



**Welcome!**  
**Strategic Leadership Conference**  
*Friday, October 19, 2012*  
*Hamburg, Germany*



The Aviation Industry's Voice Grows Louder

October 19, 2012

# What's hot?

- ARSA Overview
- Your Voice on Capitol Hill
- MRO, PR, and PPC
- Regulatory Update
- Moving the Ball Forward

# About ARSA

- Washington, D.C.-based international trade association founded in 1984
- Represents aviation maintenance and manufacturing companies
- ARSA value proposition:
- Regulatory advocacy
- Compliance assistance
- Lobbying
- Media relations
- Workforce development
- Business services to reduce industry CODB

# Highlights

- Brand new ARSA website debuted this month
- ARSA online regulatory training is up and running
- Product liability insurance pool continues to grow through the Aviation Alliance Insurance Risk Retention Group
- New and revised publications released this month including an EASA supplement
- ARSA PAC participation grew by 62%
- Symposium and Legislative Day scheduled for March 20-22, 2013 in Washington DC

# Public Relations in the MRO Context

- ARSA PPC: Why & What
- Discussion: Best practices for MRO PR

# Positive Publicity Campaign

## What & Why?

- Hostile media coverage -> negative public opinions about contract maintenance -> hostile legislation & regulation (e.g., security rules, anti-KMX provisions in FAA bill)
- Perception is reality: Safety arguments resonating despite safest period in history of civil aviation
- PPC initiated in 2008 to engage media, other key audiences
- Funded through special contributions by leading maintenance companies and airlines
- Tell our side of the story:
- KMX helping air carriers reduce costs while maintaining unprecedented level of safety

# Positive Publicity Campaign

## Major Accomplishments

- Research to support messaging and outreach
- Economic data
- Dedicated ARSA communications staff
- Proactive, consistent media engagement
- New tools to facilitate outreach
- Creation of ARSA speakers bureau
- Regularized contact with industry PR professionals through ARSA PR Committee



# Positive Publicity Campaign

## Moving Forward

- Roll out new economic research
- Launch new website to serve as a clearinghouse for information about the maintenance industry for the public.
- Continue to enhance ARSA's staff communications capabilities
- Prepare a proactive response and aggressive engagement plan for an upcoming DOT OIG audit on FAA repair station oversight
- Create aviation maintenance video
- Improve industry crisis planning, management, communications
- Institutionalize PPC program and mission within ARSA

# 2012 PPC Supporters

## Multi-Year Commitments

Air Tran Airways

Chromalloy

Delta Tech Ops

Lufthansa Technik AG

MT Maintenance Hannover GmbH

TIMCO-Greensboro

Aviation Instruments Repair Specialists (AIRS), Inc.

Fortner Engineering & Manufacturing, Inc.

HEICO Aerospace Component Repair Group

Hong King Aircraft Engineering Company Limited (HAECO)

Southwest Airlines

## Other Contributors

Atlas Air Worldwide Holdings

E.B. Airfoils

Coopesa, R.L.

Nordam Group, Inc.

TAP Maintenance & Engineering

AOG Reaction

Lynden Air Cargo

American Cooler Services

NVISmetrics, LLC

NFF Avionics

# Discussion: PR in the MRO Context

# ARSA: Your Voice on Capitol Hill

- FAA reauthorization wrap-up
- Hot issues in the 112<sup>th</sup> Congress
- Election 2012 and what it means for MRO
- What's ahead in 2013
- Making a difference one ARSA member at a time

# FAA Reauthorization

- After 23 extensions, four-year FAA reauthorization bill signed into law in February; provides a blueprint for FAA spending and establishes new aviation policies
- ARSA helped defeat language that would have caused U.S.-EU BASA to fall apart and forced many foreign repair stations to surrender certificates over D&A
- New law includes ARSA-suggested language that ensures effective oversight without undermining the industry's efficiency and preserved the delicate framework of international agreements governing civil aviation maintenance
- The bottom-line: Increased repair station engagement made a big difference. We won an important battle, but the war's not over ...

# Lift the Ban!

- Congress mandated that TSA issue repair station security regulations in 2003; August 2007, lawmakers gave TSA one year to comply or it would prohibit FAA from certificating new foreign repair stations; August 2008 moratorium takes effect
- Latest TSA pledge was that the rule would be issued in the fourth quarter of 2012
- Support is building in Congress for a legislative solution in the face of continued TSA delay
- U.S.-based companies report losing more than \$18 million in revenues with 55% of survey respondents stating that they would hire new U.S.-based employees if they could gain foreign certifications

# Election 2012

- Balance of power in Washington up for grabs
- Likely outcome: Obama retains WH, Republicans keep control of House, and Dems hold Senate by narrow margin (possibly 50-50 with VP Biden casting tie-breaking vote)
- What does it mean for the industry?
- More of the same from the WH: war on “outsourcing”
- Overall climate should improve in Congress with Republicans picking up seats in Senate and maintaining majority in House
- Turnover in committee leadership? House & Senate Homeland Security Committees, T&I Committee, and CST Committee all poised for significant change
- Lots of new members of Congress who know nothing about MRO

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# **Legislative/Lobbying Discussion**



# Regulatory Update

- ARSA Action
- Managing FAA Reauthorization Fallout
- Part 145 Rewrite
- ICA Availability – Recent Developments

# ARSA Regulatory Activities

- Working with FAA and industry allies to ensure consistency in the certification and approval process
- Suggesting improvements to the regulatory interface between air carriers and repair stations—
  - Airline maintenance provider “programs”
  - AC 120-126 re-write
  - Model contract clauses for regulatory requirements

# ARSA Regulatory Activities

- Participated on Airworthiness Directive rulemaking committee
- Asked the FAA to reconsider its position on the applicability of “automatically defined” major repairs
- Asked the FAA to review policy regarding part identification when more than one part number is applied to a part at production
- Presented a comprehensive analysis of regulatory updates and other changes to the U.S./EU MAG. Joined industry allies in requesting resolution of confusion over “tagging” requirements
- Recommended reforms to the way federal agencies incorporate materials by reference to shine a bright light on the federal rulemaking process and benefit all business

# Managing FAA Reauthorization Fallout

- New FAA bill mandates FAA action on:
- Repair station safety assessment system
- Drug and alcohol testing
- Part 121 maintenance provider rulemaking

# Part 145 Rewrite

- Drafting comments to FAA part 145 NPRM (77 FR 30054), due Nov. 19, 2012
- The proposed rule would, among other things:
- Reduce repair station ratings from eight categories to five
- Revise the definition of line maintenance
- Re-number the existing regulation

# Instructions for Continued Airworthiness

- In recent ARSA surveys, 72% of respondents reported an increase in CMM restrictive covenants and 56% reported difficulty obtaining ICA from one or more manufacturers
- New FAA policy statement that the agency “will not accept” DAH contract language limiting the use of ICA between a product owner and maintenance provider
- ARSA filed amicus brief asked the United States Supreme Court to affirm that the FAA must follow and enforce regulations on ICA availability
- New legal interpretation confirming that AWL-referenced CMMs are part of ICA and that the DAH must make those CMMs available. Interpretation fell short of extending availability to all repair stations, without restriction

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# Regulatory Discussion

# Helping ARSA Move the Ball Forward

- If you're not a member, join
- If you haven't already, support the PPC
- Attend the Symposium & Legislative Day
- Give ARSA PAC solicitation consent (U.S. companies)
- Communicate with Congress through ARSAAction.org
- Follow us on Twitter (@ARSA\_MRO)



# Working Lunch: Heavy Metal, Heavy Maintenance

12:00 p.m. – 1:30 p.m.

*Speaker: Bruce Dickinson, Co-Owner, Cardiff Aviation Ltd.*