



Proposal to extend and expand the mechanism to permit the issue of 8130-3 tags as a ministerial act in those situations where existing documentation and/or marking is adequate to show that the article was produced by a production approval holder.

Submitted by the Aviation Suppliers Association

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SUMMARY

ASA is formally requesting that the FAA extend the Limited DAR-F Program for Accredited Distributors that was published in AIR-100-16-160-PM13 (October 14, 2016) [commonly known as the “DAR-56 Program” and hereinafter described as “the Program” with the policy memo being described as the “Program Memo”].

The Program is scheduled to expire on September 30, 2017; however, the facts that gave rise to the Program have not yet changed, and therefore the need for the Program remains strong. Removal of the Program will negatively harm US commerce and provide no increase in safety.

The Program requires Limited DAR-Fs to ONLY rely on specific indicia of sourcing from a PAH (as the basis for issuing an 8130-3 tag). We propose that the FAA expand the Program to include other documentation that the FAA has previously recognized as acceptable and reliable for demonstrating that the part was produced under an FAA production approval.

REQUEST FOR RELIEF

Extension to Program

Because the original conditions giving rise to the DAR-56 Program have not abated, and have not been mitigated, we request that the Program be extended indefinitely. This allows the Program to be continued as long as it is necessary.

We recommend planning semi-annual meetings between the FAA, ASA, and any other interested parties, to discuss the continued need for the Program, so that the Program can be terminated when it is no longer necessary.

Corrections to Program

We recommend the following changes to the Program.

We recommend that the standards for issuing 8130-3 tags be expanded to the following scope:

- A) The aircraft part was received by the distributor at any time when the distributor was accredited to the FAA’s Voluntary Industry Distributor Accreditation Program (AC 00-56).
- B) The aircraft part must bear specific indicia of production under 14 C.F.R. Part 21:
 - 1. A certificate of conformity or statement of conformity from a Production Approval Holder (PAH). The part number and serial number, if applicable, must match any markings on the part; or,
 - 2. A certificate of conformity or statement of conformity or shipping document from a PAH supplier with verification of direct shipment authorization; or,
 - 3. Part markings made under 14 C.F.R. 45.15. The PAH name or other identification must be included in the part marking in order to use this clause; or



4. For an aircraft part that was accepted into an air carrier's inventory system as new article, and then subsequently released from that air carrier's inventory system, a document from the air carrier identifying the part by part number, and by serial number where appropriate, and identifying the part as new (including new surplus); or
5. A maintenance release document showing (i) that the part was inspected under 14 C.F.R. Part 43 by a person authorized to approve such work for return to service, (ii) that the part was found to be in new condition, and (iii) a part number that matches a number known to be a PAH part number, and that matches the part number on the part, where applicable.

Long term Solutions

The FAA will need to develop policy that establishes a long-term solution. We look forward to working with the FAA on such a long-term solution.

CURRENT STATUS OF THE PROGRAM

What is the Program?

The DAR-56 Program applies to qualified individuals working in a quality assurance system that is accredited under FAA Advisory Circular 00-56B. The Program outlines specific prerequisites for participation. The Program permits qualified individuals to be selected by the FAA and given limited DAR-F authority. They are permitted under this Program to issue 8130-3 tags for parts that bear specific evidence of airworthiness. The criteria for issuing 8130-3 tags were narrowly drawn in comparison to typical allowable evidence of airworthiness, and therefore they fail to address some other reliable forms of evidence of airworthiness.

At present, those criteria are:

- 1) The aircraft part was received by the distributor prior to November 1, 2016
- 2) The aircraft part must bear specific indicia of production under 14 C.F.R. Part 21:
 - a. A certificate or statement of conformity that was issued by the production approval holder (any documentation part numbers and serial numbers, if applicable, must match any part markings); or,
 - b. A certificate or statement of conformity that was issued by the production approval holder's supplier, and a verification of direct shipment authorization; or,
 - c. Markings regulated under 14 C.F.R. 45.15 and describing the PAH's name or other identification (for parts, this would typically be limited to PMA, TSOA or critical parts).

Why Does the Program Exist?

The DAR-56 Program was created in response to revisions five and six of the Maintenance Annex Guidance ["MAG 6"]. Those revisions changed the sample EASA Annex, which had been described with a "should," into mandatory language by changing the lead-in language to "shall." This made the documentation language mandatory. One problem with this mandate is that the MAG language does not track with the



EASA 145.A.42 language (and other supporting EASA language), so important exceptions are excluded from the documentation requirements.

One consequence of MAG 6 was to create a *de facto* documentation standard in the U.S. for receipt of aircraft parts that rapidly proliferated through the industry well beyond the legal reach of MAG 6. For parts made under FAA production approval, those parts required an 8130-3 tag.

Today, it is very difficult to sell aircraft parts without an 8130-3. Ironically, distributors have found that some aircraft parts without 8130-3 tags cannot be sold to US-based repair stations because of MAG 6, but that the same parts can be sold to EU-based repair stations (despite the lack of 8130-3 tag).

The FAA expected that parts would start to be accompanied by 8130-3 tags, in order to support this *de facto* documentation standard. Several factors have undermined this expectation, including:

1. The 8130-3 tag was not previously a requirement for domestic transactions, so there are billions of dollars' worth of previously-produced parts in inventories that do not bear 8130-3 tags (so the population of untagged parts is huge);
2. Obtaining 8130-3 tags from designees can be expensive, and therefore is not cost-effective for low-dollar-value parts; and
3. The authority for manufacturers to issue 8130-3 tags under 14 CFR 12.137(o) is permissive, rather than mandatory, and some US production approval holders still do not issue 8130-3 tags with all of their parts (so the population of untagged parts continues to grow).

DISCUSSION OF BASIS AND NEED

8130-3 Becomes a *De Facto* Requirement

MAG 6 specified that EASA Supplements must require certain documentation (e.g. US PAH parts must bear 8130-3 tags). FAA is enforcing the MAG 6 requirements for documentation. Repair Stations operate one system so the parts received enter their inventory without knowing who the end customer may be so the repair station must require 8130-3 for all parts received.

Magnitude of the Issue

ASA has collected data from some of its members. Based solely on the member responses, we know that the total volume of affected inventory must exceed five billion dollars and may be significantly higher than this value.

But a part of the problem is not in the value, but rather in the large number, of individual parts affected. Many of the parts without 8130-3 tags are fasteners or other hardware (which may have been produced under TSOA). These tend to be lower-value parts for which it would be economically unfeasible to hire an independent designee (like a DAR) to issue the 8130-3 tag.



Hiring an independent designee (like a DAR) to examine a part and issue an 8130-3 tag can cost as much as \$300 per tag. For hardware that might cost less than a dollar, this is not economically feasible. Using in-house resources, like designees named under the DAR 56 Program, can be much more cost-effective.

FAA Recognized a Need and Provided Remedies

The FAA recognized a need for a remedy to this situation, and issued several partial solutions that allowed some (but not all) aircraft parts to be transacted. These remedies were issued as temporary solutions while the FAA sought a permanent solution.

One of these temporary remedies was the DAR-56 Program. This Program allowed some – but not all – of the known airworthy aircraft parts to be identified with 8130-3 tags.

The Program relies on the existing AC 00-56 infrastructure, which helps to ensure that a quality assurance system already exists to provide a foundation for issuing the 8130-3 tag. The process of issuing an 8130-3 tag at the facility of an FAA AC 00-56 accredited distributor is:

- The FAA AC 00-56 accredited distributor assembles the documentation to support the application;
- A DAR checks this documentation and assess whether the documentation is consistent with the part, and sufficient to form the basis for an 8130-3 tag; and
- When the DAR who performs this function is operating under function code 56 (the Program), the scope of the authority is limited by the FAA instructions that are published in the Program (so the DAR does not exercise independent airworthiness judgment, but rather relies on a prior finding that has been documented, such as release from a PAH quality system).

On a temporary basis, the Program has mitigated the industry harm of MAG 6. Although it has not been a perfect solution, and it has not been a complete solution, it has permitted some parts to become documented in a manner that is consistent with the *de facto* standard established by MAG 6.

Expected Harm if the Program is Terminated on September 30

If the Program is not extended, then the industry can expect to see a number of issues arise.

In many cases, it may not be possible to find necessary parts with 8130-3 tags. This is especially true for aircraft parts that are not currently stocked or in production by the production approval holder. This deficiency will likely result in increased parts costs, because the cost to issue 8130-3 tags, and thus the cost of aircraft parts, will increase.

Distributors that currently rely on limited DAR-F personnel with function code 56 privileges will have to turn to external DARs. There has been a reduction in External DARs and therefore this isn't an option in many areas. For lower priced parts, External DARs may be too expensive. If part is needed, the operator will buy the part but new higher cost will be passed on to the owner or passenger or US government).



Many of the DARs listed in the DAR directory do not regularly support the distribution community. They could be full-time employees of a manufacturer or other business, they could be semi-retired, or they could possess the right function code but not use it because other business is more desirable or lucrative (just to name three known possibilities). This means that there is a relative lack of availability of external DARs in most parts of the United States. External DARs are typically not available on an 'on-demand' basis. Relying solely on external DARs to support domestic transactions means that delivery of time-sensitive parts (e.g., same-day shipments & Aircraft On the Ground "AOG" shipments) will be delayed. Anything that jeopardizes aircraft parts inventories can significantly disrupt the flow of parts to airlines and other aircraft owners/operators.

Under the DAR-56 Program, an order can have an 8130-3 tag issued by the on-site DAR-F and be ready to ship very quickly. Without DAR-56, expedited and AOG part orders would have to be placed on "quality holds" pending an External DAR review and issuance of an 8130-3 tag. This could be a few days later depending on the external DAR's schedule and availability. The external DAR will take approximately the same time to review a given order and will only issue an 8130-3 for the specific inventory being shipped, meaning that if a specific lot of parts is shipped in multiple orders, multiple 8130-3 tags will have to be issued.

PROPOSED CHANGES TO THE PROGRAM

Our "Request for Relief" details several changes to the program that would improve the program. Each is discussed below.

The FAA Should Remove the Arbitrary Receipt Date Cut-Off for Parts Eligibility

The Program, as written, is limited only to parts received by the distributor (at which the DAR-F operates) prior to November 1, 2016. This date limitation for receipt of the part appears to be arbitrary and related to no limit under FAA regulations or policy. A part received after the date in the Program Memo is still airworthy, and can still bear the documentation required by the FAA under the Program. Thus, there appears to be no policy reason for excluding parts received by the distributor after this date.

Some US production approval holders are releasing parts, today, without 8130-3 tags. Also, parts that are released by air carriers as new surplus parts on or after November 1, 2016 still need to be documented with 8130-3 tags in order to be accepted into US-based dual certificated repair stations subject to MAG 6. Thus, there is a continuing need to be able to issue 8130-3 tags to document such parts, even when those part shave entered the distributor's facility on or after November 1, 2016. For these reasons, we recommend elimination of the requirement that eligible parts be received by the distributor prior to November 1, 2016.



The FAA Should Expand the Scope of Acceptable Evidence to Include Other Standard Indicia of PAH Sourcing/Airworthiness

There are many airworthy parts in US inventories that were produced under FAA production approval, that bear sufficient evidence to demonstrate this fact, but that are not eligible for 8130-3 tags under this Program because they bear *the wrong* sort of documentation or evidence. This means that parts known to be airworthy are being excluded from the market because of their documentation. This is the sort of condition that the Program was designed to remedy.

The specific forms of evidence detailed in the Program Memo are far more narrow than the FAA has indicated in other FAA policy guidance. This list can easily be expanded without losing the FAA's ability to carefully limit the Program. We propose expanding the list of acceptable forms of evidence of PAH production, to include forms of evidence that have been accepted by the industry and by the FAA for many years.

The proposed expansion, below, is still limited to documentation commonly accepted in the industry (and FAA guidance) as indicia of production under 14 C.F.R. Part 21. This expansion would be in addition to the three existing forms of evidence from the Program Memo:

4. For an aircraft part that was accepted into an air carrier's inventory system as new PAH article, and then subsequently released from that air carrier's inventory system, a document from the air carrier identifying the part by part number, and by serial number where appropriate, and identifying the part as new (including new surplus); or
5. A maintenance release document showing (i) that the part was inspected under 14 C.F.R. Part 43 by a person authorized to approve such work for return to service, (ii) that the part was found to be in new condition, and (iii) a part number that matches a number known to be a PAH part number, and that matches the part number on the part, where applicable.

This Interim Program Should Continue, With No Explicit Termination Date, Until the Permanent Policy Solution is Enacted to Replace It

Distributors are an integral part of the aircraft parts supply chain, and they need to plan like any other business. They may be planning purchase decisions over a year before the transaction is consummated, in anticipation of future needs and in anticipation of manufacturer's lead times. When the FAA implements repeated short-term solutions (like one year policies), and then fails to renew them until the last minute, it makes it impossible for distributors to plan effectively. This makes it difficult for distributors to make decisions on how they will support the operators and keep planes safely flying.

Solutions like the Program are useful, but when they expire with no guarantee of renewal, and with no replacement solution, it makes it hard for businesses to rely on the solution.

Exacerbating this situation is the fact that there have been few proposed strategic solutions that the FAA has endorsed, and those that the FAA has considered appear unlikely to be implemented. Thus, the industry remains in a limbo in which there is no strategic vision of the long-term documentation standards that the FAA plans to endorse (and in which the MAG 6 documentation standards continue to



conflict with the FAA's failure to require 8130-3 tags as birth records on new parts, and failure to develop a plan for tagging ALL outstanding airworthy inventory).

We therefore ask that the FAA make its interim remedies in this area permanent, pending development of the true permanent strategy that the FAA will later reveal. These interim remedies can be revoked when they have been fully replaced with a true permanent strategy for how parts will be documented, tracked, or otherwise identified.