



# The Update Report

The Airline Suppliers Association

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## REGULATORY UPDATE

### FAA Issues New Guidance on SUPs

The FAA has issued a new revision to the advisory circular that addresses "Detecting and Reporting Suspected Unapproved Parts." This new revision, designated AC 21-29B, expands and explains the earlier version of the AC.

The most significant revision to the document is the addition of a definition of "approved parts." The drafters of 21-29B added this definition to reflect the colloquial usage of the term "approved." The AC makes it clear this is only colloquial and is not meant to supplant the definition of the term "approved" found in the regulations (meaning something explicitly approved by the FAA).

Despite the fact that this definition is only colloquial, it may have some regulatory teeth. The definition is basically a list of parts that may be eligible for installation in accordance with the maintenance performance standards of 14 C.F.R. § 43.13. Those who install parts that are not "approved" under the colloquial definition should take care to assure that the installation is legally permissible; and distributors who supply parts that are not "approved" should be careful to identify the condition of the parts to the buyer!

A part that does not meet the "approved" definition of this AC 21-29B is considered "unapproved" under

the new definitions. The AC makes it clear that selling these part is not illegal; in part because "unapproved" may not be the same as "unairworthy." There is no law against selling a part "as is," where the buyer is responsible for determining the airworthiness of the part; however the FAA wants to prevent people from taking "as is" parts and describing them as "airworthy" without adequate substantiation.

Parts for which the "approval" status can not be determined are considered "suspected unapproved parts," or SUPs. Many distributors already know that the FAA accepts and investigates reports of SUPs from the industry. Despite this FAA policy concerning SUPs reports, there is no regulatory requirement that a distributor report a SUP upon detection. Nonetheless, for those that wish to volunteer information concerning SUPs, the AC provides guidance on the form and manner of reporting. The contact information for voluntary reporting has been brought up-to-date in this revision to reflect the FAA's current operating procedures.

Copies of AC 21-29B are being sent with the March issue of The Update Report. Additional copies of this AC can be found on the internet; examine the back page of this issue for instructions on obtaining documents through ASA's web site.

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## A Message from ASA's President

On March 5, 1998 ATEAM sponsored a SUPs Seminar in Miami, FL. The meeting was open to any person in the industry. 175 people attended from 73 companies. Of the 175 attendees, 110 were from ASA member companies.

Eight speakers joined me on stage:

Roger Heard, SUPs Program Office,  
Harry Schaefer, DOT OIG,  
Peter Gallimore, Boeing,  
Randy Milne, Boeing,  
Susan Leiser, Boeing,  
Bruce Sechler, Boeing, and  
John Gilbert, Pratt & Whitney.

Together we provided a complete presentation on SUPs in the industry today. I updated the audience on ASA activities to improve parts handling procedures, including the Accreditation program.

Paula Sparks, AVTEAM's Vice President of Quality Assurance, admitted that it was a lot of work putting together a workshop. Nonetheless she said she and her company enjoyed doing it. During his welcome address, AVTEAM President and CEO Don Graw encouraged his counterparts in the South Florida area to sponsor educational workshops and asked ASA to support this effort by assisting with ideas, agendas, and speakers.

ASA has always been a strong supporter of education in the industry. ASA would be willing to work with any member in sponsoring a workshop as long as that member opens the workshop to ASA members within their city/region.

There are other ways for members to work together beside supporting seminars and workshops. A group of

companies in Seattle are developing a local organization that meets quarterly. In January, Boeing Unapproved Parts Program Manager Randy Milne gave the group an update on Boeing's activities. This type of meeting provides participants with education and networking opportunities at a low cost. The Seattle organization is not affiliated with ASA.

Realistically, companies need to make money to stay alive. In today's changing marketplace, education and training are essential. Time spent training an employee should be recouped exponentially in that person's value to the company. This is one important reason why companies join an association: to pool resources to accomplish goals, like educational programs, that one company could not afford to accomplish. Sharing in training costs is just one way that your Association reduces time, resource and financial costs for your company.

Best regards,  
Michele Schweitzer

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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 our members. For information on the Airline Suppliers Association Accreditation Program, ASA-100, Conferences, Workshops, Industry Memos, Advisory Circulars, or services benefits, contact the Association.

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## Fastener Quality Act Finally Approaches Implementation

There's a new challenge on the horizon for any company dealing in fasteners: the Fastener Quality Act. Many people have forgotten that this sleepy little law was passed in 1990 because the Commerce Department has delayed implementation for eight years; but judgment day is at hand. After May 26, 1998, the United States will treat its fasteners differently. Fasteners manufactured after this date will have to be tested and certified by an accredited laboratory. The manufacturer and subsequent distributors will all be responsible for the documentation associated with the testing.

This article provides a brief introduction to the Fastener Quality Act (FQA) by explaining who is required to comply, identifying the fasteners that are affected, and explaining the major obligations under the Act that may affect distributors who handle fasteners.

### Who Is Affected?

Any company that manufactures or distributes fasteners will have new duties under the FQA when it goes into effect on May 26, 1998. After that date, manufacturers will be required to send a representative sample of each fastener lot to an accredited laboratory for testing. The manufacturer will be responsible for assuring that customers have access to the certification that the part met the appropriate standards.

Distributors who import fasteners will be required to assume certain responsibilities associated with manufacturers under the Act - these distributors will be responsible for assuring that the foreign fasteners were tested appropriately before import. They will also be responsible for keeping copies of the testing records and conformance certificates.

Some foreign manufactured fasteners will be exempt from the requirements of the FQA - among those are manufacturers located in any country that has entered into a free trade agreement with the United States. One reason for this exemption is the FQA could be interpreted as a barrier to free trade. Foreign manufacturers will be exempt from the import rules if the National Institute for Standards and Technology (NIST) finds that American purchasers can readily obtain original laboratory test reports. Such a finding would be published in the Federal Register.

It is possible for a distributor to accept foreign or domestic fasteners manufactured after the implementation date that are not tested according to the FQA if the distributor intends to assume the responsibility for testing the parts. A distributor that does this will be treated under the rules as if it were the manufacturer, and will be required to sign a written document by which it assumes responsibility for the testing and inspection requirements of the FQA.

Even distributors who do not handle foreign manufactured fasteners or untested fasteners will have new responsibilities under the Act. Distributors will be required to pass along the NIST-acceptable documentation associated with the fasteners that they sell. This is in addition to the distributor's normal business practices of passing along documentation useful to or required by the customer (like 8130-3 or ATA 106 forms).

### What Fasteners Are Covered?

Like many laws, several terms are defined in a manner that is different from that commonly understood by the rest of us. Most importantly, not everything

that holds materials together is considered a fastener under the FQA. A "fastener" is defined as anything that falls into one of the following four categories (comments in brackets belong to ASA, and are not part of the law):

- (A) a-
- (i) screw, nut, bolt, or stud having internal or external threads, or
  - (ii) a load-indicating washer,

*with a nominal diameter of 5 millimeters or greater, in the case of such items described in metric terms, or 1/4 inch or greater, in the case of such items described in terms of the English system of measurement, which contains any quantity of metal and is held out as meeting a standard or specification which requires through-hardening, or*

- (B) a screw, nut, bolt, or stud having internal or external threads which bears a grade identification marking required by a standard or specification, or

- (C) a washer to the extent that it is subject to a standard or specification applicable to a screw, nut, bolt, or stud described in subparagraph (B), or

- (D) any item within a category added by the Secretary in accordance with section 4(b) [**this permits new rules addressing other parts where they are considered critical**], except that such term does not include any screw, nut, bolt, or stud that is produced and marked as ASTM A 307 Grade A or produced in accordance with ASTM F432 [**the Secretary has added at least one new category of fasteners**].

*(Continued on page 26)*

# Fastener Quality Act

(Continued from page 25)

The regulations add an additional category of fasteners. These regulations are published by NIST on behalf of the Secretary of Commerce. The additional category includes any screw, nut, bolt, stud or washer that is produced according to a design or plan that references published performance or material standards. Such products are considered fasteners, even if that reference to published standards is indirect. The FAA recently published a fastener Technical Standard Order (TSO) known as TSO-C148. The TSO references an array of military and ASTM standards as the basis for issuing an approval to manufacture fasteners meeting the TSO (the approval is known as a TSO Authorization, or TSOA). By virtue of this reference to published standards, screws, nuts, bolts, studs or washers manufactured under the terms of this TSO will probably be considered fasteners that must conform to the FQA.

It appears from the published definition that some varieties of hardware, like loop style clamps and connecting bracketry, are not "fasteners" under the Act; however the Department of Commerce would be permitted to add these parts to the FQA if it decided that they were critical parts. To do this, the government would use "notice and comment rulemaking," so the world would get constructive notice of the change through the Federal Register.

## What Does the Act Require?

The essence of the Act is that it requires manufactures to test representative samples from fastener lots. The testing must be performed by a laboratory accredited to NIST standards. The laboratory must provide the manufacturer with test results and a certificate indicating that the fasteners met the standards to which they were manufac-

ured; the manufacturer is responsible for retaining these documents for five years.

Many aerospace manufacturers have complained that they do not produce fasteners in discrete lots. Rather, they produce them under a continuous system that uses statistical process controls (SPC) to assure an appropriate level of quality. The current regulations do not permit SPC to be used in as an alternative to lot-wise testing; however NIST is working on a new regulation that will permit SPC to be used as a basis for compliance with the FQA.

Distributors who receive fasteners subject to the FQA will be responsible for providing a copy of the testing report / certificate of conformance to the customer upon request. In order to assure the ability to meet this requirement, a distributor who receives fasteners subject to the FQA should insist that a copy of the testing report and the certificate of conformance accompany the parts when they arrive at the facility. This is important because laboratories and manufacturers are only required to hold the documentation for five years. Many fasteners have no shelf life, and it is not unusual for fasteners to spend ten years on a shelf before use, so it is possible that a distributor that tries to procure documentation at the time the fastener is sold will be too late!

To meet the new distributors' responsibilities, suppliers that handle fasteners must have a means of identifying fasteners that may be subject to the Act (probably in the receiving inspection). The distributor may also have to develop methods for determining the date of manufacture, because the FQA only applies to fasteners manufactured after May 26, 1998. Fasteners made before the May 26 implementation date are not subject to any of the FQA's requirements.

The regulations forbid a company from stating that parts fabricated before the

implementation date conform to the FQA. Nonetheless, fasteners made before the implementation date may still be represented as meeting applicable standards, like ASTM standards. Some distributors may find that their older, pre-FQA fasteners become more marketable if they bear a certificate similar to the FQA certificate - make sure that the testing facility issues a certificate that addresses conformity to the standards, and not conformity to the FQA.

To avoid future problems in meeting the "subsequent purchaser" obligations under the Act, a distributor's receiving inspection system should identify fasteners subject to the FQA, and should assure that the documentation associated with the FQA arrives with the parts.

Distributors that repackage fasteners should be aware that the customer has the right under the Act to ask that each package be conspicuously labeled with the lot number from which the fasteners were taken.

ASA will continue to carefully monitor implementation of the FQA, and keep the members informed of the latest developments through articles in The Update Report. Watch for next month's article on tips for recognizing fasteners that require FQA certification.

Calling his organization "a leader in noise abatement programs," **National Business Aircraft Association (NBAA)** President Jack Olcott announced that his association has passed a resolution calling on its members to end the operation of stage I aircraft by the year 2005. Current regulations ban stage I aircraft over 75,000 pounds; but there is no ban on stage I aircraft under that weight. The NBAA resolution also asks members to refrain from adding stage I aircraft to their fleets beginning January 2000.

## Breathing Protection Rules Apply to Paint

Facilities with paint booths, or any other equipment requiring use of respiratory protection, need to know about the new regulations! Under the new regulations, employers must establish programs to protect employees who wear breathing protection devices.

The Occupational Safety and Health Administration (OSHA) issued a final rule on January 8 that established the new program requirements. The new rule requires a company using respiratory protection to have a program that addresses: program administration, respirator selection, employee training, fit testing, medical evaluation, respirator use, respirator cleaning, maintenance, and repair, and other provisions.

Any company whose employees use any form of breathing protection device should review the new respiratory protection regulation found at 63 Federal Register 1151 (January 8, 1998). A copy of the new rule is also available on the internet and may be accessed through ASA's web page.

## Congress Considers Regulatory Reform

The Senate Governmental Affairs Committee approved a bill that would require agencies to perform new studies of the costs and benefits of proposed regulations. The bill would also require agencies to determine if there is a more cost-effective way to deal with the issue. The bill would apply to health, safety and environmental regulation, so most FAA regulations would be affected.

Proponents of the bill laud it as a necessary step to fighting against regulations that harm the United States more than they help. They explain that it would require agencies to use new methods for investigating problems, thereby improving the quality of government decision making. It would also require agencies to disclose their risk assessment to the public, encouraging public understanding of the rulemaking pro-

cess and increasing government accountability.

The bill is opposed by environmental, consumer and labor advocates, as well as the White House. In a letter to the Senate, White House Office of Management and Budget Director Franklin Raines said the administration is "skeptical of the need for further comprehensive regulatory reform legislation at this time." Critics of the bill claim it would encumber federal agencies with studies and reviews, preventing them from devoting time to emerging problems.

The Senate Committee voted 8-4 in favor of the measure on March 10. It is now eligible for discussion on the Senate floor later this year. Copies of the bill are available through the ASA web site (see page 34 for access details).

On February 19, **Reno Air** announced the election of its new Chairman, President and CEO, **Joseph R. O'Gorman**. O'Gorman is a former Executive VP of **United Airlines**. He has over 30 years of airline experience, having served as CEO of both **Aloha Airlines** in Hawaii and Denver-based **Frontier Airlines**.

**Vanguard Airlines** announced February 27 that **Jim Miller** will replace **Ron McClellan** as Vice President of Maintenance and Engineering. Miller has worked for Vanguard Airlines since April 1996, most recently as Director of Quality Assurance.

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## FAA Proposes ADs on Superior Piston Pins

Reciprocating engine parts distributors, beware! On February 17 and 18, the FAA issued two proposed Airworthiness Directives (ADs) against piston pins manufactured by Superior Air Parts.

The ADs would require that all defective piston pins be removed from service and replaced with serviceable parts. The piston pins were manufactured pursuant to FAA parts manufacturer approval (PMA). Investigation by the FAA has revealed that some of these piston pins may contain subsurface manufacturing imperfections, such as higher impurity levels and retained austenite as well as imperfections caused by final machining, such as grind burns.

Owners and operator are required to remove piston pins described in these

two ADs; however because the industry generally catalogs ADs based upon a type certificate identification, some reciprocating engine maintenance performers may miss these part-number specific ADs. Distributors handling reciprocating engine parts should therefore be on the look-out for piston pins subject to these two ADs.

The affected piston pins are P/N SA629690, shipped by Superior between August 1, 1994, and June 20, 1996, and P/N 13444-1, shipped between August 24, 1993, through April 22, 1996. The SA629690 pins may be installed on Teledyne Continental Motors IO-360, TSIO-360, and LTSIO-360 series reciprocating engines, while the 13444-1 pins may be found on Textron Lycoming IO-540, O-320, IO-720, LTIO-540, IGSO-540, IO-360, LO-360, and O-360 series engines.

The SA629690 piston pins are covered under docket number 97-ANE-37-AD, and comments on this proposed AD are due not later than April 20, 1998. The AD is published at 63 Federal Register 7739 (February 17, 1998).

The 13444-1 pins are covered under docket number 97-ANE-42-AD and comments on this proposed AD are due not later than March 20, 1998. The AD is published at 63 Federal Register 8149 (February 18, 1998).

Comments on either proposed AD should be sent in triplicate to FAA, New England Region, Office of the Assistant Chief Counsel, Attention: Rules Docket No. [Insert Docket Number], 12 New England Executive Park, Burlington, MA 01803-5299. Copies of the ADs are available through the ASA website.

## FAA Proposes Day-Ray Light Ballast AD

The FAA has issued a revised Airworthiness Directive (AD) proposal, applicable to any transport category airplane that is equipped with certain Day-Ray fluorescent light ballasts installed in the cabin sidewall. An earlier version of the AD would have required replacement of suspect ballasts or the installation of a protective cover over the ballast - this revision would eliminate the protective cover option, permitting only replacement as an acceptable means of compliance.

Any distributor with light ballasts in inventory should examine this pro-

posed AD carefully. It is unusual because it is issued against parts and not against a product (aircraft or engine); customers could therefore miss the AD and not realize that they may need to purchase new light ballasts.

Comments on this AD must be received by March 16, 1998, and should be sent in triplicate to FAA, Transport Airplane Directorate, ANM-114, Attention: Rules Docket No. 96-NM-163-AD, 1601 Lind Avenue, SW., Renton, Washington 98055-4056. Copies of the AD are available at 63 Federal Register 8374 (February 19, 1998) or through the ASA website.



## FAA Issues Fire Alarm Rule for Cargo Spaces

The FAA issued a final rule requiring fire detection and suppression systems in aircraft cargo compartments. Issued on February 12, the rule affects nearly 3,700 existing passenger aircraft and all newly manufactured aircraft. It represents a response to a recommendation of the White House Commission on Aviation Safety and Security.

Commission Chairman and Vice President Al Gore explained this measure "will help ensure that airline travel remains as safe as possible for all travelers."

Most wide-body passenger aircraft have fire detection / suppression systems in inaccessible compartments. This rule requires the remainder of the passenger fleet to be equipped with the same systems.

## New Haz-Mat Rules Go into Effect

Ever since the 1995 ValuJet crash in the Everglades, there has been an increased awareness in the industry of the hazardous materials regulations. Hazardous materials (haz mats) that pass through an ASA member's facility are likely to be accompanied by all of the material safety data required by the regulations.

Part of the reason for this is the fact that most aviation business is interstate; consequently, suppliers often do not think about the fact that some haz-mat transactions occur entirely within a state. This has been a dangerous omission: until recently, most transportation of haz mats that occurred entirely within one state (intrastate transportation) was **not** subject to the federal haz mat regulations.

Most states had regulations very similar to the Federal regulations; however as Ross Perot said, the "devil is in the details." Many states had complicated systems of exemptions from the local haz mat rules that made intrastate haz mat transportation vary widely from state to state.

This changed with the new regulation that applied haz mat rules to all commerce, including intrastate. The new rule became effective on October 1. It establishes a uniform regulatory system for all shipments - this is a benefit to distributors who previously had to deal with different standards depending on the source of the haz mats.

To help bring industry up to speed, the Department of Transportation's Re-

search and Special Programs Administration (RSPA) will conduct outreach meetings in Lincoln, Neb., Dallas, Atlanta and Seattle to discuss compliance with the new rule concerning intrastate transportation of hazardous materials.

RSPA Acting Administrator Kelley S. Coyner explained "[b]y reaching out to the community and providing guidance and assistance, we can ensure that people understand our safety standards and know how to comply with them."

The new rule is published at 62 Federal Register 1207 (January 8, 1997). RSPA published the schedule for the outreach sessions in a press release. Both may be accessed through ASA's web site.

### AT 800 INDEPENDENCE - FAA HQ NEWS

## Donohue Says "It is time to move on."

Dr. George L. Donohue, has withdrawn his name from consideration for the FAA Deputy Administrator position.

Nominated for the Deputy Administrator post in May 1997, Donohue cited the long, drawn-out process as a factor in withdrawing his name. He plans to leave the FAA "sometime in late spring or early summer," after the Congressional hearings on the FAA's 1999 budget. He explained that he has "essentially completed what came here to do, and it is time to move on."

In his four years as the FAA's Associate Administrator for Research and Acquisition, Donohue oversaw significant reforms in both the personnel and acquisition systems. Under his leadership, significant improvements were made to several components of the FAA's Ad-

vanced Automation System. He is also responsible for restructuring the GPS Wide Area Augmentation System.

Transportation Secretary Rodney Slater praised his work, saying "George Donohue has provided outstanding leadership to help bring about unprecedented procurement reform and technology modernization at the FAA." Jane Garvey added "He's rendered important service to the field of aviation."



George Donohue

## FAA Appoints Specialist for Advanced Composites

The FAA has appointed Dr. Larry B. Ilcewicz as a member of the National Resource Specialist (NRS) team. The NRS program taps internationally recognized experts in their respective fields to serve as advisors to industry, government agencies and international aviation authorities.

Dr. Ilcewicz will serve as the NRS specialist for advanced composite materials for the FAA's certification division. He'll be responsible for advanced composite materials training, structural certification consultation and national research program planning. Dr. Ilcewicz has more than 18 years of experience in the application of composite materials to aircraft structures.

# Suspected Unapproved Parts Notice

*The following Notice was published by AVR-20, the SUPs Program Office of the FAA, and is reprinted here, unedited and in its entirety. The Notice applies to bushings for certain JT8D engine combustion chambers. Complete contact data for more information concerning the Notice is included in the text. ASA is not responsible for the accuracy of allegations made by the FAA in this Notice.*

## UNAPPROVED PARTS NOTIFICATION

NO. 97-272

January 20, 1998

AFFECTED ENGINE: Pratt & Whitney model JT8D, series -1 through -17.

### PURPOSE:

The purpose of this Unapproved Parts Notification is to advise all owners, operators and maintenance entities that a large number of combustion chambers have been improperly repaired.

### BACKGROUND:

During a receiving inspection by a major international operator, it was discovered that improper repairs were accomplished on 18 JT8D engine combustion chambers. The accompanying documents stated that the mount lug positioning pin hole bushings, P&W part number 787409, were replaced with new bushings when in fact the bushings showed signs of wear on the inside diameter. The subsequent suspected unapproved parts investigation revealed that International Jet Repairs, Inc. (IJR), Repair Station XQ4R657M, located at 2358 West 8th Lane, Hialeah, Florida 33010, accomplished the unapproved repairs. The investigation further determined that IJR obtained a total of over 2,000 new bushings from an unapproved source since February 1994. These bushings may have been installed in combustion chambers during overhaul; however, some or all lacked a hardcoat process on the inside surface which was stated to have been accomplished on the accompanying documentation. The hardcoat process is detailed in P&W Service Bulletin number 4421. This hardcoat process was also lacking on some of the used, reinstalled bushings and was difficult to detect due to a covering of a "molycoat" lubricant. Dimensional inspections were also conducted on five combustion chambers overhauled by IJR. All were out of Pratt & Whitney limitations in one or more dimensions.

### RECOMMENDATION:

Regulations require that type certificated products conform to their type design. Aircraft owners, operators, maintenance organizations, manufacturers, and parts suppliers should inspect their aircraft and/or aircraft parts inventory for combustion chambers approved for return to service or overhauled by International Jet Repairs, Inc. If these items are installed in an engine, appropriate action should be taken. If found in existing aircraft parts stock, it is recommended they be quarantined to prevent installation in aircraft until such time they can be inspected for conformity and/or approved for return to service.

### FURTHER INFORMATION:

Further information may be obtained from the Federal Aviation Administration (FAA), Flight Standards District Office (FSDO) shown below. The FAA would appreciate any information, the discovery of the above referenced unapproved parts from any source, the means used to identify the source, and the action taken to remove them from service or stock. Also, the FAA would appreciate information concerning premature engine failures attributed to the above referenced repairs.

This notice originated from the Dallas FSDO, 3300 Love Field Drive, Dallas, Texas 75235, telephone (214) 902-1800, fax (214) 902-1862 and was published through the Suspected Unapproved Parts Program Office, AVR-20, telephone (703) 661-0581, fax (703) 661-0113.

## 737-700 Gets a Nod of Approval from JAA

The Joint Aviation Authorities (JAA) recommended type validation of the Boeing 737-700 on February 19.

The JAA is not a direct regulatory body - it is made up of the aviation regulatory authorities of 27 participating countries. The JAA serves as a negotiating body through which the European approach to aviation may be harmonized; however actual regulations are still promulgated individually by the appropriate civil aeronautics authorities

of each country. Therefore actual type certificates for the 737-700 will be awarded by the individual countries that participate in the JAA. Boeing's first deliveries of this type to European airlines are scheduled to go to Maersk and Germania.

The FAA issued a United States type certificate for the 737-700 on Nov. 7, 1997, and the first domestic aircraft of this type was delivered in December to Southwest Airlines.

## Around the Industry

**Aviation Systems International** acquired approximately \$40 million worth of surplus inventory from **AlliedSignal**. The inventory consists of a wide range of parts for ground power units, auxiliary power units and turbofan/turboprop engine.

**Boeing** awarded a \$30 million supplier contract to **Pacific Aerospace & Electronics**, according to press releases issued February 24. The three year contract calls for PA&E's subsidiary, **Cashmere Manufacturing**, to provide a variety of precision-machined components for Boeing 737, 747, 757, 767, and 777 aircraft.

**The Teal Group** predicts that the world will build 26,230 aircraft, valued at \$680.4 billion, over the next ten years. The Fairfax, VA based consulting organization believes that 5,294 of these aircraft will be commercial jet transports valued at \$358.2 billion. The other non-military type estimates for the coming decade include: 8,246 helicopters (\$52.8 billion), 3,736 business aircraft (\$45.1 billion), 2,657 regional aircraft (\$32.9 billion), and 1,098 other aircraft, including special mission (\$27.6 billion).

**The BF Goodrich Aerospace Maintenance, Repair & Overhaul Group** announced that it has signed a three year agreement to provide 737 heavy maintenance to **Southwest Airlines**. Approximately 53 aircraft will undergo full 'D check' maintenance visits through the year 2000.

## Pan Am Experiences Corporate Turbulence

On February 17, **Pan Am** filed a report with the Security Exchange Commission, indicating that the Company is experiencing severe liquidity shortfalls, and without any additional funding, the Company will not likely be able to fund all of its cash requirements and operating losses beyond the immediate future. Among other remedies, Pan Am plans to sell two 727-200 aircraft, one 737-200 aircraft, and an inventory of A300 surplus spare parts that are no longer needed due to the elimination of these aircraft from Pan Am's fleet. Pan Am noted that the matters covered in the filing have had no impact on its operations or flight activity.

A week and a half later, on February 26, the two major airline subsidiaries of Pan Am Corp., Pan American World Airways, Inc. (Florida) and Pan American Airways Corp. (Florida), filed for bankruptcy protection. The parent company, Pan Am Corp. did not file for similar protection and said that it will continue to seek outside sources of financing, or a merger, to attempt to resuscitate the airline in the near future. As a consequence of the filings, Pan Am announced that it was temporarily ceasing operations effective Feb. 27 while the parent company seeks debtor-in-possession financing.

## Asian Marketplace Could Be Promising

"Published reports state that the Asia-Pacific region has emerged as the biggest buyer and user of aircraft and aerospace components, with a total of 3,400 aircraft expected to be acquired by Asian carriers by the year 2014." Explained ASA member Alan Fields.

He is one of many ASA members who've recognized the importance of the Asian markets. His company, Fields Aircraft, was one of eight hundred aerospace companies from 30 countries that participated in the Asian Aerospace '98 at the Changi Exhibition Center, Singapore, Feb. 24 to March 1. The purpose of the exhibition was to bring together influential aerospace decision-makers and provide visitors and exhibitors with a forum for business in one of the most dynamic aerospace regions in the world today.

Fields summarized the market by saying, "Worldwide, the aerospace industry continues strong, and although Asia has suffered recent economic problems, the long-term outlook for ... the Asian marketplace could potentially be very promising."



## YOUR ASSOCIATION IN ACTION

### ASA Speaks on SUPs

This has been an active month for ASA to address Suspected Unapproved parts issues. In addition to the aviation law workshops that ASA has been conducting for members, ASA President Michele Schweitzer also participated in a SUPs presentation sponsored by ASA member AVTEAM.

On March 5, ASA shared the stage with SUPs experts from Boeing and Pratt & Whitney, as well as key government experts from the SUPs Program Office and the Office of the Inspector General.

The SUPs presentation was coordinated by AVTEAM's Paula Sparks and boasted 175 attendees. Sparks said "If just one report of a suspect part is received as a result of our seminar, then we have done our part in educating the aviation community."

### ASA Acts on SUPs

The SUPs Steering Committee met on February 19, 1998 at the FAA SUPs Program Office at Dulles International Airport. This committee consists of industry representatives concerned with the issue of SUPs. FAA employees present were Ken Reilly, Al Michaels and Susan Trask.

Ken Reilly, Manager of the SUPs Program Office, announced that the FAA has begun discussing whether to mandate the reporting of SUPs. Other government agencies have expressed a desire to increase the criminal penalties associated with SUPs. Reilly informed the group that the ARAC issues group forwarded the Maintenance Record-keeping proposal, with dissenting opinions, to the FAA.

Andy Brindisi, of Pratt & Whitney, gave a final presentation on the Paper

Trail Committee Report. One of the recommendations in this Report is a requirement that manufacturers issue an FAA Form 8130-3 with all new parts. Peter Gallimore of Boeing announced that there are ongoing discussions designed to harmonize the 8130-3, JAA Form 1 and Transport Canada 24-00078.

Al Michaels of the FAA (AFS 340) presented an update on three proposed advisory circulars: military parts (FSCAP), receiving inspection and PAAT Phase III. The advisory circulars on military parts and receiving inspection are in draft form within the FAA. The AC on PAAT Phase III is in FAA legal and should be made available for public comment shortly.

In addition, the group is also working on educational videos, pamphlets and posters regarding SUPs. ASA is working actively with the FAA and the industry on those projects.

## Find Source Documents on the Internet

Interested in one of the subjects addressed in this issue? Want to find out more? The source documents underlying many of the articles in The Update Report are available on the internet. Just set your browser for <http://www.airlinesuppliers.com/6tur.html#3>. This address features an index to the articles which will bring you to the original documents on the world wide web just by clicking on the description.

### UPCOMING EVENTS

- Mar. 24-25** Speednews' Annual Aviation Industry Suppliers Conference, LA, CA. Fax (310) 203-9352 for details.
- Mar. 29-31** CQCA Convention, Inter-Continental Hotel, Dallas, TX. For information call (972) 386-6000.
- Apr. 1** The Last ASA Workshop in the current series ("Taking Advantage of the Law in Your Aviation Parts Business") will be held in Dallas, TX. Call ASA at (202) 216-9140 for details and an application form!
- Apr. 1-3** PAMA '98 27th Annual Aviation Maintenance Symposium & Trade Show, Kansas City Convention Center, Contact PAMA for more details, (202) 216-9220.
- Apr. 6** ASA Board of Directors Meeting, Information will be sent to each Board Member
- Apr. 5-10** Aircraft Electronics Association Convention and Trade Show, Orlando, FL. Call (806) 373-6565.
- Apr. 24-26** ARSA Repair Station Symposium, Crystal City, VA. For details, call ARSA at (703) 299-0784.
- May 3-5** ATA EMMC, Bellevue, WA. Call Kristin Chavez at (202) 626-4000 for details.
- May 15-16** ASA Quality Assurance Committee, Washington, DC - Information will be sent to each Committee Member
- May 18-20** RAA Annual Convention, Minneapolis, MN. For information call (202) 857-1170.
- Aug. 15-18** Air Carrier Purchasing Conference (ACPC), Orlando, FL. Fax queries to (305) 885-2828.
- Oct. 9-13** Airline Suppliers Association Annual Conference, Laguna Cliffs Marriott Resort, Dana Point, CA. For more information, contact ASA at (202) 216-9140 or send email to [conference@airlinesuppliers.com](mailto:conference@airlinesuppliers.com).
- Nov. 5-6** SPEC 2000 Forum, Adams Mark Hotel, San Antonio, TX. Contact Teresa Friend at (202) 626-4039.