



# The Update Report

The Airline Suppliers Association

Volume 8, Issue 7

Post-Annual Conference Issue

July 2000

## INTERNATIONAL AFFAIRS

### Duty-Free Treatment of Imported Parts

The United States imposes import taxes, known as 'duties' on certain imported goods. Aviation parts and products have enjoyed an exemption from the import duties that are often levied against imported goods. There are certain bureaucratic requirements necessary to protect an aircraft part's duty-free status upon import. A proposed Customs Service rule would make it easier to claim duty-free status. The proposed rule is currently open for comment.

Under current law, an importer entering merchandise duty-free must file with Customs a written statement certifying that the merchandise

- (1) Is a civil aircraft or has been imported for use on a civil aircraft,
- (2) Will be used on civil aircraft, and
- (3) Fits into an approval category
  - a. Has been approved for civil aircraft use by the FAA
  - b. An application for approval has been submitted to the FAA
  - c. Has been approved by an airworthiness authority in the country of exportation and such approval is recognized by the FAA (e.g. by bilateral agreement).

The written statement must be filed with each entry summary, or else it must be on file with Customs at the time of entry as a blanket statement at

the port where the entry is filed. The customs regulations also require that the written statement must be filed by the time of entry of the aircraft or parts. If the written statement is not filed by this time, then the entry of the aircraft or parts is NOT duty-free.

The Customs Service has proposed to modify its own rules to make importing simpler. This proposed change is made possible by certain changes in the Miscellaneous Trade and Technical Corrections Act of 1996.

Under the proposed rule, importers would no longer be required to file a complete written statement of the sort describe above. Instead, importers would be entitled to duty-free treatment for their aircraft and aircraft parts by simply placing the special indicator "C" on the entry summary. This would be treated as the equivalent of a claim for duty-free admission of the goods.

Importers who claim duty-free status would be considered to have made the requisite statements by their claim, and could be held liable for a false statement in the event that they are not entitled to duty-free status.

To the extent that importers were failing to file the above-referenced written statement in the past, they could be liable for unpaid import duties. This new provision would provide a

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### Congratulations to:

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## A Message from ASA's President

It was a pleasure seeing so many of you at the annual conference. The mixture of attendees, excellent speakers and location made for an enjoyable event.

Even though we were located in Las Vegas, not all people who arrived early came to enjoy the town. Over fifty people participated in the QA Committee (QAC) meeting held on the Saturday prior to the conference.

QAC meetings are open meetings, but in order for an attendee to vote at the meeting, the attendee's company must send a person to at least 2 of the past 3 QAC meetings. At the opening of the meeting, Larry Collings, chairperson of the QAC, welcomed as new voting members: Simon Turton of British Airways, Terry Bond of M&M Aerospace Hardware, Bill Tipton of Northwest Airlines, George Ringger of Solair, and Arnie Dahl of Dahl Consulting.

Among the many quality issues the QAC is actively working on is monitoring ASA-100. The QAC proposes changes to ASA-100; ASA's Board of Directors has to approve all changes to ASA-100. We are anticipating a revision to ASA-100 during the 4<sup>th</sup> quarter of 2000.

The Board of Directors held their quarterly meeting at the conference. The Board restated their position that ASA is to increase government affairs representation, expand training options for the membership and continue to monitor and expand the accreditation program to ensure that the program best represents the needs to the membership while fulfilling the criteria of FAA AC 00-56.

The final Board meeting of 2000 will be held October 2000 in Washington, DC. If a member has an issue that they would like the Board to discuss, please submit the issue in writing to any Board member or me by September 29, 2000.

ASA's membership meeting was held at the conference. I presented a review of the Association's activities including: membership, conference, training workshops, QAC, government affairs, accreditation and a financial summary.

The membership meeting is an excellent time to ask questions and discuss ASA's goals. However, it is not the only time, my door is always open.

Best Regards

Michele Schweitzer

### Election

#### ASA Board of Directors

Don't forget that ballots for the ASA Board of Directors election are due no later than Friday, July 21 at 5:00 pm Eastern Time. All ASA regular members are eligible to vote. If you have misplaced your ballot, please call the Association for a replacement ballot. If you have questions, please contact Michele Schweitzer or Jason Dickstein at (202) 730-0270.

#### Board Of Directors:

<b>Karen Borgnes</b>	253-395-9535
Pacific Aero Tech, Inc.	
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AVTEAM	
<b>Mike Molli</b>	847-836-3100
Scandinavian Airlines System	

#### 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. Subscription cost is \$120.00 US per year.

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#### Officers:

<b>Karen Borgnes</b>	253-395-9535
Corporate Treasurer	
<b>Jason Dickstein</b>	202-730-0270
Corporate Secretary	
<b>Michele Schweitzer</b>	202-730-0270
President	

## ASA Conference a Success!

The 2000 Annual Meeting of the Airline Suppliers Association was a smashing success! It was the largest ASA Conference ever, thanks in large part to the high quality speakers.

The friendly atmosphere of the Four Seasons made this a particularly pleasant Conference, and the fact that the Four Seasons does not have a casino helped to assure that the conference remained well-attended despite the temptations of the Las Vegas Strip.

With the "Temptations of the Strip" just down the street, it was important for ASA to establish a strong agenda to maintain the audience's interest and excitement throughout the entire meeting. ASA President Michele Schweitzer, assisted by ASA Meeting Manager Jeanne Pearsall, did it again: once again this year's meeting fea-

tured the top names in the industry discussing the most interesting topics.

Because of the strength of the agenda, ASA 2000 was not just for distributors. The entire industry was there, including manufacturers as well as end-user customers. Some of the manufacturers present included Airbus, BF Goodrich, Boeing, Bombardier, Heico, and Pratt & Whitney. Several major air carriers were represented, including America West, American, ANA, Ansett, British Airways, DHL, Ethiopian, Evergreen, Japan, Northwest, Qantas, Reeve Aleutian, SAS, United, UPS, and US Airways (our apologies to manufacturers and air carriers omitted from these lists).

ASA received comments from the members in both oral and written form (if you have not yet returned a

the comment card from your registration package, it is not too late to register your impressions of the conference). The membership uniformly enjoyed the conference, and found it to be an important educational experience with significant opportunities to make business contacts. Many members have already suggested topics for next year's ASA Annual Conference.

As always, the main focus of the conference was on the educational program. Over twenty-five speakers addressed the group on subjects ranging from quality assurance details to business strategic planning.

One of the most exciting features of the ASA Annual Conference was the keynote speech by Department of Transportation Inspector General Kenneth Mead. Mead doesn't speak

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### ANNUAL CONFERENCE SIDEBAR

## What is an Inspector General?

Since the offices were created by the IG Act of 1978, one of the primary responsibilities of each Inspector General is to uncover waste, fraud and abuse in the administration of a department's programs. To this end, the office performs investigations meant to support its law enforcement goals. Federal crimes discovered by an Inspector General are generally referred to the Justice Department for prosecution.

There is one Inspector General for each of the cabinet-level departments. Each Inspector General directs a staff of investigators and auditors who are generally experts not only in investigation or auditing, but also in the par-

ticular field over which they have oversight. Members of the staff of the Inspector General for the Department of Transportation, for example, are all transportation experts in addition to their special expertise in investigation or auditing.

Inspectors General do not establish nor implement an agency's broad policy objectives – they do not have responsibility for the audits and investigations that constitute an integral part of the programs for which they have oversight. Nonetheless, they do audit agencies' programs and make recommendations designed to promote economy, efficiency and effectiveness in the administration of the programs.

Thus, while the FAA may audit a repair station's incoming inspection system, the Inspector General's responsibility would be to audit the repair station inspection program to assure that the program is functioning properly, and that the FAA is achieving the goals established for it by Congress and its own policies.

Inspectors General remain independent of the agencies they oversee. They report directly to Congress (although an Inspector General generally remains in constant contact with the Department Secretary as well as the Agency Administrators). This permits them to remain independent and objective in their efforts.

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## 2000 Glueckler Award Goes to Jay Rosenberg!

This year's Annual Conference was full of highlights, but the highlight of the Monday night dinner was the presentation of the Edward J. Glueckler Award.

Named for ASA's first President, this award is given annually to an individual who has made significant contributions to the Association and its members, in recognition of outstanding commitment, dedication and contribution to both the Association and the industry.

Selection of the recipient is based on nominations that are reviewed by the ASA Board. Each year, the Board must select the one best candidate



*ASA QA Committee Chair Larry Collings congratulates Jay Rosenberg*

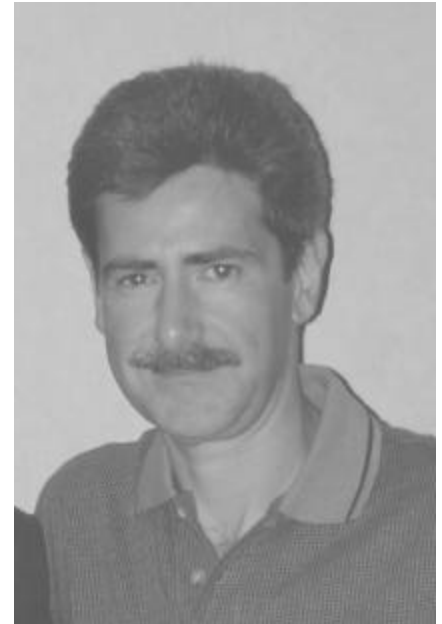
from among the many qualified nominees.

This year's recipient was **Jay Rosenberg of the International Airline Support Group**. Rosenberg was one of the original members of the ASA QA Committee, and served as Chair of the Committee. He currently continues to serve as vice-chair.

Rosenberg was one of the important figures in the creation of the ASA-100 standard. His leadership helped to assure that the ASA-100 standard became a reality.

The FAA is currently working on revising the Voluntary Industry Distributor Accreditation Program by improving AC 00-56. The FAA has invited the industry to discuss these revisions in the context of the AIR-DU Committee. Rosenberg has represented distributors' interests at these AIR-DU Committee meetings.

Rosenberg has always made himself available to ASA staff as a resource. He has answered questions and provided guidance above and beyond the call of duty. The ASA staff has come to rely on his guidance in a



*Jay Rosenberg, the Winner of ASA's 2000 Edward J. Glueckler Award*

variety of subject areas.

Rosenberg has been a guiding force on ASA's Quality Assurance Committee since its inception, and has been a constant source of support to the ASA staff and membership. ASA was pleased to announce that he would receive the 2000 Edward J. Glueckler Award.

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## DOT-IG Kenneth Mead Helped Make ASA 2000 a Success

*(Continued from page 75)*

to just any group. He is careful about his public appearances for the same reasons that make him an excellent Inspector General. He doesn't want to use public resources unless those public resources are definitely going to promote the purposes of his office, and of the Department of Transportation.

Convincing the Inspector General to speak was itself an important accomplishment. The Association was pleasantly surprised to find that the Inspector General was one of the best keynote speakers we've seen at any Conference in quite a while.

Mead spoke about some of his offices initiatives, including their initiatives on unapproved and substandard aircraft parts. He let the audience know exactly where they can expect his office to commit to making improvements.

Mead noted that his office had played

a key role in the new anti-fraud laws that apply to aircraft parts, and he lauded the efforts of Special-Agent-in-Charge Harry Schaefer, who had been the lead man from the Office of Inspector General on that project.

Mead also used the audience in his own private research project. Because of the recent emphasis placed on aviation customer service by the people and the US Government, Mead conducted an impromptu poll of the ASA membership to see how aviation professionals feel about the service they receive as passengers on scheduled air carriers. This was not his only effort to poll the community on subjects important to the Department. He was also active both before and after the presentation in speaking to ASA members about their aviation safety concerns.

During the speech, Mead applauded the efforts of the Airline Suppliers Association to improve safety in the industry. he noted the importance of

the work ASA is doing to promote hazardous materials compliance, and announced that the Department of Transportation would soon be establishing a new policy for multi-agency coordination on hazmat issues.

Mead also invited ASA to brief him on some of the harmonization issues that affect the industry. The Association plans to take advantage of this

*(Continued on page 82)*



*ASA President Michele Schweitzer and ASA Counsel Jason Dickstein welcome DOT IG Kenneth Mead to the 2000 ASA Annual Conference*

### Who Is Kenneth Mead?

The United States Senate confirmed Mead to become the Inspector General for the Department of Transportation on May 23, 1997.

Prior to assuming the Inspector General position, Mead had spent a decade at the GAO, where he was responsible for numerous recommendations to Congress and the Department of Transportation to improve safety in aviation, rail, transit and other key transportation sectors. Mead had also served in the submarine service in the U.S. Navy.

Mead replaced Mary Schiavo, who had often found herself a target of media attention during her tenure.

Following her tenure, she wrote an FAA tell-all book entitled "Flying Blind, Flying Safe." Detractors accused her of shoddy journalism and inaccuracies. While she will be long remembered for her outspokenness on aviation safety issues, no one remembers Mary Schiavo for her work in fighting waste, fraud and abuse in the Department of Transportation.

Fighting waste, fraud and abuse is the primary purpose of the Inspector General. The reports that his Office produces, and the convictions his office generates, clearly demonstrate his commitment to this purpose. Although he doesn't grab headlines, he is doing the job for which he is paid.

About 40% of the resources of the Transportation Department's Office of the Inspector General go to FAA oversight. This is partly due to the significant size of the FAA. Mead's office appears to be making a difference in the manner in which the FAA functions – this permits the FAA to do its job: concentrating on safety issues in an efficient manner.

In 1998, Mead told a group of DoT employees at the "One DoT Conference" that DoT Secretary Rodney Slater expects a visionary and vigilant Department, consisting of partnership and collaboration. The Inspector General appears to be meeting the Secretary's expectations.

## Duty-Free Treatment of Imported Parts

(Continued from page 73)

simple method for obtaining duty-free status, and would make it less likely that importers in our industry would lose their duty-free status due to nothing more than a paperwork problem.

Importers would still be responsible for maintaining documentation that proves that the aircraft or aircraft parts meet the requirements for duty-free treatment. Further, the documentation would have to be maintained according to Customs Service regulations and the Service is entitled to review such documentation at any time (note: proof of end-use of the part is not required to be maintained).

Some companies that perform infrequent imports (and even those that perform frequent imports) may forget to file the documents required under the existing rules. Under current

rules, certain documents may be late-filed as long as the importer posts a bond (to assure the duty-money is available to the government if the documents are never filed). The certification supporting an aviation exemption to the duty regulations is not subject to bond. This means that if the goods enter the United States before the certification is filed, then the goods are subject to import duties, even though they might otherwise have been duty-free.

The proposed regulation would provide a safe harbor for those who are less familiar with the regulations (or those who simply forget to timely file their documentation). The no-bond rule for a missing certification would become moot. When the importer fails to timely file the documentation necessary to support a claim that certain aircraft and aviation parts that are

subject to duty-free treatment, the importer would be permitted to late-file a written statement with Customs any time prior to liquidation of the goods, or prior to the liquidation becoming final. Of course, any refund resulting from a claim made under this provision would be without interest, so it is best to avoid paying the duty in the first place.

These provisions appear to benefit importers of aircraft and aircraft parts. Those performing imports should review the proposal and file their comments. The proposed rule may be found at 65 Fed. Reg. 40067 (June 29, 2000). Comments on the rule may be sent in triplicate to Regulations Branch, Office of Regulations and Rulings, U.S. Customs Service, 1300 Pennsylvania Avenue, NW, 3rd Floor, Washington, DC 20229. Comments are due by August 28, 2000.

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## Unapproved Parts Notification

No. 99-273

<http://www.faa.gov/avr/sups/upn99-273.txt>

May 18, 2000

Published by: FAA, AFS-610, P.O. Box 26460, Oklahoma City, OK 73125

**AFFECTED MATERIAL:** (Bulk Wire Rope) manufactured between 1991 and 1998, which can be used for aircraft/engine/propeller control cables.

**PURPOSE:** The purpose of this Unapproved Parts Notification (UPN) is to advise all aircraft owners, operators, manufacturers, maintenance entities, and parts distributors regarding the production of non-conforming material to specification MIL-W-83420 (manufacturer's cage code: 4R506). Evidence exists that bulk wire rope may have been installed on civilian, type-certificated aircraft.

**BACKGROUND:** The Defense Criminal Investigative Service (DCIS) has initiated an investigation relating to information received that Strandflex Cable (Strandflex), a division of Maryland Specialty Wire, Oriskany, NY 13424, was not conducting quality conformance inspections in accordance with MIL-W-83420 (wire rope, flexible, for aircraft control). The DCIS investigation to date has disclosed that the referenced aircraft control cable may not have been subjected to all the quality conformance inspections set forth in MIL-W-83420.

Information received revealed that Strandflex did not possess the equipment necessary to conduct certain quality conformance tests. In addition, the Federal Aviation Administration (FAA) has obtained test results conducted by DCIS indicating that material purchased by the DCIS, from Strandflex, has failed to meet certain quality requirements, including visual inspection and endurance testing as required by MIL-W-83420. For example, one endurance test result indicated a rope fracture at a peak load of 659 lbs. This load did not meet the minimum requirement of MIL-DTL-83420F of 1,056 lbs. One visual inspection report indicated that kinks were present in the wire rope sample. The MIL spec does not permit kinks in the wire rope.

**RECOMMENDATION:** Regulations require that type-certificated products conform to the type design. Aircraft owners, operators, manufacturers, maintenance entities, and aircraft parts distributors are encouraged to inspect their aircraft and/or aircraft parts inventory for materials manufactured by Strandflex. If found in existing aircraft parts inventory, it is recommended that the material be quarantined to prevent installation in aircraft until the material can be inspected for conformity to MIL-W-83420. Appropriate action should be taken if any of this material has been installed on aircraft, aircraft engines, or propellers.

**FURTHER INFORMATION:** Further information may be obtained from the FAA Manufacturing Inspection Office (MIO) shown below. The FAA would appreciate any information relating to the above-referenced unapproved material from any source, the means used to identify the source, and the action taken to remove the material from service or stock.

It is requested that findings of non-conformity of this wire rope be forwarded to the Engine & Propeller Directorate, Manufacturing Inspection Office (MIO), 12 N.E. Executive Park, Burlington, MA 01803, telephone (781) 238-7183, fax (781) 238-7898. Please include a description of the non-conformity, the inspection, and/or test used to make that determination. This notice was published through the FAA Suspected Unapproved Parts Program Office, AVR-20, telephone (703) 661-0581, fax (703) 661-0113.

*A complete list of the Suspected Unapproved Parts Notices published by the FAA is available on the internet at <http://www.faa.gov/avr/upn.htm>*

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## Unapproved Parts Notification

No. 99-00174

<http://www.faa.gov/avr/sups/99-174.txt>

**AFFECTED AIRCRAFT:** All Aircraft

**PURPOSE:** The purpose of this notification is to advise all aircraft owners, operators, maintenance organizations, and parts suppliers and distributors regarding aircraft instruments, radios, accessories, and other articles improperly maintained, altered, or returned to service by Quality Air Services.

**BACKGROUND:** Information received during a Federal Aviation Administration (FAA) suspected unapproved parts investigation revealed that between June 1998 and June 1999, Quality Air Services (QAS) (Approved Repair Station Certificate No. QUSR002K), 5301 Longley Lane, Reno, NV 89511, improperly maintained, altered, or returned to service various aircraft parts for which QAS was not rated. Evidence also indicated that QAS overhauled various pitot tubes without benefit of the special facility required by the manufacturer's maintenance manual.

QAS's approved repair station certificate was limited to the following ratings prior to September 14, 1999:

- (1) Class 1, 2, and 4 instruments
- (2) All models of Gables audio panels
- (3) Gables public address amplifiers (part no. G-3425A) and Rockwell public address amplifiers (part nos. 622-4096-001 or 622-4487-001)
- (4) McDonnell-Douglas auto throttle switches with any series of part number 5758405.

Since September 14, 1999, QAS holds the following ratings:

- (1) Class 1, 2, and 4 instruments
- (2) Limited radio (per current capabilities list)
- (3) Limited accessory (per current capabilities list).

Parts improperly maintained, altered, or returned to service by QAS include, but are not limited to, the following: cabin pressure controller, outflow valve, landing light, centrifugal switch, air pressure transmitter, decoder, strobe light, audio panel, component parts of a multiplexer system, smoke detector, generator control unit, horn, battery pack, safety valve, pitot tube.

**RECOMMENDATION:** Regulations require that type-certificated products conform to their type design. Aircraft owners, operators, maintenance organizations, parts suppliers and distributors should inspect their aircraft, aircraft records and/or aircraft parts inventories for any part maintained, altered, and/or approved for return to service by QAS for which it was not rated. If any parts improperly maintained, altered, and/or returned to service by QAS are installed on aircraft, appropriate action should be taken. If any of the parts are found in existing aircraft stock, it is recommended that the parts be quarantined to prevent installation until a determination can be made regarding each part's eligibility for installation.

**FURTHER INFORMATION:** Further information may be obtained from the FAA Flight Standards District Office (FSDO) given below. The FAA would appreciate any information concerning the discovery of the above-referenced unapproved parts from any source, the means used to identify the source, and the action taken to remove the parts from service.

This notice originated from the Reno FSDO, 4900 Energy Way, Reno, NV 89502, telephone (775) 858-7700, fax (775) 858-7737, and was published through the FAA Suspected Unapproved Parts Program Office, AVR-20, telephone (703) 661-0581, fax (703) 661-0113.

## 2000 Conf. Recap

*(Continued from page 78)*

invitation later this Summer.

ASA also featured, for the first time, a JAA speaker. Harry Jones, the JAA JAR-145 Maintenance Coordinator, came to the United States to explain the JAA structure and the ways that American distributors can interface with the European system.

As part of ASA's continued focus on hazmat issues, aviation attorney Marshall Filler lectured on the hazardous materials laws that affect distributors.

Spencer Lin of Price-Watehouse-Coopers provided an analysis of the future of e-commerce and the effect it will have on parts distribution.

Bob Agnew, of Morton Beyer and Agnew, analyzed valuation issues for surplus parts inventories. His analysis included a preview of which surplus inventories are likely to be valuable and which ones are not, in the coming years.

In addition to the general session presentations, all attendees were able to attend up to four workshops on various topics. The workshops featured many of the top names in the industry.

Many attendees agreed that the highlight of the Conference was the final panel. The Conference closed with an open question-and-answer session that featured a panel of experts who represented various aspects of the industry, including financial, legal, distribution, domestic air carrier customer, and international air carrier customer.

### ASA Board and Corporate Officers

Row 1 (L to R): Cote, Schweitzer, Butler;

Row 2 (L to R): Dickstein, Gaunt, Borgnes, Molli, Sparks, Cochis

## Airbus 3XX Will Get Off the Ground

Airbus has received approval from its shareholders to begin making firm commercial offers to potential launch customers for the all new very large 555-seat double-deck jetliner, the A3XX. This "Authorization to Offer" (ATO) follows an extensive review of the market.

To date, several companies have expressed their interest to Airbus Industrie in acquiring the A3XX. They include Air France, Emirates, ILFC, Qantas, Singapore Airlines, and Virgin Atlantic.

The most significant interest has come from Qantas. Qantas expressed its interest to Airbus in becoming a launch customer for the A3XX, with indications of an initial requirement for up to 10 aircraft, for deliveries from 2006 onwards. The Sydney-based carrier said it was interested in the A3XX for its "Kangaroo Route" between Australia and London, and the trans-Pacific route between Australia and Los Angeles.

Qantas CEO James Strong explained, "The anticipated seat-mile cost advantage and payload range capability make the A3XX an appealing option for Qantas to consider for its large aircraft needs." He added "We are recognized as a pioneer in the devel-

opment of long-haul air travel and it is appropriate that we continue our tradition of carrying customers in latest-technology aircraft over some of the longest air routes in the world."

The Qantas announcement came just four days after the Airbus ATO. When Airbus CEO Noël Forgeard announced the Qantas decision, he praised his launch customer, saying "Qantas is one of the world's oldest and most respected airlines and its interest in the A3XX highlights the aircraft's considerable appeal. It is with great pride that we welcome the Qantas decision."

Airbus is touting the A3XX as the very first real double-decker aircraft ever developed. Airbus pledges that the A3XX will offer all the advantages of a completely new design, responding to every foreseeable requirement of the 21st century, while retaining commonality with the existing Airbus aircraft family. Airbus claims the final design will provide 15 to 20 per cent lower operating costs than the existing large aircraft conceived over 30 years ago, while offering 10 to 15 per cent more range. Under their current timetable, Airbus is planning its first flight in 2004, and an initial entry into service in the last quarter of 2005.

Physical assembly of the A3XX will take place at Aerospatiale-Matra's facility in Toulouse, while interior furnishing and customization will be the responsibility of DASA-Airbus in Hamburg. In addition to the final assembly work and customization, both companies will produce A3XX fuselage sections, as for the other Airbus airliner programs. BAE SYSTEMS will continue to produce the wings, while CASA of Spain will provide the horizontal stabilizer and



*(Continued on page 83)*

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other parts. In the framework of the restructuring, these facilities will become part of the Airbus Integrated Company. Moreover, to date some ten additional manufacturers have already signed up to participate in the development and production of the A3XX.

Over the next 20 years, Airbus foresees a demand for more than 1,200 passenger aircraft with a capacity of more than 400 seats. Airbus anticipates that these 1,200 'very large' aircraft will be valued at \$263 billion dollars. In addition, Airbus predicts a demand for some 300 freighters in the 'very large' category (capacity greater than 80 tons).

Distributors engaged in long-term planning should consider how the A3XX could affect the long-term value of inventories of parts for other competitive aircraft, like the 747-400.

### INDUSTRY UPDATE

## First B 737-900 Nearly Complete

The first Boeing Next-Generation 737-900 jetliner, shown in foreground with banner, moves up the final assembly production line at the busy Boeing 737 factory in Renton, Wash- ington.

The 737-900, the newest Boeing single-aisle commercial airplane model, is due to take its first flight in August. Alaska Airlines, KLM Royal Dutch Airlines, Korean Airlines and Continental Airlines have all ordered the model. The 737-900 is the largest model in the Next-Generation 737 family, which Boeing

calls the most-advanced design family of jetliners in its market segment.

Introduction of the 737-900 should help assure that there will be a market for 737 parts for many years to come!



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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 and seven are now on-line, as well as the first five issues of this Volume.

## UPCOMING EVENTS

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

<b>Sept. 6-8</b>	<b>Aviation Week's MRO Europe</b> , Paris, France. Call (800) 240-7645.
<b>Sept. 9-12</b>	* <b>Air Carrier Purchasing Conference</b> , Nashville, TN. Call (561) 434-1512 or fax (561) 434-1944.
<b>Sept. 13-14</b>	<b>US Valuation Conference</b> , Falls Church, VA. Call Commercial Aviation Events: +44 (1892) 515364.
<b>Sept. 18-20</b>	<b>Speednews Suppliers Conference in Europe</b> , Toulouse, France. Call (310) 203-9603 for details.
<b>Sept. 18-21</b>	<b>European School of Aircraft Economics</b> , Buckinghamshire, England. Call: +44 (0) 20 7779 8681.
<b>Sept. 25</b>	* <b>ASA Workshop</b> , Riverside Hotel, Fort Lauderdale, FL. Call (202) 730-0270 for details!
<b>Sept. 26</b>	* <b>ASA Workshop</b> , Embassy Suites Hotel, Miami, FL. Call (202) 730-0270 for details!
<b>Sept. 27-28</b>	<b>AIC Aero-Engine Overhaul &amp; Maintenance Conference</b> , London, UK. Call (44) 20 7931 7072
<b>Sept. 28</b>	* <b>ASA Workshop</b> , (site TBA) Atlanta, GA. Call (202) 730-0270 for details!
<b>Oct. 10-12</b>	<b>NBAA 2000 Convention</b> , New Orleans, LA. Call (202) 783-9000 for more information.
<b>Nov. 5-7</b>	<b>Regional &amp; Corp. Aviation Industry Suppliers Conference</b> , Rancho Mirage, CA. Call (310) 203-9603.
<b>Nov. 6</b>	* <b>ASA Workshop</b> , Wyndham Garden Hotel, Newark, NJ. Call (202) 730-0270 details!
<b>Nov. 9</b>	* <b>ASA Workshop</b> , British Aerospace, London, UK. Call (202) 730-0270 for details!
<b>Dec. 13-14</b>	<b>Heavy Maintenance, Upgrades &amp; Conversions</b> , Dublin, Ireland. Fax for info. to: (44) 171 931 7186

*The ASA 2001 Annual Conference will be held at the Breakers Hotel in Palm Beach, FL, July 8 -10. The hotel for the 2000 Annual Conference was sold out weeks before the event, so make your 2001 reservations early!*

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