

Marshall S. Filler

Sent: Monday, August 22, 2016 6:59 PM

To: Ricardo Génova Galván <ricardo.genova@easa.europa.eu>

Cc: Julian Hall <julian.hall@easa.europa.eu>; Karl Specht <Karl.specht@easa.europa.eu>

Subject: Grandfather NOTE in MAG CHG 6

Dear Ricardo,

I hope you are well and looking ahead to your next challenge, whatever it may be! In the meantime, I'm sure there's no shortage of work at EASA and I hope you don't mind me adding another issue for your consideration.

I talked to Julian and Karl this morning regarding the ongoing issue involving grandfathered parts as described below. No decision was reached; however, Julian suggested that I ask you to review the following:

As you know, U.S. industry is preparing for the October 1, 2016 implementation date for the new parts documentation provisions. We know that if a part is **released by a production approval holder** on or after that date, it will need Form 8130-3. If that doesn't exist (and it is still voluntary for the U.S. PAHs), a U.S. repair station could perform an inspection under the maintenance rules and issue a dual release with Form 8130-3 as it would any other maintenance action subject to the MAG. We certainly appreciate having that option for use in appropriate circumstances despite the cost.

The issue I'm writing about today concerns the meaning of the term "**inventory**" in the following Note for **grandfathered parts** in MAG CHG 6 and associated correspondence (i.e., parts that don't require Form 8130-3 if they have other specific documentation from the PAH and were released prior to October 1):

NOTE: New parts that were received **into inventory** prior to October 1, 2016 must, at a minimum, have a document or statement (containing the same technical information as an FAA Form 8130-3) issued by the PAH or supplier with direct ship authority. These parts in inventory, documented with the required information, will be grandfathered **and remain suitable for installation** into EU articles, provided the certification/release date of these parts is prior to October 1, 2016 (emphasis added).

- (1) At this time EASA is taking the position that the term "inventory" means only those parts in a *repair station's inventory*. We do not believe this position makes sense for quite a few reasons:
 - (a) Millions of dollars in airworthy parts released by the PAH prior to October 1 with the documentation required by the NOTE that are in the distribution pipeline on and after that date (i.e., not in a repair station's inventory on September 30, 2016) will not be eligible for use in a repair subject to the MAG without further action by both the agencies and the industry.
 - (b) How the FAA or EASA will know whose inventory these parts (with the documentation required by the NOTE) actually are in on that date aside, this position requires the repair station to perform an inspection as referenced above (again, even though the parts have the documentation from the PAH required by the NOTE and therefore supposedly "remain suitable for installation").
 - (c) The cost for this added inspection is unrelated to safety: The parts are traceable to the PAH as required by the NOTE, which means the U.S. manufacturer complied with its 14 CFR part 21 obligation to release only airworthy parts and identify them as such by issuing a C of C or similar document (see sections 21.146 for PCs, 21.316 for PMAs and 21.616 for TSOAs).

- (d) Furthermore, for the repair station to install any article it must comply with 14 CFR sec. 43.13(b) by having a robust receiving inspection system (see 14 CFR sec. 145.211(c) and FAA ACs 20-154 and 20-62), which cannot allow parts without the documentation required by the MAG, including the NOTE into its inventory after September 30. Therefore, a repair station will ensure any new part received after October 1 has the documentation required by the NOTE or an FAA Form 8130-3 from the PAH.
- (2) On the other hand, if the term “inventory” means **in the distribution pipeline** (whether it be at a repair station, air carrier or distributor) and released by the PAH prior to October 1 with the documentation required by the NOTE (the only way the “grandfather” provision can be used to ensure the parts “remain suitable for installation”) then the parts would truly be grandfathered and could be used under the MAG with no further action needed by anyone. For the reasons discussed in (1) above, ARSA respectfully requests that EASA use the most logical and enforceable interpretation of the term “inventory.”

We appreciate EASA’s flexibility to date in helping U.S. industry comply with these requirements. And we’re following EASA’s rulemaking task 0018 in the hopes that authorized release certificates for new parts won’t be needed in the future in most situations. In the meantime, ARSA looks forward to continuing its work with EASA in an advisory capacity to improve and balance the parts documentation requirements for the global supply chain.

Best regards,

Marshall

Marshall S. Filler
Managing Director & General Counsel
Aeronautical Repair Station Association
121 North Henry Street
Alexandria, VA 22314-2903
T: 703.739.9543 Ext. 201
F: 703.739.9488
M: 571.334.7298
E: marshall.filler@arsa.org
W: www.arsa.org



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Ricardo Génova Galván
Flight Standards Director

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Aeronautical Repair Station Association
Mr. Marshall S. Filler
Managing Director & General Counsel
121 North Henry Street
Alexandria, VA 22314-2903
United States of America

Subject: Grandfather NOTE in MAG CHG 6

Reference: Your email dated 23 August 2016

Dear Marshall,

Thank you very much for your email dated 23 August 2016 in which you ask the Agency's position on a particular item pertaining to MAG Change 6, i.e. the note on certain grandfathering provisions in Section B Appendix 1 Paragraph 10.

This note was introduced as a follow up to the constructive exchange that we had after MAG change 5 was published and as it became evident that the newly introduced privileges under 14 CFR part 21.137(o) would take more time to be introduced in the affected organisations (US PAH).

With this note already existing new inventory at the repair stations was exempted from the requirements to have an FAA Form 8130-3 accompanying the parts as long as other acceptable traceability documentation was available.

Please find hereafter individual answers/clarification to the items listed in your email concerning the aforementioned note:

1. The term inventory has to be understood as "in inventory in the repair station" that will use this part for the repair of a product or another part that will be released under the EASA approval of that repair station (8130-3 Dual release). The note is addressed to US-based EASA approved Part-145 organisations only (Section B is applicable exclusively to this group), therefore it only covers their inventory.

1a. The FAA has clarified with a recently published memo, how repair stations can inspect and certify parts that are not accompanied with the required traceability documentation. Therefore the parts currently located at distributors could still be used in repairs subject to MAG provisions.

1b. It is not the intention that EASA will introduce additional requirements on this aspect into the MAG. The already existing purchasing documentation of the repair station should serve as adequate evidence to demonstrate that the conditions of the note are met.

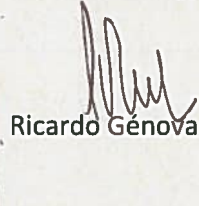
1c. Our FAA colleagues are currently working on alleviations for distributors to make these traceability determinations with their own personnel (under designee provisions) in order to minimize the burden on industry.

1d. We fully agree with your conclusion that a functioning receiving inspection system within the repair stations is a fundamental prerequisite to ensure that only airworthy parts are used in the course of a repair.

2. The term inventory does not mean "any inventory" as this would basically grandfather all new parts currently in inventory in the US without an EASA Form 1 or equivalent (8130-3) whereas all other inventory in the rest of the world (including the European Union Member States) would have to comply with that provision. Annex 1 to the Agreement specifically mentions the FAA Form 8130-3 as being the equivalent to the EASA Form 1 and it defines the export of a part as the move from one regulatory system to the other. Therefore all parts, new and used, have to meet this part documentation requirement in order to be eligible to be installed in an EU-registered airplane or any product, part or appliance to be installed thereto.

I would like to take the opportunity to thank you for your kind offer to support the Agency's rulemaking initiative on introducing part categories that do not require an EASA Form 1 (RMT.0018). I am confident that this new initiative will address the issues that you have described in your email and will lead to a more efficient and robust part traceability system worldwide in the near future.

Yours sincerely,



Ricardo Génova Galván

Cc: Tim Shaver –AFS-300