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**RE: DOT-OST-2010-0074**

To Whom It May Concern:

The Aeronautical Repair Station Association (ARSA) respectfully submits these comments for consideration by the Future of Aviation Advisory Committee (FAAC).

ARSA is an international trade association with a distinguished record of representing certificated aviation maintenance facilities before Congress, the Federal Aviation Administration (FAA), the European Aviation Safety Agency (EASA), and other civil aviation authorities (CAAs).

ARSA's primary members are companies holding repair station certificates issued by the CAAs around the world. These certificates are our industry's "license to do business." They authorize companies to perform maintenance, preventive maintenance and alterations on civil aviation articles, including aircraft, engines, and propellers, and on components installed on these products. Repair stations perform this essential work for airlines, the military and general aviation owners and operators.

Recommendations regarding foreign repair stations proposed by the Labor and World-class Workforce Subcommittee ("the Subcommittee") for inclusion in the Committee's final report are inaccurate. These comments are intended to correct those misstatements about contract maintenance; contrary to the Subcommittee's assertions:

- Repair stations must adhere to the same standards regardless of location;
- Existing standards ensure a high level of security and safety at repair stations in the U.S. and abroad; and
- Repair stations are a vital part of the U.S. economy, providing a significant positive economic impact and jobs in communities across the country and around the world.

***Foreign Repair Stations are Held to the Same High-Standards as U.S.-based Repair Stations***

Repair stations are an integral part of the international aviation system. U.S. and foreign airlines, charter companies and general aviation operators, as well as aircraft manufacturers located around the world depend on maintenance facilities for everything from repairing aircraft and components to supporting supply chains. Aircraft manufacturers and maintenance companies establish overseas repair stations to service international customers and U.S.-based air carriers (airlines, charter companies and general aviation) operating internationally.

To operate in the civil aviation maintenance industry, certificated repair stations must demonstrate to the FAA, or other CAAs, if applicable, that they possess the housing, facilities, equipment, trained personnel, technical data, and quality systems necessary to perform work in an airworthy manner. Based upon satisfactory showings in these areas, a repair station is rated to perform certain types of maintenance or alteration. Both U.S. and foreign repair stations are overseen and audited by the FAA, other CAAs, airline customers, and third-party auditing organizations, as well as the repair station's own quality assurance staff.

Regardless of the location of the repair facility, the regulatory requirements are the same. Each item goes through a series of checks required by the CAA's regulation before being eligible for installation on a civil aviation product.

Not all repair stations look alike and their capabilities vary significantly. Some provide line maintenance – the routine, day-to-day work necessary to keep an aircraft or an airline's fleet operating safely. Some perform substantial maintenance, which includes more comprehensive work on aircraft and overhauls of aircraft engines. Others offer specialized services for their customers such as welding, heat treating, and coating on a variety of aircraft parts. However, the vast majority of repair stations perform maintenance on components (e.g., landing gear, radios, avionics, etc.). Component maintenance usually occurs off the aircraft, typically away from an airport in industrial parks and similar facilities.

The International Convention on Civil Aviation (i.e., the Chicago Convention) of 1944 and ICAO standards require that the State of Registry (i.e., the country in which an aircraft is registered) oversee the maintenance performed on that aircraft and related components, regardless of where the work is performed. Consequently, maintenance on a U.S. registered aircraft must be performed by an FAA-certificated maintenance provider. Similarly, when an aircraft of foreign registry requires maintenance (e.g., while in the U.S.), only a repair station certificated or validated by the aircraft's CAA of registry may perform the work. For example, only an EASA-certificated repair station may perform maintenance on an aircraft of French registry.

Limiting the use of appropriately certificated repair stations overseas would make international travel and commerce difficult because aircraft always need some level of maintenance when they land at their destination. In other words, if there were no foreign FAA-certificated repair stations, U.S. air carriers would effectively be unable to operate internationally.

Additionally, confusion exists regarding the use of non-certificated maintenance providers. While it is true that specialized work can be performed by vendors that are not certificated, the work is always verified before being approved for return to service by a person or entity that is certificated. It is simply not possible under existing regulations for an airline to have its maintenance performed willy-nilly all over the world by whomever it pleases without retaining responsibility for the work.

### ***Good Safety and Security are Good Business***

Repair stations are diverse and vary a great deal by size, location, and services provided. As a result, a one size fits all approach to security is unworkable. ARSA takes issue with the Subcommittee's assertion that a set of common security requirements is necessary. To the contrary, the diverse nature of the industry makes it impractical for foreign and domestic repair stations to adhere to a standardized set of security requirements.

Furthermore, the absence of a formal Transportation Security Agency (TSA) repair station rule has not created a security vacuum in the aviation maintenance industry. The basic nature of the aviation industry demands that safety and security be the top priorities. Operators and airlines will simply not do business with companies that put their passengers and valuable business assets (i.e., aircraft) at risk. Put simply, for ARSA members, good safety and security are good business.

In the U.S., repair stations located on a commercial airport are required to subject personnel to criminal background checks pursuant to TSA regulations when the employees have unescorted access to the designated airport security identification display area (SIDA). Therefore, a repair station employee that performs line maintenance at the gate for an air carrier has the same 10-year criminal background check requirement as an airline mechanic.

Internationally, each country must implement security procedures based on ICAO Annex 17 standards, which means that rules similar to TSA's SIDA regulations are in place around the world. At a minimum, ICAO requires:

- A national civil aviation security program with continuous threat monitoring and mandatory quality control procedures;
- Airport security programs for each airport serving international carriers;
- Air operator security programs;
- Background checks for persons implementing security control measures and persons with unescorted access to restricted security areas; and
- Periodic ICAO security audits.

However, many repair stations are located miles away from airports and perform specialized work on component parts. These companies may not be subject to SIDA requirements, but that does not mean they do not have security procedures in place to protect property and employees.

As part of its model regulatory compliance manual for repair stations, ARSA recommends the following as minimum best security practices:

- The facility be monitored by an electronic security device and secured by deadbolts and locks.
- Only current employees be provided with keys, and those keys be retrieved upon termination or change of employment. If the keys are not retrieved, the locks and deadlocks be changed.
- There is adequate lighting around the perimeter of the building.
- Customers and other persons that are not employed by the repair station be escorted when provided access to areas of the company where maintenance, preventive maintenance or alteration activities are performed.

Many ARSA members also require employees to wear badges and have video cameras installed to monitor the premises. Of course, all the foregoing security practices are in addition to laws and regulations applicable to all U.S. employers requiring citizenship verification for new hires, and for repair stations working on air carrier aircraft, random drug testing.

Additionally, the issue of drug and alcohol testing at repair stations was raised by the Subcommittee as a safety concern. ARSA is not opposed to drug testing per se, but there is a long-standing contradiction that hardly makes a case for the lack of foreign drug and alcohol testing requirements as a direct indicator of unsafe operations. That is, a non-certificated maintenance provider is required to have a testing program to perform work for a repair station maintaining airline articles, but not for the U.S. manufacturer of the same article. In other words, workers in the U.S. who assemble entire aircraft are not required to be drug and alcohol tested. Additionally, random drug testing by employers is legally or constitutionally prohibited in many foreign countries, including key U.S. allies and trading partners, making the simple extension of Department of Transportation drug and alcohol programs impossible.

In sum, aviation safety and security do not begin and end with the FAA or any other regulatory body. Government inspectors will never be able to oversee every facility or employee all the time. The industry has clearly recognized that it has the ultimate obligation to ensure that the civil aviation system is safe and secure.

### ***Economic Impact of the Repair Station Industry***

There is a misconception that the U.S. "outsources" more aviation maintenance work than it brings in. In fact, the U.S. enjoys a favorable balance of trade in the aviation maintenance services market. A recent study conducted by AeroStrategy for ARSA determined that North America is a major net exporter of

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aviation maintenance services, enjoying a \$2.4 billion positive balance of trade. That is, the U.S. does considerably more work for foreign customers than it sends abroad.

Although North America is a slight net importer of heavy airframe maintenance services, it has \$1.4 billion and \$1.2 billion trade surpluses in the engine and component maintenance services markets, respectively. The U.S. competitive advantage in these two areas has important economic benefits since one dollar of spending on engine and component maintenance services generates \$1.85 and \$1.67, respectively; as opposed to just \$1.38 per dollar spent on airframe heavy maintenance.

Additional evidence that the repair station industry is a vibrant part of the U.S. economy:

- Spending in the global maintenance, repair, and overhaul (MRO) market exceeded \$50 billion in 2008, with North America (the U.S. and Canada) accounting for \$19.4 billion of the total.
- When induced and related economic effects are considered the industry's impact on the U.S. economy is \$39 billion per year.
- The MRO industry is an important job creator in communities around the U.S.; the nearly 4,200 FAA-certificated repair stations in the U.S. collectively employ 200,000 people. Approximately 85 percent of these companies are small to medium sized businesses.

Consequently, while some have charged the aviation industry with "outsourcing" jobs and economic activity overseas, the truth is that the aviation maintenance industry's footprint in the United States is significant and repair stations make important contributions to communities throughout the country.

### **Conclusion**

The increased use of contract maintenance has coincided with the safest period in U.S. aviation history. This is assured through an ever-improving network of industry controls in concert with CAA oversight and regulations.

If the Committee wishes to obtain further information on the association's comments or observations, please do not hesitate to contact us.

Sincerely,

A handwritten signature in blue ink that reads "Sarah MacLeod". The signature is fluid and cursive, with the first name "Sarah" and last name "MacLeod" clearly legible.

Sarah MacLeod  
Executive Director