economic costs, but their indirect costs may be even more destructive to an air carrier's bottom line. Failure to maintain a perception of safety among the public can be devastating to an air carrier's business.

Because industry success is so closely tied to a perception of safety, there is really no such thing as an acceptable loss due to maintenance. Airworthiness directives, for example, are issued based on a perception that a safety-related failure could recur. Cost-benefit analysis associated with an airworthiness directive is usually cursory at best if there is a perception that safety could really be impacted.

Thus, we are left with an air carrier quandary: there is a desire to make sure that distributors provide safe parts, but the desire is supported by commercial and safety requirements and not by regulatory requirements so there is little FAA guidance on the subject. Clearly, the FAA guidance on maintenance oversight is too robust to be applied economically to parts suppliers. So what is considered reasonable within the industry?

Because there is no regulatory requirement for oversight, other acceptable means of assuring the air carrier's regulatory and commercial needs, like questionnaires or "paper audits," can clearly be legally sufficient. While they usually meet the air carrier's needs, some air carriers want to supplement these mechanisms.

Some air carrier like to perform on-site audits of parts suppliers, but this practice actually appears to be diminishing as air carrier quality resources are stretched to the limits and as other oversight alternatives present themselves. AC 00-56 accreditation in particular appears to have had an impact on air carriers' desire to perform on-site audits of parts suppliers.

Industry accreditation programs help ensure a level of independent oversight sufficient to meet an air carrier's requirements. An increasing number of carriers, for example, make it a

general policy to buy parts from parts distributors accredited under AC 00-56. This is because the audit requirements of AC 00-56 ensure that participating distributors and their products meet safety standards and are accompanied by appropriate identifying documentation. Some air carriers are even investigating the possibility of writing AC 00-56 into their quality manuals as their mechanism (at least one air carrier has worked with ASA to develop specific auditing practices that will allow the carrier to utilize the results of ASA-100 on-site audits as a replacement for the carrier's own on-site audits).

Even in the absence of such accreditation programs, carriers will usually have the option of incorporating some form of oversight as a part of any business relationship they negotiate with prospective suppliers.

Ultimately, the question of what level of oversight is necessary for a given provider of goods and services depends on the needs and requirements of the air carrier. Where the carrier must meet certain regulatory requirements, the level of oversight it exercises over its service providers will be much more extensive and intrusive. Where no regulatory requirements apply, air carriers have considerably more latitude to develop alternative oversight methods. Air carriers are showing that they may desire more stringent requirements than paper audits can provide, but the many safety and security demands placed on an air carrier today may make it impossible to perform on-site audits of all of their suppliers. The FAA AC 00-56 Accreditation Program provides an important compromise, permitting air carriers to gain the safety oversight benefits of on-site auditing without expending the resources necessary to carry out their own auditing program.

## Opportunities in the Ukraine

While the American aviation industry continues to put itself back together, many ASA members are finding the non-US markets to be quite lucrative at present. The Ukrainian aviation market is experiencing tremendous consolidation in an effort to bring capital together. If that consolidation is successful, it could mean business opportunities for distributors and other aviation companies.

In the early 1990s, each of the 25 regions of the Ukraine created its own airline from a portion of Aeroflot. In the past decade, all 25 have operated independently. About a year ago, though, five of the smaller air carriers in the Ukraine agreed to form an alliance:

- o National Ukrainian Airlines,
- o ICAR (based in Kharkiv),
- o Lviv Airlines,
- o Luhansk Airlines, and
- o Odessa Airlines.

They are joined in this alliance by KYI Avia, one of Ukraine's largest travel agencies. The new alliance is known as the "Ukrainian Aviation Alliance." The Alliance has elected a Board of Directors, which is headed by Mr. Mykola Plakhsy. Plakhsy is the President of the National Ukrainian Airlines (his contact information is listed below).

The new alliance has stated that they have four goals:

- o to lobby for the interests of air carriers with the Ukrainian government;
- o to coordinated flight schedules and tariff policies;
- o to create a clearing center for air carriers and travel agents;
- o to unite in their efforts to reduce airport landing and navigation fees.

One of the expected, but unstated, goals is to pool their resources in order to upgrade existing fleet and airport infrastructures. Several Ukrainian airlines are individually soliciting investors in the hopes of raising capital to purchase aircraft—the increased resources of the alliance should make each of the air carriers more attractive to potential investors.

Much of Eastern Europe is seeking to purchase used (and new) western aircraft from manufacturers like Boeing, Airbus and Embraer. This is creating a market for aircraft that are being retired in the West, as well as a market for aftermarket parts and services needed to keep the aircraft in the air. As the numbers of these aircraft continue to increase in Eastern Europe, that part of the world becomes more important as a source of customers to the aviation distribution industry.

The Ukrainian Aviation Alliance may be the first of its kind in the post-Cold War Ukraine but it is probably not the last. The three largest international air carriers in the Ukraine have started negotiating to form their own alliance. These three are:

- o Ukraine International Airlines (a joint venture among Ukraine, Austrian Airlines, Swissair, and Aer Rianta operating only international commercial flights),
- o Aerosvit (a Ukrainian-Israeli joint venture operating both domestically and internationally), and
- o Air Ukraine State Airlines (the largest government-run airline).

Although Air Ukraine is the largest state airline, it is allegedly operating a collection of unprofitable international and domestic routes. In De-

ember 2000, the government declared Air Ukraine bankrupt, and is now considering the restructuring or the sale of the company.

The United States maintains a commercial service post in the Ukraine. The post recommends that suppliers and prospective investors exercise caution in pursuing business relationships with companies in the Ukraine. A Country Commercial Guide is available at: <http://www.usatrade.gov>. Those distributors considering business relations with Ukrainian air carriers may also want to discuss prospective relations with a Commercial Officer on the Embassy staff:

David Hunter  
Senior Commercial Officer  
US Commercial Service Kiev  
7 Kudriavskiy Uzviz  
Kiev, 04053  
Ukraine

Tel: (380 44) 417-1413  
Fax: (380 44) 417-1419  
Direct E-mail:  
David.Hunter@mail.doc.gov  
Office E-mail  
Kiev.Office.Box@mail.doc.gov

ASA members wishing to speak directly with the Ukrainian Aviation Alliance should contact the Alliance's President:

Mr. Mykola Plakhsy, President  
Ukrainian Aviation Alliance  
90 Povitroflotskiy Prospekt  
Kyiv 03036, Ukraine

Tel: (380 44) 245-9852  
Fax: (380 44) 245-9872  
E-mail: [airnau@zeos.net](mailto:airnau@zeos.net)

# 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@airlinesuppliers.com and our fax number is (202) 730-0274.

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 eight are now on-line!

## UPCOMING EVENTS

\* = Schweitzer, Lewis or Dickstein will be speaking there

- Oct. 3-5** Cargo Facts 2001, Seattle, WA. Contact Kristy Koch at (206) 587-6537 or e-mail kkoch@cargofacts.com  
**Oct. 17-18** Aircraft Quality & Safety Conference, London, UK. Call (+44) 20 7931 7072 for details.  
**Oct. 19-20** Manufacturers Approved Replacement Parts Ass'n Mtg, Scottsdale, AZ. Call (480) 994-3353.  
**Oct. 24-25** Asia-Pacific Aircraft Technology & Maintenance Conf., Singapore. Call (+44) 20 7931 7072.  
**Nov. 1** \* ASA Continuing Education Workshop, Newark, NJ. Contact ASA at (202) 730-0270 for details.  
**Nov. 7-9** Regional & Corporate Aviation Indus. Suppliers Conf., Rancho Mirage, CA. Call (310) 203-9603.  
**Nov. 14-15** Airline Component Management & Overhaul Conf., Copenhagen, Denmark. Call (+44) 20 7931 7072  
**Nov. 28-29** Quebec Ass'n of Air Carriers Conv. & Trade Show, Quebec City, PC, Canada. Fax: 418-871-8189.  
**Dec. 4** \* ASA Continuing Education Workshop, Miami, FL. Contact ASA at (202) 730-0270 for details.  
**Dec. 5** \* ASA Continuing Education Workshop, Ft. Lauderdale, FL. Contact ASA at (202) 730-0270.

2002

- June 23-25** ASA 2002 Annual Conference, Four Seasons Hotel, Las Vegas, NV. Call (202) 730-0271 for details.

*ASA's deepest sympathies and regrets go out to the victims of the September 11, 2001 tragedy. We pledge to do our part to keep aviation as safe as possible. Although the Association does not focus on airport security, we can all do our part to support the industry by making sure that the parts we provide are properly identified to prevent airworthiness issues from arising.*

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