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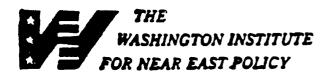
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U.S. RELATIONS WITH ISRAEL: THE MILITARY BENEFITS*

by Steven L. Spiegel

Discussions of the relationship of the United States to Israel regularly concentrate on one of two axes. Supporters of a closer relationship between the two nations focus on the moral obligation to a people that lost one-third of its number to the Nazis, the attraction of Israel as a Westernstyle democracy, and the importance of a reliable ally in a turbulent and unstable but crucial region of the world. Many in the national security bureaucracy believe that Israel has a right to exist in peace, but argue that an intimate relationship with Jerusalem is detrimental to U.S. interests. According to this view, the Israeli connection alienates Arab regimes, which would otherwise maintain closer cooperation with the United States to protect oil fields and supply routes. They argue that the Arabs would otherwise coordinate more closely with Washington's efforts to thwart Soviet expansion and to block the enhanced power of radical regimes. Advocates of this perspective often place the reasons for Soviet successes in the Middle East at Israel's doorstep. Many who take this position believe that the connection of the United States with Israel prevents the establishment of U.S. bases in the area. They argue that vulnerable conservative Arab regimes are afraid to associate too closely with the chief superpower sponsor of the Jewish state lest their radical Arab opponents retaliate against them.

In the 1980s, with the fall of the shah and the advent of the Reagan administration, it became fashionable for many politicians to begin talking about Israel as a "strategic asset." The meaning of this slogan was never clear, but it seemed to suggest that in an unstable region Israel's reliability and military prowess were advantages to U.S. interests in the area. Thus, Ronald Reagan claimed in an article in the Washington Post in the summer of 1979, "The fall of Iran has increased Israel's value as perhaps the only remaining strategic asset in the region on which the United States can truly rely."

Israel's ill-fated experience in Lebanon might have been expected to affect its reputation adversely, but as evidenced by the flowering of the Israeli-American relationship after 1983, America's own debacle

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in that tragic nation and the growing threat of international terrorism reversed the lessons drawn. At least to those who already held the position, Lebanon reinforced the notion that Israel is an advantage in a highly complex and dangerous region.

These discussions of the U.S. relationship to Israel have generally been conducted within the context of the Middle East. Yet Israel has had recurring experiences in the conduct of conventional warfare and the development of conventional arms. These experiences are applicable to U.S. interests. Instead of viewing Israel within the context of the Arab-Israeli dispute, this article will examine how Israel affects U.S. interests when seen in the global military context, which might yield important lessons for the ongoing debate concerning American conventional strategy.

Israel can be viewed in the global military context from five perspectives: its intelligence techniques, the implications of its battlefield experiences, the combination of a tight defense budget and a penchant for innovation, the effect of its activities on the calculations of Soviet planners, and the impact of its military performance on the reputation of U.S. arms.

Israel's Intelligence Techniques

Israeli intelligence, widely regarded as the best in the Middle East, has consistently demonstrated its expertise and daring. American intelligence services have cooperated with their Israeli counterparts for more than three decades. Shared information has enabled the United States to save on training, deploying fewer intelligence operatives and utilizing fewer facilities.

On numerous occasions, Israeli intelligence has scored important coups regarding both the Middle East and the Soviet bloc. It is believed — and with good reason — that the Israelis have eyes and ears in most every Arab nation. Before 1967, for example, they successfully infiltrated one of their members into a high-ranking position with the Syrian government. Israeli agents also managed to convince an Iraqi air force officer to fly his never-studied-in-the-West MIG-21 to Israel. In the summer of 1977, the recently elected Begin government warned Anwar Sadat about an effort by Libyan-backed conspirators to overthrow him. The Israelis have also provided repeated secret warnings to the Saudis and have passed warnings to King Hussein about reputed plots to assassinate him.¹ As early as the mid-1950s, a former aide of Allen Dulles

¹ Sidney Zion and Uri Dan, "The Untold Story of the Mideast Peace Talks," New York Times, January 21, 1979; David Shipler, "Terror: Americans are Targets," New York Times, November 4, 1985.

quotes him as saying, during an evaluation of "amateur" actions of Arab intelligence services, that Israel's intelligence operation was the "only one on which we can count. Not against the Arabs, of course, but against our common target, the Russians." In testimony to this statement, Mossad gained a copy of the famous Khrushchev speech to the Soviet Central Committee in 1956.2

Israel has long been at the forefront of the battle against international terrorism. Years ago the upper echelons of the Palestine Liberation Organization were penetrated.3 In the Lebanon War, Israel captured a treasure of documents about terrorist activities worldwide. In 1985 it warned Italy that one of its cruise ships might be hijacked, and then taped radio transmissions from the ship when the Achille Lauro was later seized. When the hijackers were about to be flown out of Egypt, Israel's monitoring of radio communications enabled it to provide the United States with such data as when the plane would take off and what the registration number on its tail was. This supplement to American information was crucial in facilitating identification of the plane in the skies over the Mediterranean, which led to its being forced down in Sicily.4

Despite the continued popularity of cloak-and-dagger tales, in the 1980s intelligence gathered by electronic devices rather than by human spies has become central to the collection of intelligence data. Israel has become not only a provider of information, but also an important developer of instruments designed for collecting intelligence data. The Israelis have helped devise intelligence systems with U.S. corporations like Boeing, Sylvania, RCA, E-systems, Beechcraft, and 21st Century Robotics. In each of these cases, Israeli sponsorship saves dollars, because the Israelis assume the development costs, after which the United States either adopts the already refined product or benefits from the information acquired. For example, the Israelis spent over \$100 million developing a small plane, "the Guardrail V," which serves as a tactical intelligence system. This effort saved the U.S. Army \$70 million. On some systems the Israeli contributions to their own intelligence-gathering capabilities has implications for U.S. operations in other regions. An intelligence balloon developed by Israel for more than \$100 million is now being used by the United States to monitor activities inside Cuba. Indeed, one expert estimates that 60 to 70 percent of high technology intelligence equipment. developed in Israel is also being used by the U.S. intelligence community.

² Wilbur Crane Eveland, Ropes of Sand: America's Failures in the Middle East (London: W. W. Stewart Steven & Co., 1980), pp. 95, 308n; Khrushchev speech in Stewart Steven, The Masterspies of Israel (New York: Ballantine Books, 1980), pp. 115-16.

³ Steven, Masterspies, Chapter 21. ⁴ Shipler, "Terror."

Israeli experiences contribute in other ways. In March 1985, the Israel Defense Forces (IDF), the U.S. Army, and NASA began testing the Wasp remote control mobile robot for antidemolition tasks. During the Summer Olympic Games in Los Angeles, an Israeli intrusion detection system (DTR) was used on the fences that protected the world's athletes.⁵

The Implications of Israel's Battlefield Experiences

The Israelis cannot contribute to such areas as strategic weapons systems or aircraft carrier technology, but Israel is the only nation
recently to fight repeatedly on the front line against the authentic electronics, aircraft, and artillery of the Soviet Union. The lessons learned
cannot be purchased, developed, or simulated. The advantage Israel offers
is not only data but experience, technique, and tactics that — with the
rapidly changing technology of modern warfare — cannot be gained elsewhere.

The Israelis have provided crucial information about the latest Soviet weaponry, especially because much of the equipment recently gained by Damascus from Moscow is similar to that possessed by the Warsaw Pact nations and the Soviets themselves. One of the more spectacular items that Israel gained from the Egyptians in the 1969-1970 War of Attrition included an entire Soviet radar station. Similarly, the U.S. defense community learned many lessons from Israel's experiences in the 1973 war. Because weapons systems are designed according to performance objectives, Israeli military experiences reinforce and often contribute to research and development activities in the United States. In 1975, Dr. Malcolm Currie, then director of defense research and engineering, testified before Congress:

The war has provided much evidence which helps to clarify our perspective on our own R & D programs.... For the most part, the war confirms that the United States has been on the right track in developing and acquiring weapons. In some cases, the war has clarified our understanding, and this has led ... to acceleration of certain programs or assignment of high priority to certain characteristics in ongoing programs.⁶

In this manner the Israeli experience in the 1973 war highlighted the importance of antitank systems, air-to-air combat (the continued role of dogfighting in aerial conflict), and electronic jammers.⁷

⁸ "Jerusalem Exhibit Looks at Terrorism: MAGAL Security Systems Ltd.," Jane's Defence Weekly, March 16, 1985, p. 437.

Department of Defense Appropriations for 1975: Hearing Before a Subcommittee of the House Committee on Appropriation, 93rd Cong., 2nd sess., Part 4, 1975, p. 465.

⁷ See, e.g., Department of the Air Force: Hearing Before a Senate Subcommittee on Tactical Air Power of the Committee on Armed Services, 93rd Cong., 1st sess., 1974, pp. 4244, 4247, 4249, 4309-4311.

Similarly, the Israelis helped the United States acquire knowledge about Soviet equipment and how American weapons performed in combat with that equipment. Initially in 1973, the Israelis were vulnerable to some of the new Soviet surface-to-air missiles used by the Arabs. This situation, although difficult for Israel, became a tactical bonanza for the United States: "The Israelis, using our equipment, learned to deal with those systems. . . . The intelligence we have obtained from that conflict will enable us to modify our electronic jammers and so on to take better account of what we know about the surface-to-air missile." The myriad of specific details shared over the years have been similarly important, especially during involvement of the United States in Southeast Asia.

In the 1982 Lebanon War, the Israelis were able to inspect electronic equipment from the remains of several MiG-23s and one MiG-25, which has been shot down, providing the basis for adjusting operational tactics and improving American weaponry to counter equipment of Soviet design. The Israelis also devised a method of destroying the T-72 tank, the Soviets' main battle tank, which is the principal weapon on which the Warsaw Pact relies for an offensive in Europe and which was hitherto considered difficult, at best, to penetrate. They did so by the relatively simple means of developing a modified 105mm shell that pierced the tank's composite armor. Development of ways to protect their own men and to penetrate Soviet tanks was one important outcome of Israel's wars.

After the Yom Kippur War, six Soviet T-62s were sent to the United States; one was to be disassembled, one sent to Fort Knox, one sent to a location near Washington, and three used as "aggressors" for exercises. Israel's recent innovations and successes in antitank weaponry prompted the armies of several Western states (Canada, West Germany, Denmark, Sweden, and Switzerland) to adopt Israeli ammunition.¹¹ The Lebanon War also highlighted the vulnerability of light-armor vehicles and the need to provide improved protection systems.

In Europe, military experts have identified two other major Israeli innovations from the 1982 war, which will assist NATO com-

*See Benjamin S. Lambeth, Moscow's Lessons from the 1982 Lebanon Air War (Santa Monica Calif.: Rand Corporation, R-3000-AF, 1984), p. 13.

^{*}Testimony of John L. McLucas, former secretary of the air force, March 7, 1975, in Department of Defense Appropriations for FY 1975: Hearings Before the Subcommittee on Appropriations, 93rd Cong., 2nd sess., 1975.

¹⁰ The Israelis were successful in destroying nine T-72 tanks during the Lebanese campaign. For an in-depth discussion of the development and capabilities of the Merkava, see Peter Hellman, "Israel's Chariot of Fire," Atlantic Monthly, March 1985, pp. 81-95; and "Israel's Merkava: A National Enterprise," Defense and Foreign Affairs Digest, September 1984, pp. 13-17, 34.

¹¹ See W. Seth Carus, U.S. Procurement of Israeli Defense Goods and Services, AIPAC Papers on U.S.-Israel Relations, American Israel Public Affairs Committee (Washington, D.C., 1984), pp. 14-15, 37; Karl Schnell, "Experiences of the Lebanon War," Military Technology, July 1984, pp. 28-29.

manders in the continent's defense. The first deals with packages of addon armor that are attached to tanks and reduce the vulnerability of the vehicle to antitank missile and rocket fire. Second, and of greater importance, the Lebanon War provided lessons in the use of antitank helicopters deployed for extensive use in combat. This use has encouraged NATO defense planners, who are designing a 4.5 ton antitank helicopter for mass deployment in the 1990s along the Russian front, armed with a "fire and forget" missile with a range of 4,000 meters. This weapon is being developed to compensate for the lack of all-weather and day/night capabilities, some of the deficiencies in antitank helicopters discovered by the Israelis during the Lebanese engagement.¹²

As illustrated by these cases, Israeli experiences affect the timing and direction of large sections of the conventional research and development programs of the United States, thereby reducing expenditure on faulty programs. By demonstrating the relative utility or weaknesses of established weapons and revealing the latest innovations of the Soviets, years are saved by enabling unnecessary American programs to be terminated early and others to be initiated long before their importance might have been realized. Thus, the Israeli experience in the 1967 war strengthened the case for a highly maneuverable air superiority fighter, helping the development of the F-16. The 1973 war highlighted the new significance of electronic warfare, leading to intensified development of such weapons as air-to-ground, antiship, ground-to-air missiles, and electronic countermeasures. Both wars, in retrospect, demonstrated the continued viability of tanks, whose future utility many had questioned. For example, Israeli experiences significantly influenced the development of the M-1, the latest American main battle tank (MBT).13

Israeli combat experiences have led to (1) decreased use of searchlights, (2) increased use of thermal sights for night fighting, (3) greater use of tanks and armored personnel carriers (APCs) in tandem, (4) improvements in command, control, and communications facilitating the coordination of air, land, and sea operations down to the unit level, (5) use of electronic warfare in reconnaissance units, and (6) enhanced air-to-air missiles and electronic countermeasures.¹⁴

It is not that the U.S. armed forces copy Israeli systems and approaches; each respective army and air force has its own particular concerns. Rather, the Israelis have identified problems and influenced solutions. They are affected by their experiences, especially because many technical challenges cannot be addressed conceptually until they are

¹² Schnell, "Experiences," pp. 28-30.

¹³ International Defense Review, February 1982, p. 171; Gerald M. Steinberg, "The Israeli Arms Industry," Paper prepared for the Stockholm International Peace Research Institute, August 1984, p. 26.
¹⁴ See Carus, U.S. Procurement, pp. 9-10.

discovered in combat. It is the Israeli sharing of experiences gained and lessons learned which is especially valuable. In this period, when wars are shorter and attrition rates are progressively higher, the power of weapons has been enhanced and increased mobility is essential.

A particularly dramatic example of the value of Israeli experiences short of actual battlefield conditions occurred in 1975, when the Israeli army High Command began receiving reports that something was wrong with a critical type of ammunition its troops were using in training exercises. Upon investigation, the High Command discovered that Israeli-manufactured shells were operating adequately but that the majority of Israeli shells came from the United States and most of the ammunition was not performing. When informed, U.S. officials were incredulous but were ultimately convinced that, indeed, the American-manufactured munitions were not functioning properly. Finally, U.S. experts discovered that adjustments were required in most American shells that were in stockpile worldwide and immediately set about correcting the problem.

The process, however, took several months, until the new shells could be supplied. During this period the Israelis were placed in a dangerously exposed position in the event of an Arab attack, as had happened just two years earlier. The United States would have been similarly inhibited if a Warsaw Pact attack had occurred in Europe or a crisis had emerged in Korea. The Western powers were left without an effective way of confronting an armored onslaught both in the Middle East and in Europe. Only the Israelis had discovered the problem in the first place.¹⁵

It is obviously not in the interest of the United States or of Israel for periodic wars in the Middle East to occur. However, once conflicts have been initiated and battles have been fought, there is no reason — despite an aversion to war in both nations — not to admit the value for the United States in terms of the enhanced credibility of U.S. arms, the lessons learned, and the lost credibility of Soviet weapons.

The Combination of a Tight Defense Budget and a Penchant for Innovation

The Israeli penchant for technological innovation helps to offset the effects of their tight defense budgets and creates intriguing solutions to conventional defense problems at lower costs. This propensity for innovation and their technical expertise helps to explain Israeli military successes. The persistent Arab-Israeli conflict, in conjunction with the nation's small population, creates an environment in which many of the

²⁵ Author's confidential interview.

most talented and able personnel in Israel must serve in the military. The need for reserves provides an additional large pool of civilian scientists, mechanics, and engineers who are acquainted with the technical requirements of the military. Because of the pressures of living with hostile neighbors, the Israeli public supports the military and its needs to an extent not found in other contemporary Western societies. Israel is the only Western nation where military requirements are seen as absolutely necessary by all strata of society. Consequently, there is a degree of cooperation between the military, civilian, scientific, and academic communities that is unparalleled in the West. This situation dramatically improves Israel's technological capacities, especially because a high percentage of Israel's civilians have military experience. Many in the defense-scientific area work on improving weapons that they will later use in combat.

In general, Israeli research and development procedures are quicker and cheaper than those in the United States — in part because the hard-pressed Israelis cut corners and are more flexible, since they live under the perception of imminent danger; in part because their small size limits inhibiting regulations; and in part because their small budgets impose greater cost constraints. Improvisation and shortcuts are the Israeli specialty, and they operate on a quick-reaction crisis basis that permits crash programs not possible with standard peacetime procedures in the United States. Therefore, the U.S. armed forces can and have benefited from Israeli developments whose licenses are later sold to U.S. companies for larger production. Recent examples include various types of mineand obstacle-clearing equipment in which Israel is particularly advanced, the American SMAW (shoulder-launched multipurpose assault weapon) warhead matched with an Israeli-designed B-300 rocket launcher purchased by the Marines from McDonnell Douglas as an antifortification device, and newly developed air filters for helicopters to keep out sand particles and preserve the engines (an example of the dangers of working without filters is exemplified by the disastrous rescue raid over Iran in April 1980). A Counter Obstacle Vehicle for use by the Army Corps of Engineers is being developed in the United States to Israeli technical specifications in an unusual joint project. In cooperation with a Pennsylvania-based company, BMY, the Israelis are also assisting in the development of a Heavy Assault Bridge for the United States' newest main battle tank, the M-1.16

¹⁶ See Walter Andrews, Washington Times, December 2, 1983, p. 4; House Committee on Appropriations: Department of Defense Appropriations for 1983, Part 7, pp. 477-480; Near East Report, November 4, 1983, p. 192; and Carus, U.S. Procurement, pp. 27-28. The B300/SMAW is a good example of the mutual benefit derived from U.S.-Israel industrial cooperation. See Armed Forces Journal, November 1983, p. 21; "Interview with Mr. Vincent L. Jones, President BMY," in Military Technology,

Israeli innovations have a wide application. The Israeli air force, faces a complex challenge. When an Israeli fighter takes off, the pilot does not know whether he will confront Soviet, European, or American equipment in hostile hands. This complicated threat drives Israeli developers and designers to search constantly for improvements and refinements and to produce or conceive of new operational systems because of the diversity of the challenges they face. Necessity forces them always to probe the fringes of the latest technical limits, to look forward to the next war rather than backward at the last one. Because of the close integration of Israeli inventors with U.S. corporations, the United States inevitably benefits in its larger programs from sharing Israeli concepts and ideas, helping American developers to enhance the future operational capability of U.S. weaponry by pressing for higher requirements.

American arms are generally the most sophisticated produced by any nation. There are still several examples of Israeli modifications of existing U.S. weaponry adopted by the U.S. armed forces. The following pattern has occurred repeatedly: (1) The Israelis receive permission to purchase an American weapon, for example, the F-15. (2) They then deal directly with the company producing the weapon. The Israeli team may request particular features in which the Pentagon is not interested, or it may be offered features the Defense Department was not prepared to develop. Often the Israelis are informed that if they will pay the research and development costs to build the feature for themselves, the American company will include the item in their model of the weapon. (3) The Israelis then approve the company proposal, the item is developed, and they deploy it. (4) Once the weapon has been built with the feature that the Israelis paid to have developed, the Pentagon may adopt it for versions of the weapon procured for American use. A few recent examples of this process include the conformal fuel tanks on the F-15, leading edge slats for the F-4E Phantom, an external fuel tank for the M-113A, modification of the M-109 self-propelled 155mm artillery piece, a Head-UP Display and a weapons delivery system for the A-4N Skyhawk, bomb racks for the F-16, certain types of FLIR night vision equipment, and a digital weapons delivery system for the F-4 Phantom. 17

VII, October 1983, p. 86; United Press International, February 24, 1983; Defense and Foreign Affairs Daily, July 29, 1983, p. 1; and "BMY: expanded operations," Military Technology, VII, April 1983, p. 95; "U.S. Awards Bridge Contract to Israel Military Industries," Jane's Defence Weekly, July 7, 1984, p. 1093; and Armed Forces Journal International, December 1984, pp. 64-66. For information regarding the anti-mine mechanical lift plow purchased by the U.S. Army for M-60 and M-1 tanks, see International Defense Review, 1985, p. 518; Army Research & Development & Acquisition, December 1984, p. 26.

"See Marcelle Size Kraack, Encyclopedia of U.S. Air Force Aircraft and Missile Systems, Volume I: Post World War II Fighters, 1945-1973 (Washington, D.C.: Office of Air Force History, 1978), pp. 277, 280, 282; and Joshua Brilliant, Jerusalem Post, May 6, 1984, p. 1. In a related example, Israel's Elbit computers manufactures displays and flight control equipment used in 60 percent of the world's

Similarly, Israeli experiences have become important to the improvement of U.S. equipment, potentially saving American lives and certainly cutting costs. Just realizing that a problem exists with a piece of equipment may be more critical than providing a solution. Several examples follow:

- Israeli aircraft are operated under far more severe conditions than those of other nations; they suffer "fatigue damage" much earlier. When the Israelis expend funds refining their American-built aircraft, this knowledge is passed on to the United States. The same can be said for the operation of American air-to-air and air-to-ground missiles.
- Because of budgetary constraints, the Israelis are forced to operate American
 planes more efficiently at lower cost than the United States itself, thereby providing
 ample lessons to be learned on maintenance and readiness.
- Israel discovered problems in the fuel pumps of the F-100, the engines for the F-15 and F-16, and it provided American engineers with ideas on how to deal with the difficulties. In all, the Israelis have made twenty seven substantial recommendations for changes in the F-15.
- The Israelis learned from combat use of the M-60 tank before the October 1973 war that its hydraulic fluid was highly flammable, thereby increasing casualties. This discovery led to the adoption of measures to prevent such casualties in the future. Over the years, Israel has made 114 modifications of the M-48 and M-60 main battle tanks, many of which (such as improvements on tank air cleaners and the development of new cupolas for the M-48) have been adopted by the U.S. Army. Israel has also developed many of the amored protection systems in the British and other NATO armored vehicles, which in turn has influenced U.S. tanks.
- The ideas of General Israel Tal, father of the Israeli Merkavah MBT, have influenced the further development of German, Swedish, and American tanks and armor tactics. ¹⁸ His main emphasis is on making the survivability of the crew the first priority, accomplished by increasing the vehicle's mobility and by leaving as small a target area exposed as possible.
- The Israelis have successfully developed dry-clad storage for their tanks so that they can be kept in storage for years and can still be used quickly in a crisis.
- When the United States built two new airfields in the Negev to replace Israel's Sinai facilities (returned to Egypt in April 1982), it became clear that Israeli methods were cheaper once Israeli developments in airfield construction were shared with the Army Corps of Engineers.
- When the U.S. Army built a new combat training center at Fort Irwin near Barstow, California, the facilities and programs were based generally on Israeli methods.

Other Israeli innovations and advanced maintenance and repair technologies have been transferred to the United States, as well as to other nations from which Israel purchased weapons. Israel Aircraft Industries (IAI) has developed metallurgical heat treatments that increase

¹⁸ See Hellman, "Israel's Chariot of Fire," p. 86. *Defense Update International* 56, p. 3. For details on the Israeli Merkava Mk-2 tank, see *International Defense Review*, "Merkava Mark 2: New Version of a Remarkable Israeli Tank," 1985, pp. 311-17. See also "Israel's New Hedgehog," *Defense and Foreign Affairs Weekly*, December 16, 1984, p. 1.

the lifetime of turbine engine blades by reducing blade "creep," which is the slow deformation of these crucial jet engine components. In addition, the Israelis developed improved fuel-nozzle rings for the A-4 Sky-hawk using electron beam welding techniques developed by IAI. These state-of-the-art maintenance adaptations have found their way into U.S. companies, including Pratt & Whitney, one of America's largest and most important jet engine manufacturers.¹⁹

During the Franco-Israeli entente, the Israelis made several modifications of French-made Fouga Magister jet-trainers and of the Mirage 3 combat aircraft. IAI improvements of the Fouga included plastic aircraft components and a radio compass for improved navigation capabilities; both features were innovations in military aircraft. These modifications turned the trainer into an attack and ground-support aircraft, several of which saw extensive action during the 1967 Arab-Israeli war. New avionic components were installed in the Mirage-3, improvements which were adopted by the French in their Mirage-5.

The 1982 war revealed the utility of remotely piloted vehicles (RPVs). The Israelis had been the first in the world to deploy mini-RPVs as an antimissile system operationally and successfully. They also demonstrated that intelligence could be gained during battle more cost-effectively and at a dramatically lower risk to the lives of airmen.

By contrast, in 1976 the American RPV program was almost terminated because of early vehicle losses. Originally, the RPV was developed in the United States as an expendable warplane that would not need a pilot. Experts predicted unmanned aircraft capable of "dogfighting" by remote control and "carrying out strikes in support of ground troops with pinpoint precision." ²¹ Out of the 986 RPVs once built, however, only thirty-three still existed in the United States by 1982, and all those were in storage. Yet Israel's use of the mini-RPV in Lebanon has renewed United States interest in its own RPV programs. In fact, the most advanced American model, the Aquila, did not complete its first successful test flight with a stabilized TV camera until April 1984. A sense of urgency also surrounds the development of an effective American RPV; testimony indicates that the Soviet Union is already into its second generation of pilotless drone development.²²

¹⁹ Gerald M. Steinberg, "Recycled Weapons," Technology Review, April 1985, p. 35.

^{21 &}quot;Planes Without Pilots — Coming Defense Weapon," U.S. News and World Report, February 28, 1972, p. 56.

^{28, 1972,} p. 56.

Benjamin F. Schemmer, "Where Have All the RPVs Gone," Armed Forces Journal International, February 1982, p. 38; Greg Easterbrook, "The Army's \$800,000 Model Airplane," Washington Monthly, July/August 1984, p. 15. For Soviet achievements in RPV technology see Newsweek, October 5, 1984, p. 17.

technical capabilities. Given the close and growing level of cooperation with the United States, any new technologies that emerge from this enterprise will necessarily be shared. Similarly, in 1986 Israel formally became part of the Strategic Defense Initiative program.

In sum, Israel is constantly feeding information back to American defense contractors and military services about the strengths and weaknesses of defense equipment, which leads to frequent changes in American systems. The information is also utilized so that the company involved is able to maintain the same or similar production lines, thereby lowering costs. Renovation of production lines can be extremely expensive, particularly if a major change is involved. Thus, by assisting in the prevention of major renovations, Israel helps individual American firms save funds that can be reinvested in research and development activities.

The Effect of Israel's Activities on the Calculations of Soviet Planners

Since Israel is both the most effective military power in the Middle East and closely aligned with the United States, Soviet planners must take into account the deficits created thereby. Israel regularly embarrasses clients using Soviet weaponry, provides intelligence to the West on the performance of these weapons, and provides practical assessments of Soviet bloc arms when they are captured.

As a further problem for the Soviets, the Israelis have even been particularly successful in modifying and upgrading captured Soviet tanks. Hundreds of Soviet T-54 and T-55 tanks captured during the 1967 war have been converted into totally new vehicles, improved sufficiently enough that one military analyst bluntly wrote, "No doubt, given the opportunity, both Soviet and Arab tank crews would gladly exchange their original tanks for the Israeli model." Among the improvements are enhanced firepower, upgraded powerpack, and greater regard for human engineering.²⁸

An especially dramatic event occurred in 1982, when Israel proved that there was a means of breaking the antiaircraft missile wall that the Soviets thought they had developed against Western air forces. This development is bound to have cost Moscow heavily. Assuming the Soviets wished to keep their air defense concept viable, they would have had to make major adjustments and improvements in their entire air defense system, including changing production lines and developing new equipment. Of all of Israel's defeats of the Arabs, this victory is the most

²⁸ Defense Update International 56, "New Life for the T-55," p. 27; Military Technology, "The S Tank — An Upgraded T-54/55," February 1985, pp. 46-48.

costly to the Soviets in technical terms because of the sophistication of the weaponry involved and the challenge to an entire defense concept. Since this system is similar to the Warsaw Pact air defense system currently deployed in Eastern Europe, the Israeli achievement affects the conventional balance between the United States and the Soviet Union as well. An impression of weakness in the Soviet air defense system revealed by Israel's action in Lebanon is reinforced by the apparent numerous errors made by Soviet personnel, which presumably led to the shooting down of Korean Air Lines Flight 007 in September 1983.

One Central Intelligence Agency estimate suggests that the Soviets regularly spend about 12 percent of their overall defense budget on air defense systems (primarily missiles, guns, and associated radar) — more than they spend on their strategic forces. Adding the cost of the MiG-21 and MiG-23 interceptors, which are part of the Soviet air defense complex, produces a total of about 20 percent of their entire defense budget — about the same as their navy.²⁹ That such a substantial percentage of their defense operations should be compromised must be seen as nothing less than a major blow to vital Soviet defense concerns. In this light, it is understandable that high-ranking Soviet intelligence and air defense experts began to swarm over Syria after June 1982. The initial batteries of SAM-2s, -3s, -6s, -7s, and -9s were augmented first by SAM-8s and then, after the Israelis destroyed these, by the longer-range SAM-5s and short-range SAM-13s after the war. This time they were operated at first by larger numbers of Soviet technicians.³⁰

This overwhelming evidence of the significance of Israeli technical victory has been met with three arguments, all decrying its importance. The first is that the Israelis operated with impunity because they were in combat with the Syrians, not the Soviets. This is undoubtedly true, but the Syrians had been trained by Soviet advisers. Moreover, not counting Afghanistan, which is hardly comparable, the Soviets have not had serious combat experience in a major operational role (with the exception of "volunteers" in Korea) since World War II. In August 1970, when the Israelis surprised five jets piloted by Soviets near the Suez Canal, they were all summarily shot down. The Syrians, for their part, fought well in October 1973. They certainly acquitted themselves well on the ground. It would have been more difficult for the Israelis against the

²⁹ See International Institute for Strategic Studies, Military Balance 1982/83 (London, 1983), p. 312; and National Foreign Assessment Center, "Estimating Soviet Defense Spending: Trends and Prospects," Central Intelligence Agency, SR 78-10121, June 1978.

³⁶ One of the reasons the Soviets augmented the Syrian antiaircraft system with SAM-5s was to boost sagging SAM sales. See "The SAM-5: Shifting the Middle East Air Defense Balance, 1963-83," Air Defense Artillery Magazine, April 1984, pp. 9-10. See also, "USSR Hands Over SAM-5," Jane's Defence Weekly, May 25, 1985, p. 401; "Syria Receives SA-13s," Flight International, January 19, 1985, p. 6.

Soviets, but there is no reason to believe that the final results would have been different. The Syrians should not be underestimated.31

A second argument used against the significance of the military results of Israel's attack on Syria's missiles in Lebanon is that the Syrians do not receive first-line Soviet equipment. If the stand on the Soviet vs. Syrian personnel is debatable, this position is misleading. Between 1974 and the spring of 1982, the Soviets shipped arms worth \$30 billion (not counting approximately 20 percent extra for auxiliary subsystems, spare parts, etc.) to the Arab states — primarily Syria, Iraq, Libya, Algeria, South Yemen, North Yemen, and, until 1975, Egypt. Actual deliveries included 8,800 tanks, 5,000 armored personnel carriers, 3,000 military pieces, 180 surface-to-surface missile launchers (including the Frog-7 and the Scud B), 1,300 combat aircraft (not including transports), 300 helicopters, 370 antiaircraft batteries of all kinds, and 90 naval vessels (including 46 missile boats, of which more than 75 percent were for use in the Mediterranean). These were not out-of-date weapons; rather, the Arab nations have been supplied with a more advanced mixture of hardware by the Soviets than many of their own units. Previously, the Soviets sent equipment that was five years old; now they are sending material that is perhaps two years old.32

Except for the first echelon of Soviet troops and the East Germans, the Arabs have regularly been the first to receive the latest in Soviet weaponry. For example, the second and third echelon units in the Soviet Union (mainly reserves) are still to a large extent equipped with T-54 and T-55 tanks, as are most East European countries (Poland and Czechoslovakia both produce the T-54 and the T-55). These are not good enough for the Syrians, who rely primarily on the T-62 and the T-72. Arab nations received the SAM-6s, -7s, and -8s before the East Europeans (except the East Germans). The SAM-5 was first deployed outside the

31 For testimony concerning American pilots' superiority to Soviet pilots see "Department of Defense Appropriations," 3rd ses., Part 1, 1983, p. 97. For skill of Israeli pilots, see Lambeth, Moscow's Lessons, pp. 28-29.

The Arms Control and Disarmament Agency estimates that between 1979 and 1983 the Soviet Union transferred \$29.4 billion in weapons to its Arab clients. This total includes Libya (\$5.8 billion), Algeria (\$3.2 billion), Iraq (\$7.2 billion), and Syria (\$9.2 billion). See "World Military Expenditures and Arms Transfers, 1985," U.S. Arms Control and Disarmament Agency, ACDA Publications, April 1985,

pp. 131, 134.

Figures from author's confidential interview. For information regarding Soviet arms shipments to the Middle East, see Stockholm International Peace Research Institute Yearbook 1983, pp. 361-69. U.S. government figures for 1975-1982 show Soviet shipments of 7,040 tanks and self-propelled guns, 7,670 pieces of artillery, 9,450 APCs, 2,520 combat aircraft, 900 helicopters, 102 surface combatants (including 49 Guided Missile Boats) and over 15,000 surface-to-air missiles. See Kevin G. Nealer et. al., "Unconventional Arms Policy: Selling Ourselves Short: Promotion of Foreign Military Sales to the Developing World Under the Reagan Administration," Prepared for the Senate Democratic Policy Committee, Senate Special Publications, No. 25948-3, 1983, p. 85. As the Soviets do not reveal these details of their weapons transactions, statistics which cover dollar-value of Soviet arms export are estimations which should not be considered as precise reports of Russian arms export activity. Figures concerning numbers of weapons delivered also represent compilations of inexact data.

Soviet Union in Syria. The Soviets only later deployed SAM-5s in Eastern Europe. Syria is today phasing out the MiG-21, which is still the backbone of the Soviet Tactical Airforce. In addition to possessing MiG-25s and -27s, it is about to receive the MiG-29. The 5,000 armored personnel carriers delivered to the Arabs from 1974 to 1982 would have enabled the Soviets to equip twenty to twenty-five divisions; many divisions in the Soviet Union today are still equipped with trucks.³³

The problem the Soviets face is that they send much of their first-line equipment to the Arab states — otherwise, they cannot continue to compete politically or economically with the West in the Middle East. The Arabs are very quick to blame their poor military showing on Soviet equipment. In order to convince the Arabs that they are receiving weapons comparable to those received from the West by the Israelis, Moscow compensates by sending the latest materiel. This explains why the Arabs receive the most advanced weaponry earlier than such regular Soviet customers as North Korea and Cuba. Although they take cash when they can get it, the Soviets often agree to barter deals and even ship prior to payment. They prefer to be paid, but they will settle for influence; arms shipments constitute the main attraction they represent to those Arab states still prepared to align with them.

If the Soviets did not deliver thousands of weapons to the Arabs, they would still produce and supply them in greater quantity to their own units and to the East Europeans. In this case, they would not confront the risk of broken intelligence secrets, which is inevitable once they send weapons to the Middle East. Therefore, the argument that the Syrians suffered from inferior equipment in 1982 simply is not accurate. In most cases, the Israelis face the same type of equipment the United States would face in a conventional war with the Soviet Union, a condition that has intensified as a result of the even greater sophistication of the arms delivered to Syria since the June 1982 Lebanon conflict.

The most convincing argument against the significance of the war's developments for the West is that now the Soviets are forewarned of the deficiencies in their systems and they can adjust accordingly. The West, in turn, will have to counter these adjustments.³⁴ The argument is deceptive. First, it assumes that the Israeli-Syrian confrontation represented an East-West conflict. However, battlefield conditions in the Middle East are not similar to other arenas of East-West confrontation. For example, cloud cover is extremely rare in the Middle East; this is not the case in most other major crisis areas (particularly Europe and the Korean

³⁵ Ibid., 1983, pp. 361-69; see also Lambeth, *Moscow's Lessons*, pp. 12-23.

²⁶ Anthony Cordesman, "Syrian-Israeli C⁸I: The West's Third Front?" Armed Forces Journal International, March 1984, pp. 51, 87-90. For an effective counter to Cordesman, see Lambeth, Moscow's Lessons.

peninsula). The weapons used against the SAM sites in the Bekáa Valley were also built to Israeli specifications and did not precisely equal American systems. Similarly, the Israelis did not use all available American systems, so that several could not have been compromised. The Israelis were also able to learn what types of tactics to use in specific situations, which will help both the IDF and the U.S. armed forces in the future.

Indeed, the actions taken by the IDF indicate that they constantly change their tactics and approaches, so any information the Soviets may have gained from the battles of 1982 is now obsolescent. The Soviets are trying to determine how the Israelis were able to totally defeat their SAM umbrella through the deployment since 1982 of tactical electronic intelligence (ELINT) helicopters along the Syrian-Israeli border. They have installed in Syria improved countermeasure equipment and satellite links to Moscow, and they have deployed special teams to operate radar and communication links. They have also attempted to upgrade Syrian command, control, communications, and intelligence (C³I) performance. These moves suggest that the Soviets have not been quite sure how to deal with Israeli advancements and consequently have used traditional Soviet tactics in order to deal with the threat.

It will take several years for the Soviet Union to prepare appropriate new systems and to make extensive renovations in existing systems. This process is very expensive and will rely on stagnant data, frozen in the tactics and technology of June 1982. While the Soviets alter their air defense system based on the lessons of 1982, the Israelis and the Americans are also adjusting. Even worse from the perspective of Soviet planners, one of their systems was breached. They can try to make it less vulnerable, but it is easier for the West to adjust to these changes than for the Soviet Union to develop them. Besides, since Israel exposed her secrets to the United States as well, the United States also now knows how to penetrate the system.

Thus, both sides learned valuable lessons in Lebanon, but the Western powers still have the advantage. Since the information is shared, only the Israelis and the Americans know why the Soviet equipment was soundly defeated. The Soviets are reduced to adapting, guessing, and hoping that the technical personnel they sent to Syria after June 1982 produced adequate answers. To the extent that they must renovate their air defense umbrella instead of expanding into new arenas or improving offensive weapons, the Western position is strengthened, both because of reduced Soviet offensive readiness and because of reduced Western costs to counter new Soviet equipment.

The 1982 war affected U.S. and Soviet fortunes in opposite directions. The credibility and reputation of Soviet arms were seriously

damaged. It will take a major new confrontation for them to recoup lost prestige, which may be one reason they sent SAM-5s and twelve SS-21 surface-to-surface missile launchers to Syria, and why they continue to subsidize Assad's armed forces heavily. In this regard, they are rumored to be about to deliver SS-23s, SAM-11s, and SAM-14s. In addition, the failure of Soviet arms, especially the air defense umbrella, affects adversely the confidence of Soviet and East European military planners in the reliability and capabilities of their equipment.

On the other hand, the United States has gained immeasurably. The technical victory was a boost to the reputation of the reliability of American-made arms. For example, the much-maligned TOW antitank weapon had a 72 percent kill rate (99 hits out of 137 fired) in Lebanon in the hands of the Israelis, while the Cobra helicopter proved to be a highly effective antitank weapon as well.³⁵ In Europe, the Israeli performance alters the psychological atmosphere by proving the efficacy of American technology and raising nagging doubts for the armies of the Warsaw Pact.

In another unexpected area the Israelis also affect Soviet calculations. Although not noted for its naval prowess, Israel has become a major surface power in the eastern Mediterranean. Since relinquishing the Sinai in April 1982, the Israelis have concentrated the bulk of their Aliyah, Reshef, and Saar III missile boats off Israel's west coast. Coupled with her powerful air force, the IDF effectively dominates the seas for the 250-300 nautical miles off the Israeli shoreline. This area represents 12.5 percent of the Mediterranean, including ports and other facilities of crucial importance to the United States and the Soviet Union.

Israel is also becoming progressively important to the operations of the Sixth Fleet: to the maintenance of U.S. ships and aircraft and to the use of Haifa as a port of call for shore leave for American servicemen. These opportunities assume added importance in the light of worsening relations with Greece.

Since late 1983, officials from both nations have been meeting on a regular basis to discuss combined planning, joint exercises, and prepositioning of U.S. equipment in Israel. Joint antisubmarine exercises have been held in the Mediterranean, and medical exercises have been held to simulate the evacuation of U.S. forces from navy ships to Israeli hospitals. The two nations have reached agreements concerning the use of Israeli facilities in emergencies.³⁶

³⁵ Schnell, "Experiences," p. 30.

³⁶ Robert C. McFarlane, Speech to the Hadassah National Convention, San Francisco, August 28, 1984; and "U.S. and Israeli Interests Are Critical to Peace in the Middle East," ROA National Security Report, *The Officer*, January 1985, pp. 9-12; Vice-President George Bush, Speech at Yeshiva University, December 15, 1985.

Despite the Reagan administration's naval buildup, combat vessels that were once routinely a part of the Sixth Fleet have been diverted to other theaters of operation. The single carrier that usually operates with the Sixth Fleet does not give the United States naval superiority in the Mediterranean because of the Soviets' dramatic buildup in surface combatants and long-range bombing capabilities. In addition to their Mediterranean squadron, the Soviets can utilize forces from their Black Sea fleet. This capability was demonstrated during the October 1973 war, when the Soviet squadron grew from 52 vessels to 95 warships (including 51 combatants) in one month. By contrast, even if the U.S. deployed a two-carrier American battle group it would have no more than 35 ships, only 19–22 of which would be combatants.³⁷

The presence of Israel compensates for the diminution of American forces. For example, a few years ago it was reported that a U.S. Navy investigation determined that Israel's air force was capable of destroying the entire Soviet Mediterranean fleet.³⁸ Secretary of Defense Caspar Weinberger has stated that "the Soviets would dearly love control over the Middle East's resources and strategic choke points, but Israel stands determinedly in their way." ³⁹

Because the Israeli presence bolsters diminishing U.S. capabilities, the Soviets would have to hesitate before committing their Black Sea fleet's estimated 100 Tu-16 Badger, Tu-22 Blinder, and Tu-26 Backfire bombers to conflict with the West in the Mediterranean. Even the dozen Forger attack aircraft from the Soviet's only aircraft carrier, the Kiev, would hardly be a match for the American F-14s and Israeli F-15s and F-16s. Since Israeli as well as American forces must be taken into account if the Soviet air force wishes to entertain operational activities in the vicinity, it must expend much greater forces, and its preparatory expenses must be a great deal higher, to confront not only the normal U.S. air cover over the Sixth Fleet, but the Israeli air force as well.

The Effect of Israel's Military Performance on the Reputation of U.S. Arms

Arms sales represent an ironic example of the effect of Israel's military successes. Since the War of Attrition in 1969-1970, Israel has

³⁷ Clarence A. Robinson, "U.S. Retains Edge in Mediterranean Sea," Aviation Week and Space Technology, January 17, 1977, p. 48; the Robinson article refers to a technical rather than a numerical superiority. See also Bruce W. Watson, Red Navy at Sea: Soviet Naval Operations on the High Seas, 1956-1980 (Boulder, Colo.: Westview Press, 1982), pp. 101-19.

³⁶ Near East Report, March 14, 1979, p. 50, based on news item reported by Ted Koppel on ARC News

³⁹ See Caspar Weinberger, Speech to the American Jewish Congress, May 13, 1984, cited in Washington Post, May 14, 1984.

Washington Post, May 14, 1984.

**John Moore, ed., Jane's Fighting Ships 1982-1983 (London: Jane's Publishing Co., 1982), p. 460.

advertised the proficiency of U.S. weaponry in combat. This process has been expanded considerably as a consequence of the Lebanon War in 1982.

U.S. arms sales worldwide from 1972 to 1982 nearly tripled from about \$6.8 billion to \$19.6 billion in constant 1982 dollars. Washington's efforts to strengthen regional proxies and reduce America's military commitments abroad, led to an expansion of military transfers after the late 1960s. After the 1973-74 oil crunch, arms sales were also seen as a way to recycle the petrodollars paid to oil producers back into the American economy. Consequently, by 1982, Arab states accounted for 50 percent of U.S. sales worldwide, compared with 11 percent in 1972. Sales increased tenfold, from \$0.7 billion to \$7.8 billion annually in the ten years in constant 1982 dollars.⁴¹

Even though Israel's American supporters have occasionally been able to restrain arms sales to Arab states, these sales have flourished. Ironically, Israeli weapons capability makes American arms attractive to Arab nations, precisely because the Israelis have succeeded so well with them. Even several of the weapons systems improved by the Israelis have been sold to Arab nations by the United States. Modifications in F-15s and F-16s suggested by the Israelis were then incorporated in the models sent to Arab countries. The conformal fuel tanks for the F-15 have been sold to the Saudis; E-Systems has had sales to Saudi Arabia and Egypt of equipment to which Israel contributed; about thirty helicopters with Israeli-improved designs have been sold to Jordan; and the updating of the Jordanian Centurion by Teledyne-Continental is based on Israeli improvements. An Israeli-improved version of the A-4 Skyhawk was sold to Kuwait after that nation insisted on receiving a version that contained the Israeli improvements.⁴²

Even when wars are not being fought, the Israeli reputation for military prowess means that when they purchase a system the reputation of that weapon is enhanced. For example, the Japanese debated for more than a year whether to purchase the Grumman E-2C Hawkeye, the airborne command and control system that the Israelis used so effectively in the Lebanon War. After Israel decided to purchase it, the Japanese made their affirmative decision. Since the Lebanon War, Singapore and Egypt have purchased the Hawkeye, and several nations have expressed interest — including South Korea, Spain, Switzerland, and Australia; there have been reports that the Malaysian and Pakistani governments may also be interested. Grumman officials have estimated that this

⁴³ Carus, U.S. Procurement, p. 17.

⁴¹ Foreign Military Sales, Foreign Military Construction Sales, and Military Assistance Facts, as of September 1981, Data Management Division, Comptroller, Defense Security Assistance Agency, Washington, D.C., 1981, pp. 1-2.

could lead to the sale of twenty to thirty planes abroad, meaning up to \$4 billion in sales, including the ground support and training facilities.43

It is well known in the U.S. defense field that many nations secretly send representatives to Israel to discuss weapons purchases. In the case of the Hawkeye, Grumman gained at the expense of the British equivalent, the Nimrod. What the Israelis once did for the French Mirage, they now accomplish for American aircraft such as the F-16 at the expense of the Mirage-2000. Once the Israelis purchased the MD-500 helicopter (which they had helped to improve), the Jordanians, South Koreans, and Kenyans moved to purchase it at the expense of the German-made BO-106 and the Franco-British Gazelle.

Why do so many nations seek F-16s? Because the Israelis have demonstrated their effectiveness from Osiraq to Tunis. Egypt, South Korea, Greece, Venezuela, Pakistan, and Turkey ordered them after the Israelis. Following long frustrations in attempts to sell its F-20 Tigershark, Northrop now wants Israel to co-produce the F-20 in order to make it more salable.44

The model of Franco-Israeli cooperation when France was Israel's major arms supplier in the 1950s and early 1960s is particularly instructive for understanding contemporary events. Israel's success with French aircraft facilitated French overseas sales, perhaps accounting for a reduction in the assembly-line price of French aircraft by one-third. In many instances, Israel helped modify equipment, a service it performs for the United States today. For example, by adopting the Israeli suggestion that a cannon should be added to the original Mirage design for lowlevel defense, "France widened the appeal of the aircraft for Switzerland, South Africa, and Australia, which bought the Mirage on Israeli advice." 45 A "technological symbiosis" emerged between the French and the Israelis, and Israeli suggestions were repeatedly proven successful on the battlefield. Indeed, "Israeli pilots sent continuous performance reports and flight photos to the Dassault company, producer of the Super-Mystere, and . . . many of their recommendations — especially on radar, electronics and the use of the 30mm cannon — were to find their way into the Mirage." 46

By contrast with the previous French and the present U.S. relations with the Israelis, the Soviet Union's trade with the Arab nations (excluding arms) accounts for only 5 percent of those nations' exports

Crosbie, Tacit Alliance, pp. 155-57.

^{49 &}quot;EW Won the Bekaa Valley Air Battle," Military Electronics/Countermeasures, January 1983, p. 106; "Elta Plays a Decisive Role in the EOB Scenario," ibid., pp. 135-37; Author's interview with Grumman officials.

⁴⁴ F. Clinton Berry, Jr., "The Revolutionary Evolution of the F-16XL," Air Force Magazine, November 1983, p. 52.

⁴⁸ Sylvia K. Crosbie, The Tacit Alliance: France and Israel from Suez to the Six Day War (Princeton: Princeton University Press, 1974), pp. 109-111, 216; Aviation Week and Space Technology, May 29, 1967, pp. 84-91. See also Steinberg, "Recycled Weapons," pp. 8-9.

and imports. Moscow's stock in trade is in arms, yet the reputation of these arms has plummeted as a result of the Lebanon War. For example, both Iraq and Peru openly questioned the adequacy of their Sovietsupplied weapons after the debacle in Lebanon.⁴⁷ Thus, while Israel enhances the reputation of American arms, it lowers the status of Soviet weapons.

Conclusion

Viewing the relationship of the United States and Israel from these five perspectives leads to the conclusion that the United States has interests in Israeli military performance and capability beyond exclusive concern for the Arab-Israeli balance of power. The intelligence-gathering capabilities of the Israelis are superior. The Israelis are important to the refinement and development of the American conventional deterrent. They improve American arms and advertise their superiority. Their combat experience yields important lessons. They simultaneously create serious problems for Soviet military planners, who must adjust whenever the Israelis capture or destroy their weapons in the Middle East. The Soviets must also take the growing Israeli importance in the Mediterranean into account.

In broader terms, the Israeli experience suggests the importance of innovation and technical expertise. Their ability to squeeze an impressive product out of a limited defense budget provides elements of a model for those who would reform the Pentagon's development and procurement systems. 48 Their quick-paced and original research and development approach offers room for study and for possible enhanced cooperation in those areas in which they specialize.

Israel is not an oversized military laboratory. Like any other ally, it is a country with distinctive credits and debits. Yet in evaluating the nature of the relationship between Washington and Jerusalem, the military aspect of the connection that transcends the Middle East cannot be ignored. As uncomfortable as it may seem to both supporters and opponents of Israel, that country's conventional military expertise is a fact of contemporary international politics.

⁴⁷ On the effect of the Lebanon War of 1982 on Soviet arms sales, see Lambeth, Moscow's Lessons, p. 12; Ernest Conine, "Red Faces in the Kremlin: Soviet Arms Failures in Lebanon Could Lead to Danger," Los Angeles Times, October 4, 1982.

**Steinberg, "Recycled Weapons."

BEFORE THE
DEPARTMENT OF TRANSPORTATION
FEDERAL AVIATION ADMINISTRATION
WASHINGTON, D.C.

Fon

50,000

Petition of

ISRAEL AIRCRAFT INDUSTRIES LTD.

DOCKET

for an exemption and other relief on behalf of itself and its divisions

PETITION OF ISRAEL AIRCRAFT INDUSTRIES LTD. AN EXEMPTION AND OTHER RELIEF

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Attorneys for ISRAEL AIRCRAFT INDUSTRIES LTD. BEDEK AVIATION

January 21, 1987

Summary for Federal Register:

Petitioner Israel Aircraft Industries Ltd. ("IAI"), a certificated foreign repair station and original equipment manufacturer, requests: (1) an exemption from Federal Aviation Regulations ("FAR") relating to limitations on the scope of work authorized to be performed by foreign repair stations, 14 CFR 145.71 and 145.73; (2) relief from the restrictions on foreign repair stations because of explicit or implicit references to geographic location of the repair station or citizenship of airmen contained in FAR Parts 43, 65 and 145; and (3) to the extent necessary, authorization for holders of FAA certificates or operating authority under FAR Parts 91, 121, and 135 to utilize IAI's maintenance and repair serv-The exemption will permit IAI and its Bedek Aviation Division to repair, overhaul or modify U.S.-registry aircraft (and components) operating within the United States. The requested exemption is subject to the condition that IAI will conform at all times to the technical standards of Subpart B of Part 145, 14 CFR 145.31 through 145.63, to insure that all maintenance is performed under U.S. regulatory standards as though IAI were a domestic repair station.

BEFORE THE DEPARTMENT OF TRANSPORTATION FEDERAL AVIATION ADMINISTRATION WASHINGTON, D.C.

Petition of

ISRAEL AIRCRAFT INDUSTRIES LTD.

DOCKET

for an exemption and other relief on behalf of itself and its divisions

PETITION OF ISRAEL AIRCRAFT INDUSTRIES LTD. FOR AN EXEMPTION AND OTHER RELIEF

Pursuant to Section 601(c) of the Federal Aviation Act, 49 U.S.C. 1421(c), and 14 CFR 11, Israel Aircraft Industries Ltd. ("IAI") hereby requests an exemption from 14 CFR Parts 43, 65 and 145 and other pertinent FAA regulations sufficient to authorize performance by IAI's Bedek Aviation Division ("Bedek") of certain maintenance services on U.S.-registered aircraft.

The issue of the scope of work authorized to be performed by foreign repair stations, such as Bedek, has reached a top priority level in recent months for foreign repair stations, foreign governments, and U.S. and foreign airlines. Attention has focused on this issue because of the significant change of policy (or reinterpretation of regulations, particularly 14 CFR 145.73) by the FAA. This sudden change of agency position has

had the effect of substantially foreclosing work by foreign repair stations on U.S.-registered aircraft not only to the detriment of the foreign repair stations, but also to the detriment of the U.S. airline community, despite the fact that the quality of work of at least some of the foreign repair stations, including Bedek, equals or exceeds the quality of work performed by U.S. repair facilities.

In partial response to the situation, the U.S. airline members of the Air Transport Association ("ATA") filed a petition with the FAA requesting issuance of a Notice of Proposed Rulemaking to revise the outdated and unnecessarily restrictive conditions on U.S. carrier use of foreign repair stations. See Petition for Rulemaking filed by ATA in Docket 25169. IAI supports the arguments set forth by ATA, will not burden the FAA by repeating them in this Petition and will, at the appropriate time, file comments in support of the ATA Petition. IAI also believes that exemption relief, fashioned to take account of the FAA's legitimate concerns, is appropriate and should be available to truly qualified foreign repair stations, such as IAI and its Bedek Aviation Division.

In filing this exemption request, IAI does want the agency to know that IAI recognizes the FAA's expressed concerns, including those related to surveillance, monitoring, and enforcement. IAI understands that a stricter enforcement policy may well be necessary to deal with unacceptable

practices of certain foreign repair stations. However, an indiscriminate ban on use of <u>all</u> foreign repair stations merely to curtail the questionable practices of a few unfairly penalizes not only qualified maintenance facilities, but also their U.S.-airline clients.

It certainly would be appropriate for the FAA to review its foreign repair station policies, as suggested by the ATA Petition, in light of the substantial evolution of the aviation industry since 1949 and the likelihood that, with a cooperative effort, a means could be found to increase options available in the market place without sacrificing aviation safety or placing an undue burden on the FAA. Such a comprehensive review, however, will require a potentially lengthy rulemaking process and substantial time, thereby depriving fully qualified foreign repair stations of the opportunity in the interim to perform valuable services for U.S. airlines.

In view of this fact, the FAA should be prepared to extend immediate and more liberalized exemption relief to those maintenance facilities which demonstrate work quality on a par with U.S. domestic repair stations. Indeed, such action does not seem contrary to agency goals as IAI understands that the FAA also would prefer to provide relief on the basis of individual exemption requests. This application offers an opportunity to the FAA to manifest its willingess to administer regulations relating to foreign repair stations in a manner

more attuned to the realities and needs of today's marketplace without sacrificing one iota the FAA's legitimate safety oversight responsibility.

We demonstrate below that the operations of IAI/Bedek meet all statutory and regulatory criteria for exemption relief. But for its location, IAI would be able to qualify technically as a domestic U.S. repair station. Moreover, IAI is an original equipment manufacturer ("OEM") and supplier of aircraft components as a subcontractor to OEMs. Grant of the requested exemption is consistent with FAA exemption precedent, U.S. international agreements, the highest standards of aviation safety, and the public interest in the more efficient and economic provision of quality aircraft maintenance services. The relief requested can be properly limited to the special circumstances described below, and therefore can be granted without risking a substantial additional burden on agency resources.

I. ISRAEL AIRCRAFT INDUSTRIES IS TECHNICALLY QUALIFIED TO PERFORM MAINTENANCE AND REPAIR ON U.S. AIRCRAFT

IAI is among the world's most sophisticated and advanced aerospace companies. It has designed and manufactured aircraft, including the Astra, Westwind and Arava civil aviation aircraft and the Kfir and Lavi military jet fighters. Indeed, the Westwind aircraft is part of the FAA's own aircraft fleet. These aircraft are but some of major components of a

product line featuring more than 300 items of defense and aerospace equipment being marketed in more than 50 countries.

IAI employs over 20,000 people in five major divisions dealing with production, research and maintenance. IAI's annual revenues are in excess of \$1,000,000,000 (one billion dollars).

Bedek is one of five major divisions of IAI. Bedek was established in 1953 to perform maintenance, overhaul and modifications for civil and military aircraft. Bedek easily meets the regulatory standards applied by the FAA to United Statesbased maintenance and repair facilities.

A. IAI/Bedek is Subject to Regulatory Standards Equivalent to Those of the FAA

For over 30 years, Bedek has held a foreign repair station certificate issued by the United States authorizing it perform repairs on U.S.-registered aircraft located abroad (Attachment 1). Bedek is under the direct regulation and supervision of the Israeli Civil Aviation Administration ("CAA"). There are no material differences between the FAA and Israeli CAA regulations governing repair and overhaul facili-In fact, when there are variations in training requireties. ments, the Israeli standards are more strict than the FARs. For example, Israeli CAA regulations require a technician to hold a basic license before he can take the "type" license exam which authorizes him to work on a class or group of defined aircraft. FAA regulations have no such requirement.

Significantly, Bedek currently employs 46 mechanics holding FAA Airframe and Powerplant licenses. If Bedek were located in the United States, it would unquestionably meet all of the personnel and inspection criteria set forth in Part 145 of the FARs, thus entitling Bedek to receive the highest ratings in all domestic repair station categories.

Bedek's skills are also recognized throughout Europe. In addition to its Israeli CAA and U.S. FAA certificates, Bedek is licensed to perform repairs under the demanding repair standards established by the United Kingdom CAA, West German LBA, French BV, and Swiss FAO.

B. Bedek Has Experience in Performing Repair Services on a Wide Range of Civil and Military Aircraft and Engines

Bedek performs comprehensive maintenance, repair, overhaul and upgrading of both large civil aviation airplanes and the most sophisticated military aircraft at its main complex at Ben Gurion International Airport and at Bedek Support Centers on four continents. Bedek is fully authorized to perform the full range of repair services for the following types of aircraft:

- Boeing 707, 720, 727, 737, 747 and 767
- McDonnell Douglas DC-8, 9, 10
- Mirage, Kfir, A-4, F-4, F-15, F-16, C-130
- Over 30 types of engines, including J-52, J-79, F-100, PW II20, Atar-9, JT3D, JT8, T-56, T-53, T-64 and PT6 series.

Bedek's technical standards, having been designed to meet the most demanding needs of high performance combat aircraft, are unsurpassed. Because its reputation has been built over the years by continued demonstration of superior capabilities, Bedek has numerous contracts for repair and overhaul, including contracts for complete maintenance of airline fleets. These contracts frequently provide that Bedek prepare all maintenance documentation which the customer files with its government. Bedek has also developed a reliability program designed to preclude aircraft downtime by early identification of undesirable operational trends.

In addition to routine maintenance on U.S. and foreign registry civil aircraft, other related contracts have included:

- Modification of ex-TWA B707-100 aircraft for resale with cargo decks (i.e., conversion from passenger to cargo aircraft);
- Modification of ex-Pan American 707 aircraft;
- Manufacture of engine parts for General Electric and Pratt & Whitney;
- Structural modification of large transport aircraft to perform cargo, SIGINT and other special missions;
- * Upgrading of Fougas, Skyhawk, Mirage and Phantom jets for use by the Israel Air Force and for export; and
- Authorized warranty repair work for the leading aerospace manufacturers. (For example, Bedek is one of the few organizations in the world authorized to overhaul the Pratt & Whitney F-100 engine and its control system accessories.)

Also of significance is the work which Bedek performs under contracts with the United States Air Force, Navy and Coast Guard. For more than two decades, Bedek has provided sophisticated and extensive maintenance for high technology U.S. military aircraft, as well as the Kfir C-2 fighters now leased by the United States Navy. Current contracts cover maintenance on helicopters, engines, aircraft, and acces-To satisfy U.S. and other national military requiresories. ments, Bedek meets MIL-Q-9858A and other NATO repair stan-The United States Air Force has a permanent resident detachment located at Bedek facilities to monitor work procedures and assure the quality of Bedek's repairs. This close relationship between Bedek and the U.S. military means that the company -- unlike virtually all other foreign repair stations -- is effectively under the constant supervision of highly qualified U.S. government aviation specialists.

C. Bedek Utilizes the Most Sophisticated Technology

Bedek's advanced techniques and equipment run the gamut from electron beam welding to the use of updated NDT equipment, including the latest microfocus capabilities. Bedek maintains a library of over 60,000 technical manuals on aircraft components. The Bedek Aviation Engine Overhaul Plant has, in addition to the standard capabilities, the facilities to perform all the following processes: (1) blue etch anodizing;

(2) plastic coating; (3) electroplating; (4) conversion coating; (5) plasma coating; and (6) heat treatment.

The Bedek Aviation Engineering Research and Development Group is currently involved in projects concerning both civil and military research. These R&D projects include the upgrading of aircraft, engines, accessories, and avionics, reengineering of military aircraft, development of air tanker refuelers, and research on new technology for composite materials. Bedek Aviation Division Aircraft Interiors Department also has the capability of designing, manufacturing, installing and repairing aircraft interiors.

Bedek's annual budget for the purchase and maintenance of new tools and equipment exceeds nine million dollars. Its spare parts inventory consists of nearly 150,000 items.

Bedek Aviation is recognized as one of the leading maintenance facilities in the world because of its modern facilities and equipment, the most up-to-date procedures, and highly skilled and fully licensed technical personnel. It is not surprising that in 33 years, Bedek has never had any serious complaint filed against it by any aeronautical authority.

D. The Technical Support Available from IAI's Other Aerospace Divisions Enhances Bedek's Maintenance Capabilities

The Bedek Division is supported by IAI's other aerospace divisions, thus enabling it to offer highly advanced and

The

comprehensive maintenance and modification services.

related IAI divisions include:

"IAI Engineering Division, which is the largest multidisciplinary engineering group in Israel. The Division has an enviable record for development of the Kfir C-2 fighter, Arava-STOL transport aircraft, Westwind and Astra Executive jet aircraft series and the Lavi fighter aircraft.

The IAI Engineering Division's facilities include a flight test center with advanced telemetry systems, low and high speed wind tunnels, structural and fatigue test labs, prototype construction center and Israel's most powerful high-capacity scientific computer. Bedek's Engineering Division can call upon these resources as needed.

- The IAI Training Center is an Israeli CAA certificated aviation training establishment, which trains and qualifies all IAI and Bedek personnel.
- The IAI Aircraft Manufacturing Division since 1960 has been constantly expanding its facilities, technologies and processes, which now include chemical milling, honeycomb bonding, titanium machining, and fabrication from composite materials. In addition to production of the Astra, Westwind, Arava, Scout, Kfir and Lavi, this division also has multi-million dollar contracts with major aerospace conglomerates for manufacture of parts for the F-15 and F-16 fighters, F-100, J79 engines, 747, 767, and DC-10 parts.
- TAI Electronics Division develops and manufactures a complete spectrum of electronic system and equipment, including radar, computers, communications, active and passive electronic warfare equipment, and SIGINT systems to support all components of the Israel Defense Force.

In sum, IAI, with its Bedek Aviation Division, constitutes one of the most highly advanced aerospace facilities in the world. All of the maintenance work performed by Bedek is consistent with the highest technical standards as set forth in the Bedek Aviation Procedures Manual. But for its geographic location, Bedek would without question meet or exceed the high standards set by the FAA for maintenance performed by domestic, i.e., United States-based, repair stations. Consequently, no legitimate safety concern could be raised about the adequacy of the repair services offered by Bedek Aviation. IAI is willing to demonstrate its continuing qualifications on any basis which the FAA may reasonably require.

II. THE FOREIGN REPAIR STATION REGULATION AND THE HISTORY OF ITS IMPLEMENTATION DISCLOSE NO REASONABLE BASIS FOR DENYING THIS EXEMPTION REQUEST

FAR 145.73(a), 14 CFR 145.73(a), describes the scope of work that foreign repair stations are authorized to perform on U.S.-registered aircraft:

A certificated foreign repair station may, with respect to United States registered aircraft, work only on aircraft that are used in operations conducted wholly or partly outside of the United States. The Administrator may prescribe operating specifications and limitations that he determines are necessary to comply with the airworthiness requirements of this chapter.

This provision has been part of the regulatory framework of the FAA and its predecessor agencies since 1952, when the Civil Aeronautics Board amended 1949 regulations (14 CFR Part 52 (1949)) to "improve the standards of repair stations." See Part 52, Repair Station Certificates, CAB Civil Air Regulations, June 15, 1952, 1. The sole regulatory objective expressed at that time was to develop a rule harmonizing the need for suitable repair facilities for U.S. aircraft operating overseas with the need to ensure adequate quality of services in the context of a world-wide aviation industry still in its infancy. Today's aviation world, of course, is far different.

It is worth noting that the literal terms of the regulation would not necessarily preclude a full range of maintenance services on U.S.-registered aircraft by foreign repair stations, so long as they operate either "wholly or partly outside the United States." IAI recognizes, none-theless, that in practice FAA personnel have interpreted § 145.73(a) somewhat more restrictively, although the interpretations do not have the effect of altering the clear words of the regulation and these interpretations have differed in significant respects from time to time.

The FAA's revisionist interpretation of the scope of work for which foreign repair stations are authorized began in

earnest over the last year. \(\frac{1}{2}\) Concerns about inadequate documentation produced by certain repair stations apparently led the FAA to produce "internal guidance" that is far more restrictive than the practices which the FAA previously allowed and which had prevailed for years, and perhaps decades. \(\frac{2}{2}\)

Whether the interpretations which FAA staff have from time to time placed on §§ 145.71 and 145.73(a) can be harmonized with the original intent and language of the regulation presents an interesting legal issue, but not one which needs to be resolved in determining whether the requested exemption is in

^{1/} See generally FAA Draft Action Notices Affecting Maintenance by Non-U.S. Organizations, dated July 1, 1986 and October 8, 1986.

There were some earlier indications of a shift in interpretation. See letter dated February 15, 1985 from Manager, Aircraft Maintenance Division, AWB-250, to AWP-250. On March 4, 1985, the Honolulu Flight Standards Division distributed a letter to certificated foreign repair stations in which it stated that it was reiterating "FAA's policy with respect to Foreign Repair Stations working on U.S. Registered Aircraft operated wholly or partly outside the U.S." These letters (Attachment 2) interpret the regulation as restricting the scope of work that foreign repair stations are authorized to perform rather than dealing with the criterion raised by the regulation itself, viz., whether the aircraft operate "wholly or partly outside of the United States." The letter goes on to limit foreign repair stations to work "incidental to aircraft that are operated in a foreign country" (meaning the foreign country in which the foreign repair station is located), even though the regulation itself does not contain any such condition.

^{2/} The history of these informal interpretive rules is fully discussed in the ATA Petition, which will not be repeated herein, and to the extent necessary, is incorporated herein by reference.

the public interest. It suffices to say that, in evaluating requests for exemption from Part 145.73, FAA policy has at times been more flexible, and the agency in the past has shown the capability of responding favorably to meritorious applications. Foreign repair stations, including Bedek, have from time to time been exempted to perform maintenance which is not "incidental" to an aircraft's foreign operations where U.S. maintenance was unavailable or particularly inconvenient, e.g., Regulatory Docket No. 22999, Exemption No. 3566, In The Matter Of The Petition Of American Trans Air. 3/

Also pertinent to this application is the fact that the FAA has indicated a willingness to provide reciprocal recognition to a particular country's facilities in special circumstances. Canada and the United States have had a long standing special aviation relationship which dates back to 1951, when the CAB adopted Special Civil Air Regulation No. SR-377, which permitted certain maintenance, repair, and alteration operations on U.S.-registered aircraft. At that

J/ Four years ago, the agency refused to modify Part 145 to broaden the general scope of authorization for foreign repair stations. See, Administrator Helms' denial of the Petition in Regulatory Docket No. 21669, Petition of Air Polynesia, Inc. T/A DHL Cargo (May 28, 1982). In that Order, the Administrator asserted that a broadening "would not be in the public interest if the FAA was (sic) to expend its limited resources in foreign countries when no need exists." Yet, while the FAA has not really defined "need," exemptions have been granted when there was no or de minimus impact on FAA resources. See, e.g., Regulatory Docket No. 23065, Exemption No. 3581, Petition of Altair Airlines, Inc. (July 22, 1982).

time, the CAB found that "Canadian standards of maintenance, alteration and repairs are of a high caliber and compare favorably with those in force in the United States . . . [and] that there is no valid objection from a safety point of view." Special Civil Air Regulation, Mechanical Work Performed on United States-Registered Aircraft By Certain Canadian Mechanics, U.S. Civil Aeronautics Board, SR-377, November 13, 1951.

This provision was codified for many years at 14 CFR 43.17, and remains in substantially similar form to this day. In 1968, it was amended to extend to authorized employees of approved Canadian companies the same privileges granted to Canadian aircraft maintenance engineers. 33 Fed. Reg. 15988. In 1982, it was further amended to permit certain Canadians, as defined in § 43.17(a), to perform any inspection except annual inspections. "Operations Review Program: Amendment No. 12: Aircraft Maintenance," 47 Fed. Reg. 41079 (September 1982). In explaining and supporting this latter amendment, the FAA observed that "it improves competition and relaxes regulation, therefore, providing a positive though unquantifiable benefit." Id. at 41083.

This special U.S.-Canadian relationship evolved into an exchange of a Diplomatic Note on August 31, 1984 "Agreement Concerning the Airworthiness and Environmental Certification, Approval, or Acceptance of Imported Civil Aeronautical

Products. Pursuant to this bilateral agreement, Canadian-certified foreign repair stations are placed on an essentially equal footing with domestic repair stations. Significantly, this bilateral aviation agreement came after various FAA regulations exempting Canadian repair stations from restrictions governing the foreign-repair stations.

The foregoing suggests three prongs to FAA policy. Foreign repair stations are authorized to perform maintenance on U.S.-registered aircraft: (1) where domestic maintenance would be inconvenient or costly; or (2) where no significant additional burden is placed on the FAA to assure compliance with the FARs; or (3) where special international relationships or agreements are present. IAI is confident that the relief which it requests in this proceeding is consistent with these considerations.

III. THE EXEMPTION RELIEF REQUESTED HEREIN BY IAI IS IN THE PUBLIC INTEREST

A. Grant of An Exemption to IAI Will Not Diminish Safety

The FAA's actions hindering foreign repair stations from performing work for which they are qualified appears rooted in its legitimate concern that aviation safety not be impaired or diminished. At times, it has expressed this concern by stating that the integrity of its repair station certification regulation depends upon "adequate surveillance and the ability to

take measured enforcement actions." See Letter of Mr. Donald Segner, Associate Administrator for Policy and International Aviation, to Mr. Dan Halperin, Embassy of Israel, dated April 16, 1986 (Attachment 3). At other times, the FAA has taken the position that foreign regulations must be reconciled with the FARs before the FAA would be satisfied that maintenance and repair services by foreign repair stations met the highest standards to which the FAA adheres.

Whichever position the FAA takes, IAI respectfully submits that it meets all of the FAA's legitimate and reasonable safety concerns. First, as stated below, the Israeli CAA regulations under which IAI works are fashioned after the FARs. At the very least, they require quality standards equal to the FARs.

Second, as demonstrated in Section I of this Petition, supra at pp. 4-11, IAI's technical qualifications established beyond doubt the fact that IAI (and Bedek) are extraordinarily capable and qualified to repair, overhaul and modify U.S. aircraft and components consistent with the FAA's requirements and the highest aviation standards. The FAA itself has classified IAI as having "excellent maintenance and repair capabilities." See Attachment 3.

Third, IAI is willing and able to meet all of the FAA requirements, including employing U.S. licensed personnel and adhering to FAA documentation and reporting procedures. FAA surveillance functions can be performed by FAA personnel at IAI

expense, by U.S. military personnel already stationed at IAI, and/or by the Israeli CAA.

The FAA has expressed vague reservations about delegating surveillance to non-FAA personnel, but has failed to demonstrate a logical correlation between its legitimate safety concerns and the refusal to consider reasonable means to reduce the agency's surveillance responsibilities with no degradation in aviation safety. 4/ Where the safety regulations and procedures of another nation and the United States differ, the FAA may appropriately express such concerns. That is not the case here, however, as the Israeli CAA's regulations and procedures

^{4/} There is no legal impediment relating to delegation of authority. Section 314(a) of the Federal Aviation Act, 49 U.S.C. § 1355(a), specifically authorizes the Administrator to delegate any portion of his responsibilities under Title VI to private parties. See also id. § 313(a), 49 U.S.C. § 1354(a), and 14 CFR § 183.33. None of these provision suggests Congressional intent to limit the Administrator's authority to delegate powers.

Arguably, a delegation of authority is not involved at all. Rather, the exemption herein requested is predicated on the finding that the FAA need not duplicate surveillance efforts of an equally competent civil aviation authority of another country. This reasoning formed the basis of the Canadian repair station regulations. See supra at pp. 14-16. Obviously, these regulations were not barred because of a legal impediment to delegation of authority. Finally, any legal question that the FAA may have about delegation of inspection authority must be of very recent vintage. The FAA Rulemaking Agenda has for some time contained a proposed rule to delegate inspection authority to the civil aviation authorities of other countries. See, e.g., "Item 1739, Expansion of Applicability of Section 43.17 to Include Any Country with Appropriate Bilateral Airworthiness Agreement, Including Maintenance," 51 Fed. Reg. 14289 (April 21, 1986) (the proposed rule is classified as "nonsignificant").

are patterned on the U.S. FARS. Moreover, IAI has every incentive to adhere scrupulously to the FARs: its failure to do so would result in the revocation of this exemption and the loss of substantial income from repairs and overhauls.

IAI is willing to assume reasonable costs to fund an additional system of inspection and surveillance acceptable to the FAA, to the extent deemed necessary. However, it is very difficult to accept overbroad generalizations that a demonstrably superior facility like IAI/Bedek cannot perform repair services for which it is fully qualified simply because the FAA cannot monitor all foreign repair facilities to the extent it can domestic repair stations. See Attachment 3. certainly would not wish to imply that safety can only be achieved by global FAA control over all aspects of aviation. Instead, it is time to extend the scope of work that may be performed by a fully qualified Israeli repair station capable of meeting all requirements of Part 145 for domestic repair stations except restrictions based on geographic location or citizenship.

Finally, the FAA should take into account the unique situation presented by the fact that IAI is currently subject to intensive surveillance by qualified U.S. civil and military

^{5/} IAI will provide at FAA's request any documentation required to satisfy the agency of the comparability of regulatory standards and procedures.

officials stationed on site and the active supervision of the Israeli CAA, which utilizes the same regulatory criteria as the Any objective and thorough appraisal will conclude that outside surveillance and quality control at IAI equals or exceeds the norm for domestic repair stations. IAI trusts that FAA will give these facts careful consideration, and not reject them in a doctrinaire exercise in geography -- an exercise which has little place in the modern world of aviation. airline clients of IAI are, moreover, ultimately responsible to review the quality of repairs where aircraft or equipment are returned to service in the United States, and the FAA will carefully doubtless continue to monitor U.S. carrier performance.

B. The Broader Public Policy Objectives of the United States Government in the Trade Area Would be Served by Grant of the Exemption

Grant of an exemption by the FAA as requested herein by IAI is further warranted by the unique trade and services agreements entered into by the Governments of Israeli and the United States, most particularly the "Declaration on Trade in Services" which was signed concurrently with the Israel-United States Free Trade Area Agreement, ("FTA"). Agreement on the Establishment of a Free Trade Area between the Government of the United States of America and the Government of Israel (Done at Washington, April 22, 1985) reprinted in 24 International

Legal Materials 653 (May, 1985). See also Pub. L. No. 99-47, 99 Stat. 82 (1985). The Declaration is reproduced as Attachment 4. Under the FTA, the two countries have totally eliminated all tariffs and most other restrictive regulations on commerce or trade between the two countries. It is the most liberal, procompetitive trade agreement in force between the United States and any foreign country. Signed concurrently with the FTA, the Declaration is a recognition by Israel and the United States of the significance of trade between the two countries in services. Under the Declaration, the two governments agree to "endeavor to the maximum extent possible to conduct their policies affecting trade in services" in accordance with certain principles, among which are:

- Achieving open market access for trade in services with the other;
- Assuring that trade in services with the other is governed by the principle of national treatment;
- Assuring that regulatory agencies will accord national treatment to suppliers of services from the other Party;
- To make public domestic laws and regulations affecting trade in services and to notify the other Party of laws or regulations which discriminate against a service exported by the other Party; and
- To consult periodically on specific problems relating to trade in services.

According to the Declaration:

"Services encompass, but are not limited to, transportation; travel and tourism services; communications; [certain] banking services; insurance; other financial activities; professional services, such as consulting in construction, engineering, accounting, medicine, education, and law, the providing of other professional services such as management consulting; computer services; motion pictures; advertising."

Declaration, Principles, Article I (emphasis added).

It is worth noting that transportation and travel related services head the list. Given the quality of IAI's services, it cannot be doubted that reciprocal application of principles of national treatment will "improve[] competition and relax[] regulation, therefore, providing a positive though unquantifiable benefit." 47 Fed. Reg. 41083. See discussion of Canadian repair station regulation, supra at 15.

It should be emphasized that the FTA and Declaration are not one-way streets, but mutually beneficial and closely negotiated documents of reciprocity. In the case of air services, Israeli entities buy an enormous quantity of goods and services from U.S. companies and vendors. It would certainly be inconsistent with the spirit, if not the letter, of both the Declaration and Section 1102(b) of the Federal Aviation Act for the FAA to refuse to examine closely, and without prejudgment, IAI's qualifications to maintain U.S.-registered aircraft in the less-restrictive atmosphere mandated by the FTA and Declaration -- international agreements to which the United States is party.

In view of the expressed U.S. government policy contained in the FTA, it would be particularly inappropriate for the FAA

to deny this exemption because of the availability of U.S. repair facilities — a factor in some of the FAA's earlier decisions. Supra at 14. The determination whether U.S. airlines have an economic "need" for Israeli maintenance services is not within the FAA's regulatory purview. The United States government has already unequivocably spoken on this issue. In any event, the ATA Petition for Rulemaking on behalf of virtually all U.S. airlines is persuasive evidence of the need for IAI's maintenance services.

IV. GRANT OF EXEMPTION RELIEF IS CONSISTENT WITH THE NEAR TERM EVOLUTION OF FAA POLICY: THE AGENCY SHOULD ACT

The public disclosure of the most recent FAA Draft Action Notices has brought to the surface many of the practical problems that the international aviation community faces with respect to the FAA's current interpretation of its regulations. Quite to its credit, the FAA, after hearing the fears and legitimate concerns of its aviation counterparts, signalled an openness to grant limited exemptions that would, in some cases, restore the status quo ante. Proceeding within the framework of the FAA existing foreign repair station policy, however, appears impractical and provides far too little opportunity for meaningful commercial relief.

A. Limited Relief for IAI Tailored to its Activities as an OEM Would be Insufficient

instructive example of why "fine-tuning" the Draft Action Notices will not suffice can be gleaned from the treatment of IAI as "original equipment an manufacturer" (OEM). OEMs are subject to one of the most incongruous consequences of the FAA's revisionist interpretation of Part 145: a foreign OEM may not maintain U.S.registry aircraft and components that it has designed and Such a policy would obviously result in submanufactured. stantial injury to U.S. carriers and aircraft owners whose warranties would be effectively vitiated if this interpretation were given full effect. The FAA therefore responded by "interpreting" warranty work under 14 CFR 43.3(h) as part of the manufacturing process authorized under the OEM's type certificate. However, if the services are described as routine repair and maintenance, then they are still forbidden. The exemption relief requested by IAI would remove this illogical impediment to repairs, overhauls and modification of IAI manufactured aircraft and components.

Limiting the grant of exemption solely to services performed by IAI as the OEM would not redress the financial hardship imposed by the new restrictions on shipment abroad of aircraft components for maintenance. As the ATA Petition recites, the FAA has not only permitted foreign OEMs to service their own products but has also allowed: (1) U.S. repair

stations to contract out work, such as engine overhauls, to foreign repair stations; (2) foreign repair stations to repair U.S. air carrier aircraft equipment which was not in operation outside the United States, <u>i.e.</u>, removal of components at U.S. facilities and shipment abroad for repair; and (3) foreign repair stations to perform repair and maintenance on aircraft whose international operations are outside the country in which the foreign repair station is located.

The FAA's most recent "interpretation" of the scope of work authorized by foreign repair stations under Part 145 has had a significant economic impact on IAI. The loss by IAI of engine overhaul work alone amounts to \$25 million annually. Thus, meaningful relief requires action which extends well beyond the OEM area.

B. Ad hoc Air Carrier Exemption Requests Are Not Useful

This exemption is requested by a foreign maintenance and repair facility and would, if granted, permit work on any U.S.-registry aircraft. (IAI/Bedek, of course, may continue under the Draft Action Notice to repair foreign registry aircraft flown by non-U.S. airlines, including carriers that fly to, from and between points in the United States). Section 601(c) of the Federal Aviation, 49 U.S.C. § 1421(a), permits the Administrator to grant exemptions from any FAA regulation or

rule. The FAA's procedural regulations, 14 CFR 11.25(a), further state that "any interested person" may petition the Administrator for rulemaking or exemption relief. IAI is, of course, "an interested person" and, therefore, without question has standing to seek this exemption as a FAA Part 145 certificate holder adversely affected by the FAA's Draft Action Notices relating to Part 145.

Limiting relief to individual carrier exemption requests would be tantamount to denial of any relief. Requests for exemption must be published in the Federal Register, a procedure that easily can take one month. Thereafter, interested parties are given another 60 days to comment. Preparation and approval of an order probably would consume at least another month. The realistic timeframe for processing exemption requests is suggested by the requirement that exemption requests be filed "at least 120 days before the proposed effective date of the exemption." 14 CFR 11.25(b)(1). All in all, the FAA's procedures are quite time consuming and cannot meet the needs of the real world marketplace in which regulatory uncertainty, delay and expense must be avoided. for example, a carrier needs an engine overhauled or a part repaired expeditiously, the airline cannot afford to wait a minimum of 120 days for FAA approval. Therefore, the public interest dictates that exemption relief be granted to licensed repair stations, subject only to their actual qualifications,

ability to demonstrate fidelity to the FARs, and consistency with FAA enforcement goals.6/

C. Reliance on U.S. Airline Employees and Procedures for Onsite Inspections Is Needlessly Inefficient and Will Negate Genuine Relief

The newly revised October 8, 1986 Draft Action Notice, at pages 7-11, sets forth procedures purportedly allowing U.S. carriers to utilize the services of foreign repair stations for work not authorized under the FAA's interpretation of §§ 145.71 and 145.73. Specifically, the U.S. carrier would have to supply its appropriately qualified personnel to supervise work to ensure the airworthiness of each part and product returned to service in the United States unless physical verification can be made outside the maintenance facility.

As the FAA should recognize, these procedures would require U.S. carriers to undertake prohibitively expensive and frequently duplicative tasks -- so much so that it is unlikely that any U.S. carrier would agree to adopt this alternative. Similarly, the FAA must also recognize that this procedure has a safety justification only when applied to uncertified persons. Clearly, however, it has no justification when applied to a manifestly-qualified foreign repair station, such as IAI.

^{6/} If the FAA's desire is to collate information about foreign repair station work performed for U.S. carriers, the FAA could require as a condition of the exemption that IAI or the U.S. carriers file reports on a regular basis.

For its part, IAI currently employs numerous individuals with FAA Airframe and Powerplant Certificates with a wide range of ratings. If employed by a U.S. carrier, these persons would be qualified to supervise repairs, certify airworthiness, and return U.S.-registry aircraft to service. Merely by virtue of their employment at a foreign maintenance facility, however, rendered these FAA certified airmen are "uncertificated persons" under the Draft Action Notices. To cure this "deficiency," the FAA demands that the U.S. airline's supervisory maintenance personnel be on site to inspect repairs and certify conformance with that U.S. carrier's procedures. U.S. carrier employees would be duplicating the efforts of IAI inspectors. Moreover, depending on the type of work, a considerable number of certificate holders might have to sign off on various aspects of the job. The U.S. carrier would have to deploy its own skilled maintenance personnel from the United States to the foreign country. Given the expense and inefficiency, the verification requirement as written has practical effect of foreclosing virtually all use of foreign maintenance facilities.

TAI believes that its FAA certificated mechanics should be permitted to perform required inspections and certifications. These personnel have extensive experience in performing maintenance using the procedures, manuals, and forms of the U.S. carrier client. U.S. airlines have powerful incentives to

see that foreign repair stations perform work consistent with limitations on its ratings and that appropriately certificated personnel supervise and inspect repairs. Their aircraft and accompanying records will be inspected by FAA officials after the aircraft is returned to the United States.

The FAA seems fully satisfied that U.S. carriers are qualified to determine by visual inspection and examination of records that aircraft engines and component parts that were maintained abroad are safe for operation in the United States. See Draft Action Notice dated October 10, 1986, Summary of Comments at 14. Yet, the FAA prohibits temporary export of parts to foreign repair stations, regardless of whether the U.S. airline would be willing to undertake the same These anomalies can be cured by an exemption type of review. the requirements in the FARs relating to geographic location and citizenship, thus permitting IAI to satisfy all the technical requirements of Parts 43, 65 and 145 relating to domestic repair stations. Thus qualified, IAI should be free to exercise the same rights and privileges as if it were a U.S. repair station.

D. The Exemption Can and Should Be Granted Expeditiously

Procedures designed to promulgate rules of broad applicability and deal with diverse factual situations tend to be formulated over a comparatively long time. Exemption

procedures are available to provide immediate relief when an agency is presented with a meritorious case in which application of existing rules would be inappropriate or create undue hardship, given the agency's regulatory objectives. It is often perceived as efficient, but seldom just, to treat all petitioners and, in this case, all foreign maintenance facilities, the same way. The public interest requires that the FAA discriminate rationally: if it chooses to formulate broad rules based on type of certificate rather than the technical competence of the foreign maintenance facility, the FAA should then grant exemptions that treat facilities that meet U.S. qualifications differently.

There would be no basis to deny this request pending action, if any, on the ATA Petition for Rulemaking. To the contrary, the experience that can be gained under the IAI exemption could help the FAA better evaluate the industry proposal.

Nor should IAI's exemption be denied pending a multilateral resolution of this issue, a process which would involve a number of European governments. The European aeronautical authorities generally adopt a much different approach to aviation regulation than the United States. Israel, however, is different because the Israeli CAA has essentially adopted U.S. regulations and procedures. IAI should not be denied relief until the day when European governments may choose to adopt the FAA's regulatory approach. Of equal importance is the Free Trade Agreement that obligates the United States to use best efforts to promote trade in transportation services. There is no similar commitment to -- or from -- European governments. Israel and IAI can again be distinguished from other governments because there are unique circumstances that support grant of this exemption without delay. And, as the regulatory history of the Canadian repair station rules establish, there is no legal requirement that the FAA and Israel consummate a bilateral airworthiness agreement as a condition precedent for granting U.S. carriers the privilege of using a fully qualified Israeli repair station.

CONCLUSION

IAI has demonstrated:

- 1. That IAI/Bedek, with its numerous FAA licensed airmen, is as fully qualified as a domestic repair station from a technical standpoint;
- That a specific international agreement supports expansion of reciprocal opportunities, including aircraft services, between U.S. and Israeli vendors;
- 3. That in other circumstances, the FAA has permitted return to service of U.S. aircraft that were maintained or repaired by foreign repair stations supervised by the civil aviation authority of a foreign government; and
- 4. That procedures can be developed to insure compliance with FAA regulations, thus minimizing the burden on the FAA to monitor compliance with the FARs.

Accordingly, the FAA should grant: (1) an exemption from the provisions limiting the scope of work authorized to be performed by foreign repair stations under 14 CFR 145.71 and 145.73; (2) relief from the restrictions on foreign repair stations deriving from explicit or implicit references to geographic location of the repair station or citizenship of the airmen contained in Parts 43, 65 and 145 of the FARs; and (3) to the extent necessary, an authorization for holders of FAA certificates under Parts 91, 121, and 135 to utilize the services of IAI under this exemption, or such other relief as necessary to allow IAI to perform maintenance and repair services on U.S.-registry aircraft. As a condition of exemption, IAI would be required to observe all the technical, personnel, and reporting requirements of Parts 43, 65 and 145 that pertain to domestic repair stations.

Respectfully submitted,

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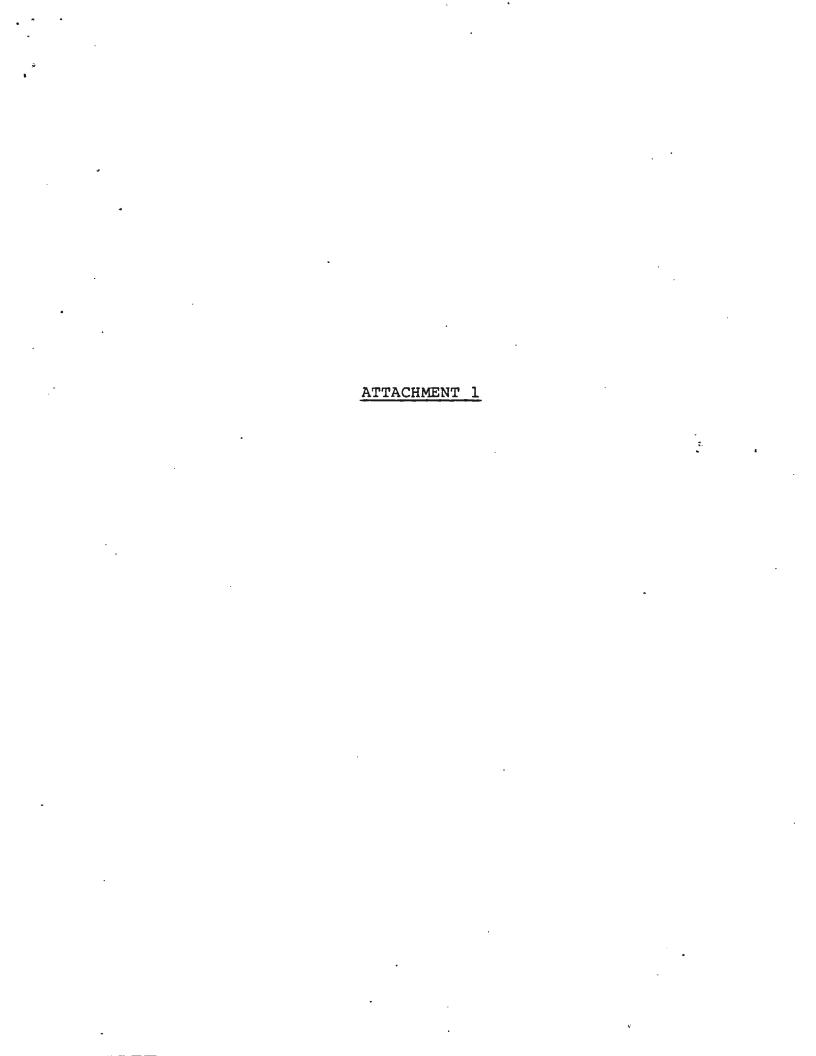
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January 21, 1987 Dated:



UNITED STATES OF AMERICA DEPARTMENT OF TRANSPORTATION FEDERAL AVIATION ADMINISTRATION

Air Agency Certificate

Number 125-F

This certificate is issued to

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A DIVISION OF ISRAEL AIRCRAFT INDUSTRIES, LTD.

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empowered to operate an approved REPAIR STATION

with the following ratings:

AIRFRAME POWERPLANT PROPELLER RADIO INSTRUMENT

LIMITED SPECIALIZED SERVICE

This certificate, unless canceled, suspended, or revoked, shall continue in effect UNTIL NOVEMBER 28, 1985

Date ined :

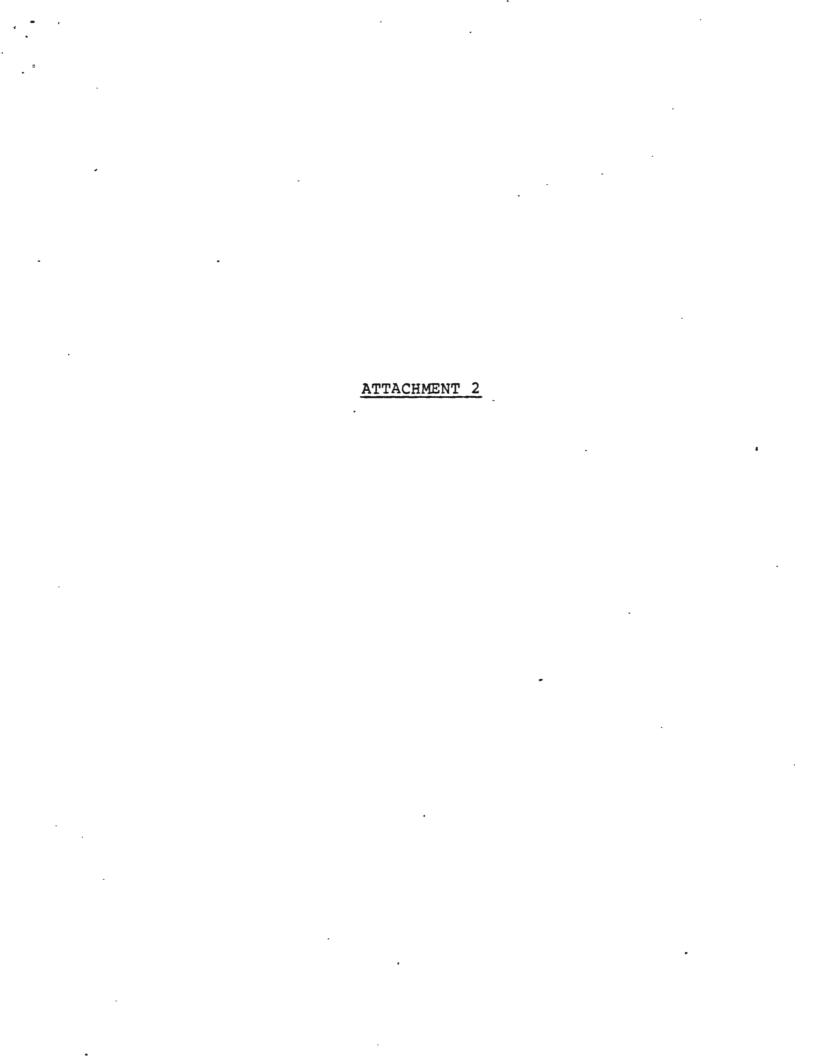
AUGUST 25, 1955

W L more

INTERNATIONAL FIELD OFFICE

This Certificate is not Certificable, and any major change in the basic facilities, or in the location thereof, shall be immediately reported to the appropriate regional office of the federal aviation administration

Any elteration of this certificate is punishable by a fine of not exceeding \$1,000, or imprisonment not exceeding 3 years, or both



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US Decomments
of Porsponden
Pederal Avieries
Administration

ACTION: FAA Policy Re: Overhaul and Sale of Tlass II Tumbine Engines by U.S. Foreign Repair "tations: AVP-250 ltr dtd 11/13 & 11/5

سزويدي

Date.

Bank to

Reply to Alla. et: FFE 1 5 199= FLIGHT STANDER BIVLICE

Menager, Aircraft Maintenance Division, AVS-300

Raymond E. Remaids

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To 2017-250 -

We have reviewed the subject correspondence and our comments are as follows:

- 1. TAR 145.73(a) provides that a TAR-foreign repair station is suthorized to work only on U.S.-registered aircraft that are used wholly or partly attaide of the United States. This provides, in scope, only for work on U.S.-registered aircraft that is incidental to aircraft that are operated if a foreign country. This does not include: (a) aircraft that are flown from the United States to a foreign country solely for the point aircraft that are eligible for use on U.S.-type certificated aircraft not incidental to the support of U.S. aircraft in a foreign country; or (c) export of products eligible for use on U.S.-type c :tificated aircraft not maintained incidental to the support of specific U.B. "agistered aircraft or fleet of aircraft being operated in a foreign country.
- 2. The 145.73(a) provides for any U.S.-registered aircraft that is operating an or through a foreign country. This includes sircraft that can be identified with a specific operational purpose. Obvious examples are: U.S. air carriers; executive sircraft operations; general eviation operations that may include operations for pleasure, hire, industrial, or missionary; delivery and demonstration.
- 3. LEAR 43.3(a) states that a holder of a repair station certificate may perform maintenance, preventive maintenance, and alterations as provided in FAR Part 145. A foreign repair station is not authorized to work on a U.S.-registered aircraft, install or export parts that it has worked on for invallation on U.S.-registered aircraft, unless that work was incidental perations of U.S.-registered aircraft in a foreign country.
- 4. As outlined in FAR 43.7(c), a repair station is only authorized to provide for return to service an aircraft, aircraft engine, propoller, or appliance, as provided in FAR Part 145. Aircraft or aircraft products that are maintained or altered by a foreign repair station, not incidental to the support of V.S.-registered aircraft in a foreign country, cannot be approved for return to service and such products are not eligible for use i.S.-registered aircraft not being operated in a foreign country. This

Tolicy does not apply to import of foreigh-manufactured parts or appliance.
Then imported in accordance with FAR 21.500 and FAR 21.502, nor does it apply to a U.S. air carrier that utilizes the provisions of FAR 121.361(b).

Engines installed on an aircraft that were not maintained and returned to service by a person authorized under FAR 63.7 should not be installed on a U.S.-registered aircraft unless the person installing it ascertains that the argine conforms to its type design and is in a condition for safe operation. This would include the responsibility of the installer to assure that all repairs, modifications, and parts meet FAA requirements and would include a operational check to ensure that the engine does perform to type certificate standards. The installer should also make this a matter of record per FAA 43.9. A foreign repair station maintenance release would not be valid for those angines that were bought by a broker from a foreign repair station and then brought into the U.S. for sale. Notwithstanding, that the data supplied by the 'roker regarding the history of the engine can be used by the installer to make conformity determination. It is the installer that assumes the responsibility for aircorthiness not the broker or the foreign repair station.

As previously stated, FAR 145.73 does not provide for U.S. air carriers, domestic, or international to ship engines to FAA foreign repair stations, and as such invalidate any maintenance release on that engine that may be provided to the air carrier. A U.S. air carrier using engines leased from a rokar and maintained by a foreign repair station is responsible for the type ritificate conformity and the airworthiness status of the engine installed on its ritoraft. It is our opinion that unless conformity to the type design and airworthiness status has been accomplished by persons suthorized by FAR 43.3 and made a matter of records per FAR 43.9, then an air carrier would be in violation of the terms specified in the airworthiness certificate in that those engines were not maintained in accordance with FAR 43.

in regard to the PAW JT9D-7 engines being leased, bought, or imported into the U.S. without sufficient documentation to substantiate airworthiness and compliance with the type certification should not be allowed to be returned to service until the necessary airworthiness conformity and type design documentation can be provided.



US Department of Transportation Federal Aviation Administration Flight Standards District Office 13 218 Lagoon Drive Monolulu, HI 96819

March 4, 1985

To All Certificated Foreign Repair Stations

Seitlemen:

It is again time to reiterate FAA's policy with regard to Foreign Repair Stations working on U.S. Registered Aircraft operated wholly or partly outside the U.S.

A policy latter was received by our office on February 12, 1985, stating the following:

- 1. FAR 145.73(a) provides that a FAA-foreign repair station is authorized to work only on U.S.-registered aircraft that are used wholly on. partly outside of the United States. This provides, in scope, only for work on U.S.-registered aircraft that is incidental to aircraft that are operated in a foreign country. This does not include: (a) airc: f that are flown from the United States to a foreign country solely for furpose of maintenance or alterations; (b) maintenance or alteration on ducts that are eligible for use on U.S.-type certificated aircraft not incidental to the support of U.S. aircraft in a foreign country; or (a) export of products eligible for use on U.S.-type certificated aircraft not maintained incidental to the support of specific U.S.-registered aircraft or fleet of aircraft being operated in a foreign country.
- 2. FAR 145.73(a) provides for any U.S.-registered aircraft that is operating in or through a foreign country. This includes all react that but le identified with a specific operational purpose. Obvious examples are": U.S. air carriers; executive aircraft operations; general aviation operations that may include operations for pleasure, hire, industrial, or missionary, delivery and demonstration.
- 3. FAR \$3. .) states that a holder of a repair station certificate may perform maintenance exentive maintenance, and alterations as provided in FAR Part 14. A foreign repair station is not authorized to work on a U.S.-registered aircraft, install or export parts that it has worked on for installation on U.S.-registered aircraft, unless that work was incidental to operations of U.S.-registered aircraft in a foreign nuntry.

4. As outlined in TAR \$3.7(a), a repair station is only authorized to provide for return to service an aircraft, aircraft engine, propeller, or appliance, as provided in FAR Part 145. Aircraft or aircraft products that are maintained or altered by a foreign repair station, not incidental to the support of U.S.-registered aircraft in a foreign country, cannot be approved for return to service and such products are not eligible for was on U.S.-registered aircraft not being operated in a foreign country. This policy does not apply to import of foreign-s-suffactured parts or appliances when imported in accordance with FAR 21.500 and FAR 21.502, nor does it apply to a U.S. air carrier that utilizes the provisions of FAR 121.361(b).

Engines installed on an aircraft that were not maintained and returned to service by a person authorized under FAR \$3.7 should not be installed on a U.S.-registered aircraft unless the person installing it ascertains that the engine conforms to its type design and is in a condition for safe operation. This would include the responsibility of the installer to assure that all repairs, modifications, and parts meet FAA requirements and would include an operational check to ensure that the engine does perform to type continuate standards. The installer should also make this a matter of record per FAR \$3.9. A foreign repair station maintanance release would not be valid for those engines that were bought by a broker from a foreign repair station and then brought into the U.S. for sale. Motwithstanding, that the data supplied by the broker regarding the history of the engine can be used by the installer to make a conformity determination. It is the installer that assumes the responsibility for airworthiness not the broker or the foreign repair station.

As previously stated, FAR 185.73 does not provide for U.S. air carriers, domestic, or international to ship engines to FAA foreign repair stations, and as such invalidate any maintenance release on that engine that may be provided to the air carrier. A. U.S. air carrier using engines leased from a broker and maintained by a foreign repair station is responsible for the type cartificate conformity and the airvorthiness status of the engine installed on its aircraft. It is our opinion that unless conformity to the type design and airvorthiness status has been accomplished by persons authorized by FAR 43.3 and made a matter of records per FAR 43.9, then ah air carrier would be in violation of the terms specified in the airvothiness cartificate in that those engines were not maintained in accordance with FAR 43.

- de expect all Foreign Repair Station Certificate Holders to review and comply with the above.

If you have any questions regarding this matter, please let us know.

Sincerely,

harles J. Zenith

Manager

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	ATTACHMENT 3		
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Federal Aviation Administration

APR 1 6 1986

Mr. Dan Halperin Embassy of Israel Minister (Economic Affairs) 3514 International Dr., NW. Washington, D.C. 20008

Dear Mr. Halperin:

Assistant Secretary Scocozza has asked me to reply to your February 24 letter, and accompanying Israel Aircraft Industries (IAI) position paper dealing with FAA's foreign repair policies.

The FAA is very much aware of Israel Aircraft Industries' excellent maintenance and repair capabilities, and the company's strong desire to maintain and repair U.S.-registered aircraft beyond those permitted by Federal Aviation Administration (FAA) regulations.

Let me explain why, both by regulation and as a matter of policy, FAA limits the scope of work performed by FAA certificated foreign repair stations to U.S.-registered aircraft that "are used in operations conducted wholly or partly outside of the U.S."

FAA certificates a sufficient number of repair stations, in Israel and elsewhere throughout the world, to adequately service U.S.-registered aircraft which are operating in a country or in the immediate geographic region in which the particular FAA certificated repair station is the closest qualified facility.

The reason FAA does not permit foreign repair stations to maintain or repair U.S.-registered aircraft other than those operating in the country in which the station is located or the nearby geographic region, traces to the agency's regulatory philosophy. That philosophy establishes a system of certification requirements to be regularly monitored and enforced. The regulatory system's integrity depends upon adequate surveillance and the ability to take measured enforcement actions. FAA recognizes that, as a practical matter, it cannot monitor foreign repair facilities to the extent it can monitor domestic facilities. Thus, we limit overseas maintenance to that necessary for the operator of a U.S.-registered aircraft to remain in compliance with FAA regulations.



This basic FAA regulatory philosophy governing the maintenance of U.S.-registered aircraft continues to produce a remarkable level of safety for the largest fleet of civil aircraft in the world, operated daily throughout the world. It is a philosophy and a policy that FAA is not inclined to alter from a regulatory standpoint.

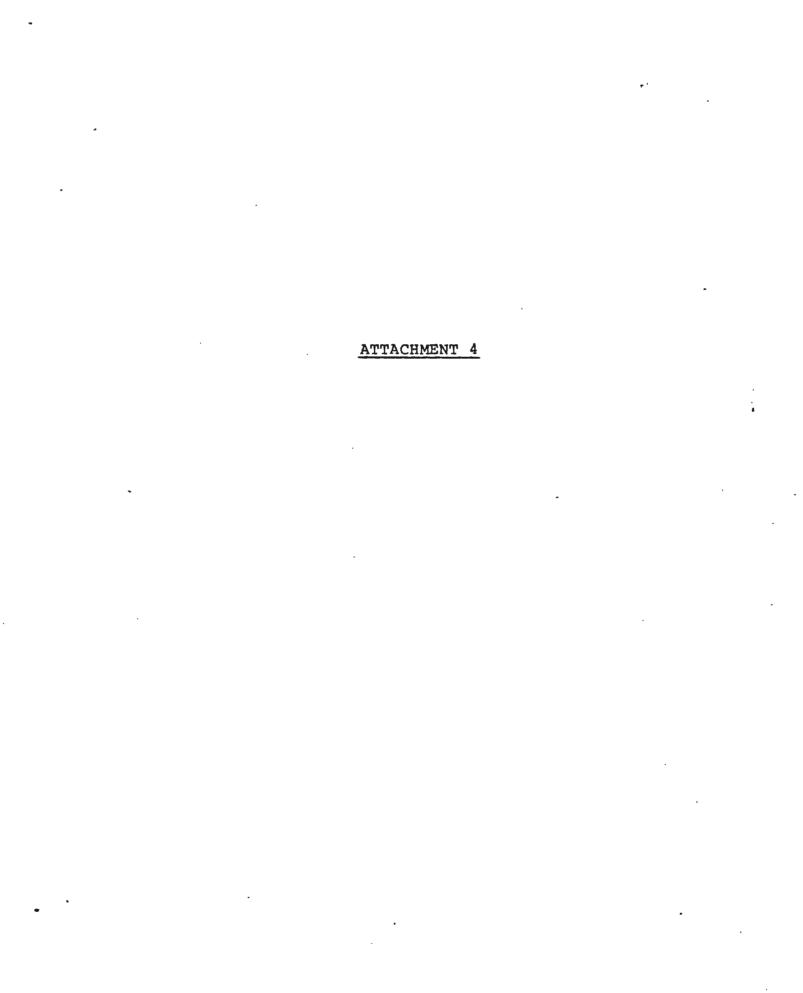
I recognize that FAA's position is not one with which IAI, as a commercial repair facility, will agree. Let me simply note that the FAA has, as its legislative mandate, the task of assuring that its regulations are consistent with the highest degree of safety in air commerce or air transportation in the public interest. In our view FAA's regulatory philosophy and its policies and regulations covering the repair and maintenance of U.S.-registered aircraft, meet that test.

Sincerely,

Donald R. Segner

Associate Administrator for Policy and International Aviation

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Declaration on Trade in Services Preamble

The Governments of the United States of America and Israel,

RECOGNIZING the significance of trade in services to their economic and social progress and to the world economy;

NOTING the importance of open international markets for trade in services;

ACKNOWLEDGING that the Treaty or Friendship, Commerce and Navigation between their two nations establishes bilateral rights and obligations which provide for open trade in a broad range of services;

RECOGNIZING that other bilateral and multilateral agreements for certain services sectors are in effect;

Declare that, although the principles set forth below shall not be legally binding, they shall endeavor to the maximum extent possible to conduct their policies affecting trade in services between them in accordance with those principles;

Express their desire to work toward international acceptance of these principles in trade in services.

Principles

1. Definition: Trade in services takes place when a service is exported from the supplier nation and is imported into the other nation.

Services encompass, but are not limited to, transportation; travel and tourism services; communications; banking services; linsurance; other financial activities; professional services, such as consulting in construction, engineering, accounting, medicine, education, and law, and the providing of other professional services such as management consulting; computer services; motion pictures; advertising.

- 2. Each Party will endeavor to achieve open market access for trade in services with the other nation, taking into account the different regulatory regimes for specific service sectors in the two nations.
- 3. Each Party will endeavor to assure that trade in services with the other nation is governed by the principle of national treatment. Each Party will endeavor to provide that a supplier of a service produced within the other nation is able to market or distribute that service under the same conditions as a like service produced within the first nation, including situations where a commercial presence within the nation is necessary to facilitate the export of a service from the other nation or is required by that Party.2
- 4. In situations where services are regulated by political subdivisions, the authorities of each Party responsible for

lpor the purposes of this Declaration, commercial banking services are limited to the activities of representative offices.

²For example, in the area of commercial banking, the concept of a commercial presence refers to the activities of representative offices, but not to agencies, branches or subsidiaries of commercial banks.

overseeing the operation of this Declaration will consult with such political subdivisions in an effort to assure that such regulations are consistent with the principles of this Declaration.

- 5. Each Party will endeavor to assure that its regulatory agencies will accord national treatment to suppliers of the service from the other nation, to the extent that such treatment is consistent with those agencies' legal authority, including their exercise of discretion in fulfilling their statutory mandates. The authorities of each Party responsible for implementing this Declaration shall consult with their own regulatory agencies in an effort to achieve consistency with the principles or this Declaration.
- 6. Each Party recognizes that there may be established public monopolies in the service area with reserved special rights. Nonetheless, each Party will endeavor to provide that, subject to their reserved special rights, such monopolies shall make their purchases and sales of services involving either imports or exports affecting the commerce of the other nation in accordance with the principles of this Declaration.
- 7. Each Party will make public its domestic laws and regulations affecting trade in services and notify the other Party of laws and regulations which discriminate against a service exported from the other nation. Each Party will provide to the nationals and companies of the other nation reasonable access to established domestic review and judicial proceedings relative to regulations on trade in services.

- 8. Each Party agrees to consult with the other periodically to discuss specific problems that arise concerning trade in services between the two nations and to review existing regulatory regimes of the two Parties as they affect trade in services.
- 9. The Parties will review the effectiveness of this Declaration not later than eighteen months from the date that this Declaration is signed. In this review, the Parties will explore further opportunities to strengthen open trade in services between the two nations, including the possibility of transforming the provisions of this Declaration into legally binding rights and obligations.

In Witness Whereof, the respective representatives, having been duly authorized, have signed this Declaration.

Done in duplicate, in the English and Hebrew languages, both equally authentic, at Washington, D.C., this twenty-second day of April , 1985, which corresponds to the Find day of Type, \$1.4

FOR THE GOVERNMENT OF THE UNITED STATES OF AMERICA FOR THE GOVERNMENT OF ISRAEL

III. TARIPP PACKAGE

A. Trade Covered_by_the_Agreement

All commercial trade between the United States and Israel will be covered by the Agreement. In 1982, the year used as a base for our negotiations, the United States exported \$1.5 billion in products to Israel and imported \$1.2 billion in goods from Israel. Many products traded between the United States and Israel already receive duty free treatment as a result of concessions they have given to all GATT members (MFN duty free trade). In 1982, 55 percent (or \$647 million) of the products we imported from Israel were duty free on an MFN basis, while only 28 percent (\$269 million) of the products we exported to Israel benefit from legally bound duty free treatment.

CERTIFICATE OF SERVICE

I, Susan B. Jollie, hereby certify that I have this 21st day of January 1987, caused to be served by first class mail, postage prepaid, copies of the attached Petition for Exemption and Other Relief on the following persons:

Calvin Davison Crowell & Moring 1100 Connecitcut Avenue, N.W. Washington, D.C. 20036

Carol F. Lee Wilmer, Cutler & Pickering 1666 K Street, N.W. Washington, D.C. 20006

Richard R. Shaw
Assistant Director General Technical
International Air Transport
Association
2000 Peel Street
Montreal, Quebec,
CANADA H3A 2R4

Benjamin R. Achenbach, Jr. Dunington, Bartholomew & Miller 1700 K Street, N.W. Suite 1100 Washington, D.C. 20006

John Hunt First Secretary, Civil Aviation British Embassy 3100 Massachusetts Ave., N.W. Washington, D.C. 20008

George U. Carneal Hogan & Hartson 815 Connecticut Avenue, N.W. Washington, D.C. 20006-4072 Lawrence A. Short Short, Klein & Karas Suite 303 1101 30th Street, N.W. Washington, D.C. 20036

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Vern W. Ballenger Assistant Vice President Engineering & Maintenance Air Transport Association 1709 New York Avenue, N.W. Washington, D.C. 20006 Harper B. Atherton Senior Attorney 1709 New York Avenue, N.W. Washington, D.C. 20006-5206

Mr. M. E. Dullum
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Delta Air Lines, Inc. - Room 204
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& Regulatory Affairs
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Trans World Airlines
Mr. Steven Slade
Vice President - Government Affairs
1825 I Street, N.W.
Washington, D.C.

Clark Onstad Vice President - Government Affairs Continental Airlines 1830 K Street, N.W. Washington, D.C.

Joseph F. Healy Senior Vice President - Legal Affairs Piedmont Airlines 1016 16th Street, N.W. Washington, D.C.

Paul Schoellhamer Vice President - Government Affairs Northwest Airlines 2021 K Street, N.W. Washington, D.C. 20006 American Airlines
R. A. Lempert
Senior Vice President &
General Counsel
Box 619616
Dallas-Fort Worth Airport
Texas 75261-9616

United Parcel Service
David L. Vaughan
Kelley, Drye & Warren
1333 New Hampshire Avenue, N.W.
Washington, D.C. 20036

Emery Air Freight
Bruce R. Keiner, Jr.
Crowell & Moring
1100 Connecticut Avenue, N.W.
Washington, D.C. 20036

Braniff, Inc. Scott Keeshin General Counsel P.O. Box 2035 7701 Lemmon Avenue Dallas, TX 75209

Alaska Airlines, Inc. Marshall S. Sinick 1201 Pennsylvania Avenue Washington, D.C. 20006

American West Airlines, Inc. John E. Gillick Kirby, Gillick, Schwartz & Tuohey Suite 303 East 600 Maryland Avenue, S.W. Washington, D.C. 20024

Federal Express Corporation Nathaniel P. Breed, Jr. Shaw, Pittman, Potts & Trowbridge 1800 M Street, N.W. Washington, D.C. 20036 Southwest Airlines, Inc.
Paul Y. Seligson
Wilner & Scheiner
Suite 300
1200 New Hampshire Avenue, N.W.
Washington, D.C. 20036

Frank J. Cotter
Senior Attorney
USAir, Inc.
Washington National Airport
Hangar 12
Washington, D.C. 20001

Susan B. Joy.

BEFORE THE ADMINISTRATOR FEDERAL AVIATION ADMINISTRATION WASHINGTON, DC

IN RE:

Docket 25/69

Foreign Repair Stations :

PETITION FOR ISSUANCE OF NOTICE OF PROPOSED RULEMAKING,

December 30, 1986

Comments with respect to this document should be addressed to:

Vern W. Ballenger
Assistant Vice President Engineering and Maintenance
Harper B. Atherton
Senior Attorney
Air Transport Association
1709 New York Avenue, N.W.
Washington, DC 20006-5206

BEFORE THE ADMINISTRATOR FEDERAL AVIATION ADMINISTRATION WASHINGTON, DC

-	_	_	_	_	_	-	 _	_	_	_	_	-
IN	R	E:										:

Docket

Foreign Repair Stations:

PETITION FOR ISSUANCE OF NOTICE OF PROPOSED RULEMAKING

The Air Transport Association of America, on behalf of its member air carriers, pursuant to §11.25 of the FAA's General Rule-Making Procedures, 14 C.F.R., § 11.25, hereby petitions the FAA (1) to issue a notice of proposed rulemaking under section 4 of the Administrative Procedure Act (5 U.S.C. §553) to amend 14 C.F.R. §§145.71, 145.73, 121.361(b), 43.3(h), 121.378(a), 121.709(b), 145.15(c), 145.17(b), 145.23, and 187, Appendix A, section (d), to read as set forth in Appendix A hereto, and (2) to expedite issuance of the NPRM pursuant to \$11.27(b)(5) of the FAA's General Rule-Making Procedures (14 C.F.R. §11.27(b)(5) by establishing a 30-day period for the filing of comments after publication of the summary in the Federal Register.

INTERESTS OF PETITIONER

All of the operator members of the Air Transport Association are 14 C.F.R., Part 121 air carriers and are directly impacted by scope of, authority granted by, and the requirements in the regulations at issue in this Petition.

SUMMARY

(1) General Nature of Rule Requested

ATA's proposed rule revisions would clarify and expand slightly the use of foreign repair stations, with a minimum disturbance to existing regulations. The proposal would accomplish this objective in the following manner:

- a. The existing limitation on the scope of work authorized for foreign repair stations which do not meet 14 C.F.R. §§145.39 145.43 to U.S. registered aircraft, and their components, which operate outside the United States, would be retained.
- b. A foreign repair station which meets <u>all</u> of the requirements applicable to a domestic repair station including the personnel certification and the reports and records provisions, would be permitted to work on any U.S. registered aircraft and its components without geographical limitation.
- c. A part 121 air carrier would be permitted to designate in its operations specifications, subject to Administrator approval and surveillance by the air carrier, foreign repair stations in addition to parts pools already covered, which would be permitted to maintain, alter, or inspect aircraft and aircraft components, and to use or return to service such items without the necessity that such foreign repair stations employ persons holding U.S. airman certificates.
- d. Inspection fees would be assessed for renewal inspections, as well as for certification, of foreign repair stations in accordance with the concept that the direct beneficiary of an agency's service may be assessed reasonable fees to cover the expenses of such service.
- e. In addition, the authority of foreign original equipment manufacturers would be expanded to permit them to perform maintenance and preventive maintenance on aircraft and aeronautical products manufactured by them under type or production certificates, technical standard order authorizations, or FAA-parts manufacturer approvals.

(2) Concept of Operations under the Proposed Rule Changes

Under the ATA proposed rules, Part 121 U.S. air carriers could, in addition to their current privileges, use aircraft, products, and parts maintained by foreign repair stations which do not meet §§145.39-145.43 without geographical limitation, subject to appropriate approval of such activities in their operations specifications.

In addition, the ATA proposal would permit a Part 121 air carrier to use, without limitation, aircraft, products, components, and parts maintained by foreign repair stations which comply with all of the requirements pertaining to domestic repair stations (14 C.F.R. §145, Subpart B).

Furthermore, the proposed revision to 14 C.F.R. §43.3(h), with the associated revisions to §§121.378(a) and 121.709(b), would permit foreign original equipment manufacturers to perform maintenance and preventive maintenance on aircraft and other aeronautical products which they manufactured, without requiring that U.S. licensed airmen (1) be directly in charge, (2) perform required inspections, and (3) sign airworthiness releases and logbooks.

In recognition of the FAA concern for its ability to provide adequate surveillance. ATA envisions that FAA certification and inspection of foreign repair stations could be accomplished through use of a "third party" surveillance, or directly by the FAA. One way in which the FAA could meet its obligations in this respect is through use of properly qualified Designated

Airworthiness Representatives ("DARs", see 14 C.F.R. §183.33).

The costs of such surveillance performed either by FAA personnel or DARs could be financed by appropriate certification and inspection fees.

(3) Reasons for Instituting Rulemaking

Rulemaking is required to alter the practices which have existed for years under the existing regulations, or to amend the existing regulations, pertaining to foreign repair stations, and the FAA cannot do either by adoption of internal memoranda and draft actions notices.

The 37-year old scope of authorization provisions applicable to foreign repair stations (14 C.F.R. §§145.71 and 145.73) are hopelessly out-of-date, and need to be revised to reflect the capabilities of such properly qualified and certificated organizations in the 1980s.

A literal interpretation of the existing provisions of 14 C.F.R. §§145.71 and 145.73 would not permit the return to service of U.S. registered aircraft after maintenance performed by foreign repair stations unless the aircraft are "used in operations conducted wholly or partly outside of the United 6tates". Similarly, current regulations provide no means for a foreign original equipment manufacturer to return products to service after repair. The regulations need to be revised to accommodate both of these concepts.

The current international nature of the aircraft manufacturing, maintenance, and air transportation industries, coupled with the high level of air carrier operations requires a comprehensive network of repair capabilities to serve the growing industry with a minimum of burden. In addition, the failure of the Federal Air Regulations to provide a lawful means to obtain appropriate repair services from foreign original equipment manufacturers and properly qualified foreign repair stations, except under extremely limited circumstances, creates an unnecessary burden with no benefit for safety.

The ATA proposed rulemaking is intended to reduce burdens imposed upon the airlines by current regulations while assuring that the FAA's primary surveillance responsibility under the Federal Aviation Act is maintained.

BACKGROUND

Mechanics are "airmen" under the law, and both statutes and regulations require persons directly in charge of maintenance on aircraft in air commerce to have airmen certificates.

However, foreign airmen may be exempted from this requirement.

(See §101(6) of the Civil Aeronautics Act of 1938 and §101(7) of the Federal Aviation Act of 1958, as amended, (49 U.S.C. §1301(7)).

The regulations in issue, Federal Air Regulations (FARs)

145.71 and 145.73, (14 C.F.R. §§145.71 and 145.73) were

initially adopted on February 3, 1949 as CAR 52.38. A copy of

the pertinent provisions of these regulations is attached hereto

as Appendix B. The regulation has not changed substantially in its 37 year history. It was adopted initially when the airlines operating abroad were utilizing such equipment as Catalinas. C46s. C54s. DC3s. DC4s. DC6s. and Constellations. With the exception of the Western Hemisphere, much of the world had been devastated recently by the ravages of World War II. and foreign maintenance and repair facilities were in the process of recovering from the War.

The purpose of the regulation was to permit U.S. air carriers to have maintenance performed on their aircraft in areas outside the United States where it was not economically feasible to establish a CAA approved repair station. recognized that certification of foreign agencies, not staffed with holders of U.S. airman certificates, to perform the kind of work for which they had demonstrated their competency would expedite the maintenance, repair, and return to service of U.S. aircraft in those areas where regularly certificated repair stations were not then available. In line with the concept that the maintenance was to be performed on U.S. aircraft in areas outside the United States, the scope of a foreign repair station was limited to "performance of work on aircraft which are used in operations conducted in whole or in part outside the United States . . . ". This language has remained in the regulations pertaining to foreign repair stations since 1949.

However, the environment has changed significantly since 1949, a fact long ago recognized by the FAA in its interpretation of the regulations, and it is not possible today to test the limitation with any logical analysis.

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The first official recognition of the anomalous situation created by the limitation on the scope of work authorized foreign repair stations came in 1963 when the FAA issued a notice of proposed rulemaking to amend 14 CFR Parts 18, 40, 41, 42. and 46 (see 28 Fed. Reg. 2049, March 2, 1963). In this Notice, the FAA did not propose to expand the authority of FAA approved foreign repair stations. Rather, it proposed a new concept, based on its experience under a bilateral agreement with Canada, and studies it had performed of the maintenance performed by repair stations in other countries. It recognized that certain organizations approved by the civil air authorities of other foreign countries were capable of performing maintenance that would meet U.S. standards. Accordingly, it proposed to permit performance of maintenance organizations of those foreign countries "which the administrator has determined requires maintenance, repairs, and alterations to be performed in a manner which meets U.S. standards or which provides an equivalent level of safety." Such organizations would include repair facilities and foreign airlines, and these organizations would be permitted to perform maintenance on, and return to service airframes, power plants, propellers, or appliances which had undergone any maintenance, alteration or repair.

There was no limitation to aircraft which operated in whole or in part outside the United States, such as existed with respect to Foreign Repair Stations. Unfortunately, the NPRM was withdrawn on the basis that "further study and investigation of certain problem areas in the proposal are necessary" (28 F.R. 11698, November 1, 1963). More importantly, since that time the United States has not entered into a similar bilateral agreement with any other country.

More recently, on April 13, 1976, the Air Transport Association resurrected the 1963 NPRM approach in the form of a Petition for Rulemaking. ATA proposed that the Administrator amend Part 121 certificate holders operation specifications to permit performance and approval of work done on its aircraft outside the United States by mechanics, airlines, or maintenance and overhaul agencies which were appropriately certificated by the country or agency where the work was to be performed. Since ATA's Petition was limited to Part 121 air carriers, it was more limited in context than the original FAA proposal which would have applied to other aircraft operators, but was similar in concept. Following discussions with the FAA Chief of the Air Carrier Worthiness Branch, AFS-230, who led ATA to believe that the intended result of the proposed regulatory changes could be accomplished through use of limited repair station authority, ATA withdrew its Petition on September 13, Shortly thereafter, the FAA issued Notice N8610.7 on November 3, 1977, entitled "Special Provisions for Repair

Stations Performing Maintenance for U.S. Certificated Air Carriers). A copy of ATA's Petition, withdrawal, and FAA Notice is attached hereto as Appendix C.

The FAA has condoned deviations from the regulation during its 37-year history. In addition to deviations covered by Notice N8610.7, described above, the FAA appears to have tacitly and officially condoned the following actions of U.S. air carriers:

- (1) Return to service of U.S. airline equipment not operated outside the United States, but on which maintenance has been performed by foreign repair stations;
- (2) U.S. repair stations having work done by foreign repair stations:
- (3) Foreign original equipment manufacturer repairs on components or parts manufactured by such organizations; and
- (4) The contracting for the repair of aircraft not operated in the area where the foreign repair stations are located.

On February 15, 1985, the FAA Manager-Aircraft Maintenance Division issued an FAA Action Memorandum, entitled "FAA Policy Re: Overhaul and Sale of Class II Turbine Engines by U.S. Foreign Repair Stations; AWP-250 ltr dtd 11/13 & 11/5". This Memo was an early indication that the FAA was retreating from

the policies it had permitted under the regulation, and moving toward a newer and more strict construction of its language.

For example, it states:

"A foreign repair station is not authorized to work on a U.S.-registered aircraft, install or export parts that it has worked on for installation on U.S.-registered aircraft, unless that work was incidental to operations of U.S. registered aircraft in a foreign country."

The major significant change from existing practices pertaining to foreign repair stations occurred in 1986.

Although ATA did not become aware of its existence until later in the year, on January 9, 1986 the Acting Director of Flight Standards, AFS-1, issued an "Information" on January 9, 1986.

This Information is the subject of the Petition for Review filed by Caledonian Airmotive Limited in the U.S. Court of Appeals for the District of Columbia (Docket 86-1480). In it, Mr. Kern stated AFS's view that "'wholly or partly outside' of the United States refers to work on an aircraft that is performed incidental to the operation of that specific aircraft in the foreign country where the repair station is located."

That interpretation is new, and is substantially different from the specific language of the regulation.

Thereafter, on July 1, 1986 the FAA issued two Draft Action Notices pertaining to Parts 121 and 145. These Draft Action Notices would have effectively changed FAR 145.73 not only by eliminating industry practices which had developed through the years, but specifically would have precluded activities which the regulation otherwise permitted. To cite one example, they

would have barred the shipment to foreign repair stations of aircraft products used in foreign operations but removed from the aircraft at the carrier's domestic bases. ATA filed Comments with respect to the Draft Action Notices. ATA took the position that these Draft Action Notices constituted rule—making without compliance with the Administrative Procedure Act. In addition, they would have a substantial adverse operational and economic impact on the airlines, and were not consistent with current trends in multi-national activities, nor did they recognize foreign regulatory standards which are equivalent to U.S. standards. Finally, ATA noted that they would have a serious adverse impact on international trade relations, the high international regard for FAA leadership, and could prompt retaliatory actions by foreign governments.

In addition, on August 8, 1986 the International Air Transport Association filed Comments to the draft actions notices.

In its Comments, IATA noted that:

"More particularly, in the 37 years since the relevant language was adopted, the FAA has, without limitation or hindrance, knowingly authorized foreign repair stations to work and has permitted them to work on U.S. registered aircraft so long as this such [sic] aircraft, engines, or parts, were at least partially used in operations outside the U.S."

IATA pointed out that under U.S. law, long-standing practices effectively establish an informal rule authorizing such practices, and that rulemaking is required to change such practices.

A large number of Answers and Comments have been filed by other organizations, including ten foreign governments, a foreign civil aviation authority, foreign maintenance facilities, an international trade association, foreign airlines, and domestic maintenance facilities. Without exception, all are opposed to the concepts which the FAA is now apparently embracing with respect to the limitations on the use of foreign repair stations.

The new FAA concept with respect to foreign repairs and maintenance appears to conflict with the policies adopted by the United States when it ratified the Agreement on Trade in Civil Aircraft. Indeed. so does the existing language of 14 C.F.R. §§145.71 and 145.73. An extract of Articles 3 and 4 of the Agreement is attached hereto as Appendix D.

More recently, the FAA has circulated draft action notices dated October 7, 1986, which revise the July 1, 1986, draft action notices. A cursory examination of the latest draft action notices reveals:

- (1) The FAA clearly intends to enforce a new interpretation of the provisions of FAR 145.73 regarding the geographical limitation on the use of foreign repair stations by operators of U.S. registered aircraft.
- (2) The FAA recognizes that the development of additional bilateral agreements covering maintenance is desirable. However, this will be very time consuming.
- (3) The FAA does not appear ready to delegate any of their foreign repair station surveillance to other organizations. However, FAA seems ready to consider changes in the existing fee structure, presumably to finance the hiring of more FAA inspectors.

(4) The asserted requirements for determining the airworthiness of products and spare parts from "uncertificated sources" are extremely detailed and, if anything, more burdensome than those previously asserted. The language is written in a mandatory fashion as if such detailed requirements were clearly contained in current regulations.

Of significance is the fact the FAA again appears to have elected to follow the internal action notice route to amend existing practices and regulations rather than to follow the rule-making route. For the reasons set forth in ATA's Comments of August 4, 1986, on the draft action notices dated July 1, 1986, and the reasons set forth herein, ATA believes it is essential that FAA issue a notice of proposed rule-making.

ARGUMENT IN SUPPORT OF PETITION

It is apparent to the world aviation industry that the FAA is embarking on a course which involves changing the practices of air carriers, and imposing new burdens on U.S. air carriers with respect to the use of foreign repair stations. A fair reading of any of three "internal" FAA documents shows this to be the case: (1) "Information: Improper Use of Foreign Repair Station Authorizations; AWP-200 Memo dated 4/16/85", dated 01/09/86; (2) Draft Action Notices dated 07/01/86; and (3) Draft Action Notices 10/08/86. Numerous parties have filed recommendations or comments requesting that the FAA proceed under rulemaking procedures prescribed in the Administrative Procedure Act. 1/2 Indeed, the FAA itself identifies eight

I/ See, for example, letter of Pratt & Whitney aircraft, 02/19/86, p. 4; Note of Ten Nations to U.S. Department of State, 08/14/86; and Comments of the Following Parties: ATA, 08/04/86, IATA, 08/08/86, p. 2; Lufthansa, 07/22/86, p. 24; Caledonian Air Motive Limited, 06/25/86, p. 2; Swissair, 07/23/86, p. 1; Regional Airline Association, 08/07/86, p. 13; AEA, 07/29/86, Notes 1) and 2); MTU Maintenance, 07/24/86, p. 2.

parties which took the position that the draft action notices introduced substantive changes to existing rules and practices and that action in accordance with the APA was required. Two of these parties, not listed in the footnote below, include DGAC (France) and Short Brothers. Furthermore, one party has already gone so far as to seek judicial review of the January 9, 1986 Information in the U.S. Court of Appeals (D.C. Cir.), in part on the basis that:

"FAA's January 9th memorandum served by its terms to amend all outstanding foreign repair station certificates and to severely curtail their existing authorized work scope. That action bears the hallmark of a rule, and a principle contention on review is that the action is void because of FAA's failure to follow the informal rulemaking procedures specified by 5 U.S.C. §553." [Plaintiffs Response to Order to Show Cause, USCA (D.C. Cir.), No. 86-1460, p. 12]

FAA counsel's response is to characterize the Information as "an internal memorandum which . . . is facially a draft, non-directive, document". [Respondent's reply to petitioner's response to motion to dismiss, p. 1]. Implicit in this argument that the Information is merely for "internal staff guidance" is the concept that it does not reflect alteration, amendment, or establishment of rules and regulations. This argument is difficult to accept when coupled with the following facts: (1) the draft action notices now being considered for adoption without rulemaking reflect the conceptual changes to the existing regulations set forth in the Information; (2) so many parties, including foreign governments, have noted that these concepts alter the practices and scope of the authority otherwise granted

foreign repair stations under the existing regulations, requiring rulemaking; and (3) the FAA is explaining again and again that exemption procedures are the proper route out of the difficulties in which the industry is finding itself as a result of its new interpretation of the Federal Air Regulations.

It is not ATA's purpose here to take a position on the merits of the issues surrounding the January 9 Information in the litigation; the Court of Appeals will render a decision on that issue. Rather, it is to note that the FAA is now reinterpreting a 37-year-old regulation, not in accordance with industry practices of recent years under it, not even in accordance with its literal provisions, but rather in a manner which changes it to reflect a new understanding of its purpose as determined from a recent interpretation of its preamble.

If nothing else, this establishes that the time is right for rulemaking. Rulemaking procedures afford all interested persons the opportunity to address formally in a public proceeding the two critical policy issues facing the FAA before it proceeds to enforce the Federal Air Regulations in a substantially different manner than in the past. These issues are:

⁽¹⁾ Should §§145.71 and 145.73, which are illogical as written, be enforced (a) in accordance with their literal terms, (b) as they have been applied in practice for 37 years, or, (c) in some new manner?

⁽²⁾ In the late-80s, what should be the proper status and scope of authority of foreign repair stations under the Federal Air Regulations?

That the existing provisions of §§145.71 and 145.73 are totally illogical should be apparent to anyone reading their language. Indeed, it is difficult to put it more succinctly than did Lufthansa in its comments:

"There can be no safety justifications for these arbitrary distinctions. Foreign repair stations have been certificated by the FAA on the basis of elaborate documentation and on-sight inspections. If a foreign repair station's work is sufficient to assure airworthiness and aircraft develops a malfunction during operations in Germany, the same work on an aircraft of exactly the same type is just as safe when the malfunction arises elsewhere in the world." [Comments, Lufthansa, 07/22/86, p. 5].

A simple example will demonstrate that, if carried to its logical extreme, the application of the existing language of these regulations defies logic and common sense. Suppose a foreign repair station performed identical maintenance on the identical components of two identical aircraft of a U.S. air carrier, one of which operated outside of the United States and the other operated solely domestically. The existing provisions would hold that the aircraft operating internationally was safe while the aircraft operating domestically was not. There simply can be no reasonable justification for such a distinction.

In addition, there is no way the FAA can now reinterpret the regulations, as it seems to be attempting to do in the Draft Action Notices, to imply the authority of foreign repair stations was intended to be limited to incidental line maintenance. While the draft regulation language in the CAA's initial proposal might have supported that interpretation ("on aircraft operated outside the United States", (13 Fed. Reg. 4900 (1948)), the regulation actually adopted in 1949 used

different, and broader, language. It permitted foreign repair station work "on aircraft which are used in operations conducted in whole or in part outside the United States". (14 Fed. Reg. 623 (1949)). There is no reference to where the aircraft must be located when the need for service arises, and the regulation allows foreign repair stations to work on any aircraft that are used in international service. It would have used the draft language in the 1948 proposal if it had intended to allow foreign repair work only if the need for such service arose in a foreign country.

Furthermore, one year after the regulation was adopted, the CAA published a statement of policy (February 4, 1950) stating that typical limited ratings for foreign repair stations would include "modification and repair to Douglas DC-4 airframe", "modification and repair to airframe and powerplant of Lockheed 749 less instrumentation", and "major overhaul of P&W, R-2000-7". (15 Fed. Reg. 621-22 (1950)). These examples make clear that maintenance by foreign repair stations was not limited to line maintenance incidental to a particular flight in a foreign country. Modification, major repair, and overhaul work obviously are scheduled in advance.

Finally, in the interpretive rules it issued in 1952, the CAA repeated its 1950 position. Examples of limited foreign repair station ratings included "overhaul, modification and repair to Douglas Model DC-6 series, their powerplants, propellers, instruments and accessories: and "overhaul, modification and repair to Pratt & Whitney Model 1830, R-2000 and R-3350

særies engines, including all accessories". (17 Fed. Reg. 5014 ((1952)). Again, it is clear that the agency understood that its regulations did not restrict foreign repair stations to masscheduled line maintenance.

Even the preamble to the 1949 regulation does not bear the meaning the FAA would place upon it now. The discussion about returning planes to service without undue delay relates to the predecessor of FAR 145.71 (the need to establish a foreign repair station in a particular location). It was not intended to restrict the work of the foreign repair station once it had been certificated, which was covered by the predecessor to 145.73 (the scope of authority of a foreign repair station).

Thus, we believe that a rulemaking proceeding is absolutely essential at this time, for the following reasons. To begin with, it will provide the appropriate legal framework for comsideration of the basic policy underlying the scope of the amthority of foreign repair stations. Rather than carrying the appearance now prevalent that the FAA is attempting by internal fiat to patch an outdated and illogical rule, rulemaking would provide the opportunity to amend the regulation to reflect the tremendous changes which have occurred with respect to the capabilities of foreign repair stations to maintain, alter, and imspect aircraft in the last 37 years.

Furthermore, rulemaking would provide the appropriate forum for consideration of the proper substitute for the existing artificial and illogical scope of authority restriction on

foreign repair stations. The current regulation holds that an aircraft which operates regularly between New York City and Rome is safe with parts and components maintained by a foreign repair station, but the same aircraft with the same work by the same foreign repair station would not be safe if, instead, it operated continuously New York City to Los Angeles. ATA defies anyone to explain that distinction on a safety basis.

A literal interpretation of the existing provisions of 14 C.F.R. §§145.71 and 145.73 would not permit the return to service of U.S. registered aircraft after maintenance performed by foreign repair stations unless the aircraft are operated "wholly or partly outside the U.S." Similarly, current regulations provide no means for a foreign original equipment manufacturer to return products to service after repair. The regulations need to be revised to accommodate both of these concepts, and rulemaking will permit the changes to the regulations to reflect the capabilities of these entities.

Rather than face the issues directly by considering changes to the regulations, the FAA has repeatedly pressed U.S. air carriers to solve these problems by contracting for foreign repair services under the provisions of FAR 121.363(b) and 121.379. Such contracting requires that the air carrier provide directly or contract for appropriately qualified and licensed people to be "directly in charge" of maintenance, to perform required inspections and sign airworthiness releases.

The air carriers recognize that they can contract for such services. However, the stationing of such U.S. licensed people at a foreign facility will do nothing but duplicate the same skills which already exist at a qualified foreign repair facility. Thus, the current U.S. licensing requirements which apply to air carriers' contracting with foreign repair facilities make no practical sense from purely technical and safety standpoints. Such requirements only add unnecessary burdens.

Rulemaking will provide the opportunity to insure that the Federal Air Regulations pertaining to the scope and authority of foreign repair stations comply with international treaties and agreements to which the United States is a party. This is important because §1102 of the Federal Aviation Act of 1958, as amended, (49 U.S.C. §1502) requires the Administrator to exercise and perform his powers and duties under the Act consistently "with any obligation assumed by the United States in any treaty, convention, or agreement that may be in force between the United States and any foreign country or foreign countries. . . ". The two agreements which bear directly on the issues surrounding the scope and authority of foreign repair stations are (1) The Agreement On Trade In Civil Aircraft ("Aircraft Agreement", see citation on Appendix D) and (2) The Agreement On Technical Barriers To Trade ("Standards Code"). It is important to note that Article 3 of the Aircraft Agreement incorporates the Standards Code by reference, and

further extends the provisions of the latter by stating: "... civil aircraft certification requirements and specifications on operating and maintenance procedures shall be governed ... by the provisions of the [Standards Code]."

There are several elements to the Standards Code. It recognizes that measures may be adopted for legitimate domestic reasons, such as the protection of the public health and safety. However, these measures must not be established in a discriminatory manner that distorts trade. Most importantly, the standards are not to be prepared, adopted, or applied so as to create unnecessary obstacles to international trade. [See Article 2.1, Standards Code].

It is ATA's firm belief that the existing regulations, adopted more than 37 years ago, create artificial barriers to international trade, and therefore conflict with the terms of the Aircraft Agreement and the Standards Code, and need to be changed. Rulemaking is the only appropriate means by which this can be accomplished.

Finally, and most importantly, rulemaking provides any interested person, whether it be a U.S. air carrier, foreign air carrier, domestic repair station, foreign repair station, foreign government, union, or a member of the general public, the opportunity to participate in the rulemaking process, by submitting comments and proposals to the agency for consideration in making is final determination of the proper scope of authority for foreign repair stations.

ATA PROPOSAL

ATA believes it has a practical answer to the dilemma created for the industry by the apparent attempt of FAA to reinterpret the 37-year-old foreign repair station regulations. ATA believes its proposal would amend these regulations to reflect the proper status and authority of foreign repair stations in the late-1980s. ATA's proposal is described earlier [see pp. 2 and 3] and in support thereof would make the following points.

Basically, ATA's proposal recognizes that properly qualified and certified foreign repair stations, operating in accordance with appropriate procedures, can provide safe maintenance, alterations, and inspections on U.S. registered aircraft and their components. ATA's proposal would permit an entity seeking a foreign repair station certificate to elect among two options:

- (1) It would be permitted to meet all of the requirements applicable to domestic repair stations except the personnel and reporting requirements. Except for work it would be permitted to perform under proposed \$121.361(b) described below, its scope of authority would be limited geographically, as the regulations presently read, to aircraft and components thereof that are used in operations conducted wholly or partly outside of the United States, in accordance with its ratings. [Proposed \$145.73(c)]
- (2) The entity would, on the other hand, be permitted to meet all requirements of FAR \$145 applicable to domestic repair stations, including the personnel and reporting requirements, and to the extent operating in accordance with the applicable procedures, would be permitted to perform maintenance, alterations, and inspections on any U.S. registered aircraft in accordance with its ratings. [Proposed § 145.73(d)]

ATA's proposal would permit a U.S. air carrier, in accordance with the carrier's operations specifications approved by the administrator, to contract for the maintenance, alteration, or inspection of its U.S. registered aircraft with any foreign repair station, whether or not it employs holders of U.S. airman certificates. In addition, the ATA proposal would permit foreign original equipment manufacturers to perform maintenance and preventive maintenance on aircraft and other aeronautical products which it manufacturers. Thus, the ATA proposal would permit such foreign repair stations and foreign original equipment manufacturers to return to service U.S. registered aircraft, components, and parts, whether or not the aircraft is operated outside the United States. The current provisions pertaining to parts pools remain undisturbed. [Proposed \$121.361(b)]

ATA's proposal would not alter the basic responsibilities of the FAA and the air carriers for the proper surveillance with respect to foreign repair stations and original equipment manufacturers. In this respect, to the extent that a carrier elects to provide for maintenance, alteration, or inspection of its aircraft by a foreign repair station under proposed \$121.361(b), it would carry the same burdens with respect to that entity as it would if its manual provided for the same work by an equivalent domestic organization. Similarly, the FAA's surveillance obligations with respect to foreign repair stations would not be changed in any respect by ATA's proposal.

With respect to the latter, however, ATA's proposal seeks to alleviate the financial and logistical burden, if any, imposed on the FAA by establishing an appropriate fee, not only for certifications as presently prescribed, but also for certification renewal inspections. To the extent that this fee is at a reasonable and appropriate level, it should provide FAA the financial resources to permit it to perform its surveillance activities with respect to foreign repair stations.

There is an additional matter which is not an integral part of the rulemaking proposal herein, but ATA believes it is appropriate to alert the FAA and other interested parties to a proposal it will make upon adoption of the proposed amendments to §§145.71, 145.73, and 121.361(b). In accordance with the Discussion which accompanied adoption of 14 C.F.R. §183.33 [see 48 Fed. Reg. 16176, April 14, 1983], ATA will propose that paragraph 14 of the Advisory Circular for Designated Airworthiness Representatives (AC No. 183-33) be amended to permit the Administrator to delegate to DARs the function of reviewing and inspecting foreign repair stations to determine their conformity to, and compliance with, applicable FARs, and to recommend issuance of foreign repair station certificates with appropriate ratings. This proposal will be intended to further reduce administrative burdens on FAA staff while maintaining the equivalent high level of safety.

EXPEDITIOUS PROCEDURES

ATA is requesting that the FAA expedite issuance of the NPRM requested herein by establishing a 30-day period for the filing of comments after publication of the summary in the Federal Register. There are several reasons for this request. Currently, there is a great deal of confusion in the field regarding the proper treatment to be given to maintenance, alterations, and inspections performed on U.S. air carrier aircraft and their components. Already, there is evidence that PMIs are implementing the concepts underlying the new Information and draft action notices. It is essential that this confusion be eliminated at the earliest possible time. Furthermore, there are many entities and organizations that have already proposed that rulemaking is the proper procedure to resolve the tremendous amount of confusion which already exists because of recent internal FAA activities with respect to the scope of the authority of foreign repair stations.

A 30-day period for submitting comments on this petition will provide ample opportunity for interested persons to:

- (1) Indicate support or opposition to rulemaking:
- (2) Support or oppose the regulatory proposal set forth herein; and
- (3) Set forth in general, if not specifically, an alternative proposal, if they have one.

Accordingly, pursuant to 14 C.F.R. §§11.25 and 11.27(b)(5) on behalf of its member airlines, ATA hereby petitions the Federal Aviation Administration to issue the Notice of Proposed Rulemaking described herein and to expedite issuance of the NPRM, pursuant to 14 C.F.R. §11.27(b)(5) by establishing a 30 day period for the filing of comments after publication of the summary in the federal register.

Respectfully submitted,

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December 30, 1986

Recommended Revisions of FARS 43, 121, and 145 Regarding Foreign Repair Stations, and Foreign Original Equipment Manufacturers

14 C.F.R. §145.71 is amended to read as follows:

GENERAL REQUIREMENTS

A repair station certificate with appropriate ratings may be issued for a foreign repair station if the administrator finds that the station is-necessary-for-maintaining-or-altering United-States-registered-aircraft-outside-of-the-United States---A-foreign-repair-station-must meets the requirements of this subpart. for-a-domestic-repair-station-certificate, except-those-in-\$\$145-39-through-145-43-

14 C.F.R. §145.73 is amended to read as follows:

SCOPE OF WORK AUTHORIZED

- (a) The Administrator may prescribe operating specifications and limitations that he determines are necessary to comply with the airworthiness requirements of this chapter.
- (b) A certificated foreign repair station may perform only the specific services and functions within the ratings and classes that are stated in its operating limitations.
- (c) A certificated foreign repair station which meets the requirements for a domestic repair station certificate, except those in §§145.39 through 145.43., may, with respect to United States registered aircraft, work only on aircraft or airframe components, powerplants, appliances, and spare parts thereof that are used in operations conducted wholly or partly outside of the United States.
- (d) A certificated foreign repair station which (1) meets all of the domestic repair station requirements including §§145.39 through 145.43, and acts in compliance with all of the domestic repair station operating rules including §§145.61 and 145.63, or (2) performs work for a U.S. air carrier under §121.361(b), may work on United States registered aircraft or airframe components, powerplants, appliances, and spare parts thereof.

14 C.F.R. §121.361(b) is amended to read as follows:

(b) The Administrator may amend a certificate holder's operations specifications to permit deviation from those provisions of this subpart that would prevent the return to service and use of <u>aircraft</u>, airframe components, powerplants, appliances, and spare parts thereof, <u>including such equipment obtained through parts pools</u>, because those items have been maintained, altered, or inspected by persons who do not hold U.S. airman certificates employed by (1) foreign repair stations or (2) foreign air carriers, located outside the United States. Each certificate holder who uses parts under this deviation must provide for surveillance of facilities and practices to assure that all work performed on these parts is accomplished in accordance with the certificate holder's manual.

14 C.F.R. §43.3(h) is amended by adding a new subsection (4) to read as follows:

- (h) A manufacturer may --
 - (1) [No Change]
 - (2) [Delete "and" at end; otherwise No Change]
- (3) [Change "." to ";" and add "and" at end; otherwise No Change].
- (4) In addition to the foregoing authorizations of this §43.3(h), a manufacturer located outside the United States may perform maintenance and preventive maintenance on any aircraft, aircraft engine, propeller, or appliance manufactured by him under a type or production certificate, issued by the Administrator, or on any appliance or part of an aircraft, aircraft engine, propeller, or appliance manufactured by him under a Technical Standard Order Authorization, or an FAA-Parts Manufacturer Approval, issued by the Administrator.
- 14 C.F.R. §121.378(a) is amended to read as follows:
- (a) Except-for-maintenance,-preventive-maintenance, alterations,-and-required-inspections-performed-by-repair stations-certificated-under-the-provisions-of-Subpart-C-of Part-145, Each person who is directly in charge of maintenance, preventive maintenance, or alteration, and each person performing required inspections must hold an appropriate airman certificate. except for the following:
- (1) Repair stations certificated under the provisions of Subpart C of Part 145; and
- (2) Foreign original equipment manufacturers operating, under the provisions of §43.3(h) of Part 43.

The final, unnumbered paragraph of 14 C.F.R. §121.709(b) is amended to read as follows:

Notwithstanding subparagraph (3) of this paragraph, after performance of maintenance, preventive maintenance, or alterations, performed-by-a-repair-station-gertificated-under the-provisions-of-Subpart-C-of-Part-145, the airworthiness release or log entry required by paragraph (a) of this section may be signed by a person authorized by:

- (i) Repair stations certificated under the provisions of Subpart C of Part 145; and
- (ii) Foreign original equipment manufacturers operating under the provisions of §43.3(h) of Part 43.
- 14 C.F.R. §145.15(c) is amended to read as follows:
- (c) A person requesting renewal of a foreign repair station certificate shall, within 30 days before his current certificate expires, send the request to the FAA office having jurisdiction over the station. If the Administrator performs an inspection under §145.23 in connection with the request for renewal, the foreign repair station shall pay the fee prescribed by Appendix A of Part 187 of this Chapter. If the person does not make the request for renewal within that period, he must follow the procedure prescribed in §145.13 for applying for a new certificate, but without copies of the brochure.

14 C.F.R. §145.17(b) is amended to read as follows:

(b) A foreign repair station certificate or rating expires at the end of 12 months after the date on which it was issued, unless it is sooner surrendered, suspended, or revoked. However, if the station continues to comply with \$145.71 Subpart C of this Section and applies for renewal before expiration of such certificate or rating, its certificate or rating may be renewed for 24 36 months.

- 14 C.F.R. §145.23 is amended to read as follows:
- (a) Each certificated repair station shall allow the Administrator to inspect it, at any time, to determine its compliance with this Part. The inspections cover the adequacy of the repair station's inspection system, records, and its general ability to comply with this Part. After such an inspection is made, the repair station is notified, in writing, of any defects found during the inspection.
- (b) If a foreign repair station requests renewal of its certificate under §145.15(c), the Administrator may inspect the station to confirm the adequacy of the repair station's inspection system, records, and its general ability to comply with this Part.
- 14 C.F.R. Part 187, Appendix A, section (d) is amended to read:
 - (d) Hourly rates for certifications under §145.71 or certificate renewal inspections under §145.15(c) are as follows:
 - (1) \$47 for each technical hour.
 - (2) \$14 for each clerical hour.

Civil Air Regulations Amendment 52-1

Effective: March 10, 1949 Adopted: February 3, 1949

- 52.38 Foreign repair station certificate and ratings. A foreign repair station certificate with appropriate ratings may be issued to a citizen of a foreign government subject to the following requirements:
- (a) A repair station may be certificated only where it is necessary to provide for the maintenance, alteration, and repair of United States registered aircraft outside the United States.

* * * * * *

(c) The certificate shall be limited to performance of work on aircraft which are used in operations conducted in whole or in part outside the United States and contain such operating specifications and limitations as the Administrator may prescribe to insure compliance with the applicable aircraft airworthiness requirements of the Civil Air Regulations.

Current 14 C.F.R. §§145.71, 145.73

§ 145.71 General requirements.

A repair station certificate with appropriate ratings may be issued for a foreign repair station, if the Administrator finds that the station is necessary for maintaining or altering United States registered aircraft outside of the United States. A foreign repair station must meet the requirements for a domestic repair station certificate, except those in §§ 145.39 through 145.43.

§ 145.73 Scope of work authorized.

- (a) A certificated foreign repair station may, with respect to United States registered aircraft, work only on aircraft that are used in operations conducted wholly or partly outside of the United States. The Administrator may prescribe operating specifications and limitations that he determines are necessary to comply with the airworthiness requirements of this chapter.
- (b) A certificated foreign repair station may perform only the specific services and functions within the ratings and classes that are stated in its operating limitations.

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Air Transport Association



OF AMERICA

1709 New York Avenue, N.W. Washington, D. C. 20006 Phone (202) 872-4000

FOR USE OF MEMBERS ONLY

November 18, 1977 - No. 77-100

MEMORANDUM TO: ENGINEERING AND MAINTENANCE EXECUTIVES NO. 77-100

SUBJECT: Withdrawal of ATA Petition on Proposed Changes to 121.361

Concerning Work on U.S. Registered Aircraft Outside of the

U.S. and Issuance of FAA Notice N8610.7

REFERENCE: EAM Executives Memorandum No. 76-17

The attached ATA petition dated April 13, 1976, was submitted to FAA based on the responses to the reference memorandum. Subsequent discussion with FAA resulted in the attached supplemental letter dated April 11, 1977.

Further informal discussion with FAA revealed that the ATA petition would be denied but that the intent could be accomplished without a regulation change through the use of limited repair station authority. ATA withdrew its petition as indicated in the attached letter dated September 13, 1977.

This activity has resulted in the issuance of the attached FAA Notice N8610.7 dated November 3, 1977. The Notice appears self explanatory; however, if there are any questions as to its intent or application, please contact the undersigned. In the ATA staff opinion this should satisfy the airline needs as expressed in the ATA petition and at the same time provides some FAA control and surveillance which FAA felt was required.

E. L. Thomas
Assistant Vice President
- Engineering

ELT:ml

Attachments (4)

Air Transport Association



1709 New York Avenue. N.W. Washington, D. C. 20006 Phone (202) 872-4000

April 13, 1976

Mr. Richard P. Skully Director Flight Standards Service Department of Transportation Federal Aviation Administration 800 Independence Avenue, S. W. Washington, D. C. 20591

Dear Mr. Skully:

Paragraph (b) of Section 121.361 of Federal Aviation Regulation Part 121 permits the use of aircraft components, powerplants, appliances and spare parts thereof which have been maintained, altered or inspected by persons employed outside of the United States who do not hold U. S. airman's certificates. The FAR 121 certificate holder using such parts must provide for surveillance of facilities and practices to assure all work performed on these parts is accomplished in accordance with the certificate holder's manual.

Exercise of the authority granted under the aforementioned regulation does not abrogate the basic responsibility of the Part 121 certificate holder for the airworthiness of its aircraft under Section 121.363. Further, we believe this regulation has served the FAA and industry well and that safety has not adversely been affected.

It is also our firm opinion that Section 121.361 should be expanded to include the performance and approval of work on the U.S. registered aircraft of Part 121 certificate holders by specified foreign airlines and foreign aircraft manufacturers and overhaul agencies. We do not believe this authority should be expanded indiscriminately and we should add, the basic responsibility for airworthiness of the aircraft would remain with the certificate holder.

Therefore, on behalf of the ATA member airlines, which includes virtually all of the certificated scheduled airlines in the United States, we respectfully request that the aforementioned regulation be revised as follows:

121.361

Revise to permit the Administrator to amend a certificate holder's operations specifications to permit the performance and approval of work done on the certificate holder's aircraft outside of the U.S. by mechanics, airlines, or maintenance and overhaul agencies which do not hold a U.S. certificate but are appropriately certificated by the country or the agency where the work is performed, and which have been investigated and recommended by the certificate holder. Each certificate holder having work performed under this deviation would need to provide for surveillance of facilities, practices and personnel to insure that all of this work is accomplished in accordance with the certificate holder's manual. It is recommended this change be incorporated in a new paragraph (c) so as not to affect or become confused with paragraph (b) which was adopted to provide for international parts pooling agreements.

We believe that such a regulation change, if adopted, would have no adverse effect on the safety of U. S. registered aircraft. The record under the present requirements in 121.361 (b) is highly satisfactory, and attests to a level of technical competence and capabilities abroad comparable to those in the U. S. It is the opinion of participating U. S. air carriers that this regulation change would be in the public interest for the following reasons:

- As official U.S. recognition of the high level of technical competence of foreign mechanics, and of the airlines or related agencies for whom they work, it would foster and promote U.S. relations.
- It would foster the expansion of the foreign operations of U.S. air carriers by facilitating the recruitment of mechanic personnel.
- To the extent that foreign operators would subscribe to this open door policy, it could generate business for U. S. carriers here in the U. S.

Although it might be construed that this regulation change is a covert attempt to move required work out of the U.S. to the detriment of our own labor force, this is hardly the case. The restraints already existing in the U.S. customs regulations forestall that eventuality most effectively. The matter at hand is not a question of what shall be done where, but who shall do it within the framework of Federal Air Regulations.

Mr. Richard P. Skully

Page 3

April 13, 1976

Your early action on this petition would be appreciated. Specific wording of the proposed regulation changes was not proposed as it was considered more appropriate that this be developed within FAA.

Sincerely,

E. L. Thomas

Assistant Vice President

- Engineering

ELT:ml

Air Transport Association



1709 New York Avenue, N.W. Washington, D. C. 20006 Phone (202) 872-4000

April 11, 1977

Mr. R. P. Skully AFS-1 Director - Flight Standards Service Federal Aviation Administration 800 Independence Avenue, S.W. Washington, D. C. 20591

Dear Mr. Skully:

This is further to our petition of April 13, 1976, for changes to 121.361 which would permit the performance and approval of work on U.S. registered aircraft of Part 121 certificate holders by specified foreign airlines, foreign aircraft manufacturers and overhaul agencies. It has come to our attention that our petition would need to be modified to include changes to 121.371, 121.378 and 121.709 in order to fully realize the intent of the changes we are requesting in 121.361. By means of this letter our petition is so modified.

121.371 is concerned with required inspection personnel and the key word is "certified" in 121.371(a). While we have no problem with the rest of 121.371 it appears that "certified" may need to be modified to permit those persons authorized under our proposed change to 121.361 to perform required inspections if the need arises. We would agree that the other portions of 121.371 should remain applicable.

121.378 requires, except for work accomplished by foreign repair stations under Suppart C of Part 145, that each person directly in charge of the work and each person performing required inspections must hold an appropriate U.S. airman certificate. Similar language as that applicable to foreign repair stations under Subpart C of Part 145 should be included for those persons authorized to perform and approve work under our proposed change to 121.361.

121.709(b)(3) requires an airworthiness release to return the airplane to service to "Be signed by an authorized certificated mechanic or repairman except that a certificated repairman may sign the release or entry only for the work for which he is employed and certificated." The final sentence of Paragraph 121.709(b) states, "Notwithstanding subparagraph (3) of this paragraph, after maintenance, preventive maintenance, or alterations performed by a repair station certificated under the provisions of Subpart C of Part 145, the airworthiness release or log entry

April 11, 1977

required by paragraph (a) of this section may be signed by a person authorized by that repair station." This latter sentence is applicable to foreign repair stations and it is requested that similar language be included to permit persons authorized to perform and approve work under our proposed change to 121.361 to sign the airworthiness release or log entry. This language could require the certificate holder to specifically establish those persons who would be authorized to return the aircraft to service.

It should be noted that under 43.17 FAA has recognized the competence of Canadian persons to perform and approve work on any U.S. registered aircraft without a U.S. airmen's cartificate. We believe that other countries besides Canada also have competent people and this has been recognized by FAA in its adoption of the existing 121.361(b) in regard to parts pooling. We are not, however, requesting that 43.17 be broadened to include these other countries. Our petition is confined to Part 121 operators who will be required under our proposal to maintain surveillance of facilities, practices and personnel to insure that any work is accomplished in accordance with the cartificate holder's manual as is now required under the terms of 121.361(b).

It is our basic position that if these persons are competent to maintain, alter and inspect "airframe components, powerplants, appliances, and spare parts thereof" as permitted under 121.361(b) they are competent to perform and approve other work and return the aircraft to service. Lacking the authority which would be available under the changes we are proposing, U.S. airlines are required to station certificated personnel overseas, to utilize foreign nationals having U.S. airmen's certificates or utilize foreign repair stations. Some countries require the use of nationals of their countries only, necessitating that they obtain U.S. airmen's certificates.

We would again reemphasize that this is not a covert attempt to move required work out of the U.S. to the detriment of our own labor force. The restraints already existing in the U.S. customs regulations forestall that eventuality most effectively.

Your early action on this revised petition would be appreciated.

Sincerely,

E. L. Thomas
Assistant Vice President
- Engineering

Air Transport Association



OF AMERICA

1709 New York Avenue, N.W. Washington, D. C. 20006 Phone (202) 872-4000

September 13, 1977

Mr. R. P. Skully AFS-1 Director - Flight Standards Service FEDERAL AVIATION ADMINISTRATION 800 Independence Avenue, S.W. Washington, D. C. 20591

Dear Mr. Skully:

This is in regard to our letters of April 13, 1976, and April 11, 1977, which petitioned for a change to FAR 121.361, 121.371, 121.378 and 121.709 to permit the performance and approval of work on U.S. registered aircraft of Part 121 certificate holders by specified foreign airlines, aircraft manufacturers and overhaul agencies.

Based on discussions with the Chief of the Air Carrier Airworthiness Branch, AFS-230, it is our understanding that the intent of our petition can be accomplished without regulation changes through the use of limited repair station authority. On the basis of that understanding, we are withdrawing our petition.

If the use of limited repair station authority is not adopted or if it does not appear to be satisfactory, this withdrawal should not preclude ATA from resubmitting our petition.

Sincerely,

E. L. Thomas

Assistant Vice President

9-17 toma

- Engineering

NOTICE

SUBJ:

DEPARTMENT OF TRANSPORTATION FEDERAL AVIATION ADMINISTRATION

N8610.7

11/3/77

Cancellation
Date: 11/1/78

SPECIAL PROVISIONS FOR REPAIR STATIONS PERFORMING MAINTENANCE FOR U.S. CERTIFICATED AIR CARRIERS

- 1. <u>PURPOSE</u>. This notice outlines procedures to permit a certificated repair station to perform work at a place other than where the station is located under the terms of a contractual arrangement with a U.S. air carrier. It also outlines procedures for the issuance of a foreign repair station certificate limited to the performance of maintenance for a specified U.S. air carrier's fleet under the terms of a contract with that carrier.
- 2. <u>DISTRIBUTION</u>. This notice is distributed to Flight Standards in Washington headquarters, the Regions, and the Aeronautical Center to the branch level; to all General Aviation, Air Carrier, Engineering and Manufacturing, and Flight Standards District Offices; and to all International, International Aviation, and Aeronautical Quality Assurance Field Offices.

3. BACKGROUND.

- a. Several U.S. air carriers have encountered a need for maintenance at locations where the frequency and scope of that maintenance does not warrant staffing and equipping the station for its accomplishment. This situation may be further complicated by prohibitions against U.S. mechanics working in foreign countries by the governments of those countries.
- b. FAR 145.51(d) permits repair stations to perform maintenance away from their main facility providing all the requirements of FAR 145 are satisfied. The intent of FAR 145.51(d), as outlined in paragraph 3142e of Order 8310.4A, Maintenance Certification Procedures, is to provide for the mobility of repair stations. The order further provides that if a fixed location is established, certification procedures are necessary. The justification is that FAR 145.15 requires a repair station to apply for a change in its rating any time there is a change in its location or housing.
- c. A U.S. air carrier is required by FAR 121.369 to include procedures in its manual for the accomplishment of its maintenance program and is also responsible for the performance of the maintenance on its aircraft regard—less of who performs the actual maintenance. A certificated repair station is required by FAR 145.45 to establish an inspection system and present policy allows for the certification of satellite repair stations using that inspection system. In each case, the procedures used by the air carrier and repair station have been acceptable to the Administrator. It is the intent of this notice to utilize their accepted procedures for

N8610.7

the authorization or certification of facilities to perform maintenance for U.S. air carriers. The object is to reduce the administrative effort for the FAA and the industry and utilize established procedures to provide a needed service to U.S. operators.

4. ACTION.

- a. Principal air carrier airworthiness inspectors shall request their assigned carriers to provide FAA with sufficient notification of their intent to contract with a facility subject to this policy. This notification should include the following:
- (1) The date of their intended operations and the length of time they plan on using this facility.
 - (2) The extent of maintenance to be performed.
- (3) A statement that the station is equipped with the necessary facilities, qualified personnel, and technical data to perform the maintenance of their aircraft.
- (4) That part of the contract on which the authorization or certification is to be based, outlining the scope of the work to be performed.
- b. The Air Carrier District Office (ACDO), when notified by the air carrier of their desire to use the services of a currently certificated repair station at a place other than where the station is located, snall ascertain that the air carrier has the procedures in their manual required by FAR 121.369 to ensure that maintenance performed by the repair station is performed in accordance with its manual and that the affected repair station personnel are trained and qualified to perform in accordance with its procedures. They will arrange for the inspection of the facility in accordance with regional policy, and will coordinate all matters relative to the inspection of the facility. The inspection will be made to determine that the facilities at the location requested are satisfactory and that personnel are capable of performing maintenance as outlined in the air carrier's manual. Regardless of which district office makes the inspection, the results will be conveyed to both the air carrier and repair station certificate holding offices as expediently as possible. Effort should be made to conduct this inspection during a line station inspection, thus avoiding a duplication of inspection by the FAA. The procedures outlined in Order 8310.4A, paragraph 3143, can be used as a guide during the certification process. The air carrier certificate holding office small provide the repair station certificate holding office with a copy of the air carrier's contractual arrangements pertinent to the authorization.

11/3/77 N 3610.7

c. The ACDO shall also provide the inspecting office with a copy of the contract or apprise them of the scope of contractual arrangements. The facility must comply with those sections of FAR 145.35 that are applicable to the maintenance to be performed at that facility.

- d. When a determination has been made that a facility is qualified to perform work contracted for by the U.S. air carrier, the repair station certificate holding office shall include a statement on the Repair Station Operations Specifications (FAA Form ECCC-H-1) showing the contractual geographical location in which the repair station is to exercise the privileges of its certificate (see Appendix 1, Figure 1).
- e. Repair stations that are presently doing contractual maintenance for a U.S. air carrier at a place other than where the repair station is located and meet the conditions as outlined in this notice shall be issued amended Repair Station Operations Specifications without further showing or the need to make application.
- f. The air carrier certificate holding office shall notify the repair station certificate holding office whenever the contract between the U.S. air carrier and the repair station has expired or is cancelled. The certificate holding office will then amend the Repair Station Cperations Specifications accordingly, or withdraw authorization, as appropriate.
- g. If the arrangements involve maintenance away from their parent station, procedures necessary to comply with FARs 145.2 and 145.51(d) will be included in the repair station inspection procedures manual.
- n. A foreign repair station certificate, limited to maintenance of a specified U.S. air carrier fleet, may be issued to a foreign air carrier, manufacturer, or other maintenance organization that does not currently hold a current repair station certificate. The requirements of FAR 145, Suppart C, must be satisfied. The following guidelines shall be utilized for that pertification:
- (1) The limited rating can be issued authorizing only the scope of maintenance that is defined by the contracting U.S. air carrier and be applicable only to the equipment specified in the contract. The Repair Station Coerations Specifications (FAA Form 3000-4-1) (Appendix 1, Figure 2) shall specify the equipment type and the scope of maintenance; e.g., 8-747 Preflight inspection and minor maintenance in accordance with XYZ airline station manual and show the contractual geographical location in which the repair station is to exercise the privileges of its certificate. The Air Agency Certificate (FAA Form 3000-4) will be completed as outlined in Appendix 1, Figure 3.

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- (2) The inspection of the facilities will be conducted as outlined in paragraph 46, of this notice.
- level of quality control. The methods, standards, and procedures specified in the air carrier's manuals and other publications are eligible for adoption by the repair station by referencing each publication and its level of amthority in their repair station inspection procedures manual. In effect, the repair station inspection procedures manual will concern itself only with now the resources provided by the U.S. carrier are to be used in relation to the maintenance contracted for. Training provided by the U.S. air carrier is acceptable, but the repair station must provide additional training, as necessary, to bridge the interrelationship between the repair station and the carrier.
- (4) The equipment and material requirements should be related to the scope of the contract and what the U.S. air carrier is to provide in the contract. Equipment maintenance must be accounted for. The storage of parts, etc., provided by the carrier, is the applicant's responsibility.
- (5) The U.S. air carrier's work forms are an acceptable method for controlling and recording work performed. They may be used by the applicant to satisfy retention requirements as outlined in FARs 145.61 and 145.79.
- 5. SUMMARY. It is the intent of this notice to establish one procedure for the certification of facilities to perform contractual geographical maintenance for U.S. air parriers. This policy is intended to facilitate the qualification of air agencies to exercise these privileges to provide a needed service to U.S. operators. It is not intended that this policy will recome repair station certification standards.

I. A. FIRMARESE

- Acting Director

Flight Standards Service

UNITED STATES OF AMERICA DEPARTMENT OF TRANSPORTATION FEDERAL AVIATION ADMINISTRATION

Repair Station Operations Specifications

(Contin: lion)

Limitations:

The sating (v) set forth on Air Azonov Contificate Number 000-1F is | are limited to the following:

AIRFRAME CLASS - 3 POWERPLANT CLASS - 1 RADIO CLASS - 1

LIMITED RATINGS

AIRFRAME McDonnell Douglas - Model DC-8 Series

Lockheed - Model L-1011 Series

Boeing - Model 3-747

POWERPLANT Pratt & Whitney - Model JTS Series

RADIO Bendix - Model RDR-1200

AIR CARRIER GEOGRAPHIC AUTHORIZATIONS

1. Liber Ville, Gabon Boeing Model B-747 - Preflight inspection and

minor maintenance per XYZ Airline Station Manual in accordance with XYZ Airline Main-tenance Contract No 6309 dated August 28, 1977.

tenance Contract No 0007 dated August 25, 1

2. Cape Town, South Africa McDonnellDouglas DC-8 Series. Turn around and line maintenance per WYZ Airline Technical

Manual in accordance with WYZ Airline Maintenance

Contract No. 1234 dated August 11, 1977.

Delegated authorities: NONE

Dale usual as remain

For the Administrator:

11/3/77

N 3610.7 Appendix 1

FIGURE 1. REPAIR STATION OPERATIONS SPECIFICATIONS, FAA FORM 8000-4-1, SHOWING PRESENTLY CERTIFICATED REPAIR STATION WITH AIR CARRIER GEOGRAPHIC AUTHORIZATIONS.

UNITED STATES OF AMERICA DEPARTMENT OF TRANSPORTATION FEDERAL AVIATION ADMINISTRATION

Repair Station Operations Specifications

(Continuation)

Limitations:

The sating (") set forth on the Stamony Contificate Number 000-21

is are limited to

the following:

LIMITED RATINGS

AIRFRAME

Boeing Model B-707 - Preflight and minor maintenance per CBS Airline Maintenance Manual.

POWERPLANT

Pract & Whitney Model JT-3D - Preflight and minor maintenance per CBS Airline Maintenance

The privilege of these Limited Ratings are authorized for the duration of CBS Airline Maintenance Contract No. 6905 dated August 28, 1977, at the following air carrier geographical locations:

- 1. Cape Shore, South Africa
- 2. Monrovia, Liberia

Delegated authorities: NONE

Tille wurd or rement

August 29, 1977

For the Hammestador.

FAA Representative, AEU-ARMO-L

FAA Form 3000-4-1 1-781

N 3610.7 Appendix 1

11/3/77

FIGURE 2. REPAIR STATION OPERATIONS SPECIFICATIONS, FAA FORM 8000-4-1, SHOWING LIMITED RATINGS FOR FOREIGN REPAIR STATIONS PERFORMING CONTRACTUAL MAINTENANCE FOR A U.S. AIR CARRIER

UNITED STATES OF AMERICA DEPARTMENT OF TRANSPORTATION FEDERAL AVIATION ADMINISTRATION

Air Agency Certificate

Number 000-2F

This certificate is issued to Shore Air Service

whose business address is

1111 16th Ave.

Cape Shore, South Africa 22210

upon finding that its organization complies in all respects with the requirements of the Federal Aviation Regulations relating to the establishment of an Air Agency; and is empowered to operate an approved REPAIR STATION

with the following ratings:

LIMITED

AIRFRAME

LIMITED

POWERPLANT

This certificate, unless canceled, suspended, or revoked: shall continue in effect until August 28, 1978

Posto issued

August 28, 1977

Bry direction of the Administrator

George Joneses

FAA Representative, AEU-AROM-1

Chis Cernficate is not Transferate.

11/3/77

N 3610.7 Appendix 1

FIGURE 3. AIR AGENCY CERTIFICATE, FAA FORM 8000-4, SHOWING A FOREIGN REPAIR STATION WITH LIMITED RATINGS FOR PERFORMING CONTRACTUAL MAINTENANCE FOR A U.S. AIR CARRIER

Agreement on Trade in Civil Aircraft

(See Trade Agreements Act of 1979, 31 U.S.T. 619; TIAS 9620; 19 U.S.C. 2503

Article 3 <u>Technical Barriers to Trade</u>

3.1 Signatories note that the provisions of the Agreement on Technical Barriers to Trade apply to trade in civil aircraft. In addition, Signatories agree that civil aircraft certification requirements and specifications on operating and maintenance procedures shall be governed, as between Signatories, by the provisions of the Agreement on Technical Barriers to Trade.

Article 4 Government-Directed Procurement, Mandatory Sub-Contracts and Inducements

- 4.1 Purchasers of civil aircraft should be free to select suppliers on the basis of commercial and technological factors.
- 4.2 Signatories shall not require airlines, aircraft manufacturers, or other entities engaged in the purchase of civil aircraft, nor exert unreasonable pressure on them, to procure civil aircraft from any particular source, which would create discrimination against suppliers from any Signatory.
- 4.3 Signatories agree that the purchase of products covered by this Agreement should be made only on a competitive price, quality and delivery basis. In conjunction with the approval or awarding of procurement contracts for products covered by this Agreement a Signatory may, however, require that its qualified firms be provided with access to business opportunities on a competitive basis and on terms no less favourable than those available to the qualified firms of other Signatories.*
- 4.4 Signatories agree to avoid attaching inducements of any kind to the sale or purchase of civil aircraft from any particular source which would create discrimination against suppliers from any Signatory.

CERTIFICATE OF SERVICE

I. Eileen Naulty, hereby certify that I have served by first class mail, postage prepaid, copies of the attached Petition for Issuance of a Notice of Proposed Rulemaking on the following persons:

Calvin Davison Crowell & Moring 1100 Connecticut Ave. NW Washington, DC 20036

Carol F. Lee Wilmer, Cutler & Pickering 1666 K St. NW Washington, DC 20006

Richard R. Shaw Assistant Director General -International Air Transport Association 2000 Peel Street Montreal, Quebec, CANADA H3A 2R4

Benjamin R. Achenbach, Jr. Dunington, Bartholomew & Miller 1700 K St. NW Suite 1100 Washington, DC 20006

John Hunt 1st Secretary, Civil Aviation General Manager, Technical British Embassy 3100 Massachusetts Ave., N.W. Washington, DC 20008

George U. Carneal Hogan & Hartson 815 Connecticut Ave. NW Washington, DC 20006-4072

Lawrence A. Short Short, Klein & Karas Suite 303 1101 30th St. NW Washington, DC 20007

Leonard N. Bebchick 1220 19th St. NW, Suite 700 Washington, DC 20036

J. C. Chaplin Civil Aviation Authority CAA House 45 59 Kingsway London WC7B 6IE **ENGLAND**

Robert M. Gaines Assistant Counsel Pratt & Whitney Aircraft 400 Main St. East Hartford, Conn. 06108

Eric Jackson Association of European Airlines B.P.4 Avenue Louise 350 B-1050 Brussels BELGIUM

Alfred J. Eichenlaub, Esq. Ginsberg, Feldman & Bress 1250 Connecticut Ave. NW Washington, DC 20036

Vern W. Ballenger
Assistant Vice President Engineering & Maintenance
Air Transport Association
1709 New York Ave. NW
Washington, DC 20006

Eileen Naulty

Eileen Naulty

December 30. 1986

STATEMENT REGARDING SCOPE OF WORK THAT ISRAEL AIRCRAFT INDUSTRIES IS ALLOWED TO PERFORM IN ISRAEL UNDER FEDERAL AVIATION ADMINISTRATION REGULATIONS

GOAL

Israel Aircraft Industries (IAI) is trying to obtain permission from the FAA to allow IAI to perform overhaul and maintenance work on engines, accessories and aircraft that are owned and operated by American companies.

ISSUE THAT NEEDS TO BE RESOLVED

The FAA claims that under their strict interpretation of the regulation (FAR 145.73 - copy attached) Israeli companies are only allowed to perform this work on aircraft and components from aircraft that are operated in the region where the facility is located. Note: there is a strong evidence that some American companies are having work performed in foreign countries and that their aircraft are not normally operating in that region.

REASON FOR URGENCY

IAI has been approached by an American company who would like IAI to submit a bid to maintain their aircraft's engines. However, the American company wants to know on advance that IAI will be permitted by the FAA to work on these engines.

BACKGROUND

- . IAI has held an FAA foreign repair station certificate for three decades.
- . Israeli civil aircraft regulations are based on FAA regulations.
- . United States and Israel have a bilateral agreement regarding certification of airworthiness for aircraft and aircraft components. Agreement was originally signed in 1968 and amended in 1974. Since the agreement has been in effect, IAI designed and manufactured five aircraft which received FAA airworthiness certification, following CAA certification. Note: More than 350 Westwind series business jets with CAA/FAA certification are operating in the United States today.
- . In addition to performing work on civilian aircraft, IAI has been given many contracts from the U.S. Army, U.S. Navy, U.S. Air Force, U.S. Coast Guard, etc., and is currently performing work on U.S. Military aircraft, engines and accessories.

Note: This means, where applicable, every U.S. Government agency, except the FAA, approves Israel's right to work on American airplanes, even those not operating in the region. The FAA is the only U.S. Government agency, whose interpretations of the regulations, prevent Israeli companies from bidding for comercial contracts on U.S. owned aircraft.

.IAI is performing work on American owned airplanes that do operate in the region. These include TWA and Pan Am. Therefore there are no questions within the FAA about IAI's credentials to perform this work from a technical or safety viewpoint.

GOVERNMENT OF ISRAEL POSITION

The Government of Israel has formally requested a meeting with the United States to discuss a new round of bilateral talks. The Israeli request specifically drew attention to this issue, citing that the United States and Canada have recently concluded an agreement which clearly spells out that Canadian companies are allowed to compete for business in the United States and waiving the strict interpretations of FAR 145.73.

However, because of the length of the time that it will take to agree on the date and agenda for the new round of talks between Israel and the United States, to review the Israeli Government request, it is hoped that steps can be taken to clarify the issue that needs to be resolved immediately - IAI's right to bid for a potential engine overhaul program.

SUMMARY:

In the near time IAI needs to have relief from the FAA, in order to bid on the upcoming engine overhaul & maintenance program.

Eventually, the Government of Israel wants to amend the existing bilateral agreement to obtain the same understanding as was reached with the Canadian Government as it pertains to FAR 145.73.

of the construction, and a schedule for submittal of an operating license application, including a Final Safety Analysis Report (FSAR), if one has not already been submitted.

b. The current status of the plant site

and equipment.

 A description of how any conditions established by the NRC during the deferral have been fulfilled.

d. A list of licensing issues that were outstanding at the time of the deferral and a description of the resolution or

proposed resolution of these issues.

e. A listing of any new regulatory requirements applicable to the plant that have become effective since plant construction was deferred, together with a description of the licensee's proposed plans for compliance with these requirements.

f. A description of the management and organization responsible for

construction of the plant.

g. A description of all substantive changes made to the plant design or site since the CP was issued (for those plants for which an OL application has not been submitted).

h. Identification of any additional required information which is not available at the time of reactivation and a commitment to submit such information at a specific later date.

i. As necessary, an amendment to the OL application (revised FSAR) and a discussion of the bases for all substantive site and design changes that have been made since the last FSAR revision was submitted (for those plants which were already under OL review at the time of deferral).

7. Staff Actions When Notified of Reactivation

The acceptability of structures, systems and components important to safety (10 CFR Part 50, Appendix A, GDC 1) upon reactivation from deferred status will be determined by the NRC based on the following:

a. Reviews of the approved preservation and maintenance program, as implemented, in order to determine whether or not any structures, systems or components require special NRC attention during reactivation.

b. Verification that design changes, modifications, and required corrective actions have been implemented and documented in accordance with established quality control requirements.

c. The results of any licensee or NRC baseline inspections which indicate that quality and performance requirements have not been significantly reduce

below those originally specified in the FSAR. Structures, systems and components that fail to meet the acceptability criteria or will not meet current NRC requirements will be dealt with on a case-by-case basis.

B. Terminated **Plants**

1. Plant Terminations

A licensee should inform the Director of NRR when a plant is placed in a terminated status. In the event that withdrawal of a CP is sought, the permit holder should provide notice to the staff sufficiently far in advance of the expiration of the CP to permit the staff to determine appropriate terms and conditions. If necessary, a brief extension of the CP may be ordered by the staff to accommodate these determinations. Until withdrawal of the CP is authorized, a permit holder must adhere to the Commission's regulations and the terms of the CP, and should submit suitable plans for the termination of site activities, including redress, as provided for under 10 CFR 51.41, for staff approval. Also, if the plant has been completed to a point that it can function as a utilization facility, the licensee must take all necessary actions to ensure that the facility is no longer a facility for which an NRC license is required.

2. Measures that Should be Considered for Reactivation of Terminated Plants or Transfer of Ownership of Terminated Plants

Owners of terminated nuclear plants planning to maintain the option of plant reactivation or transfer of ownership to others—either totally or in part—should consider the following actions:

a. For the removal and transfer of ownership of plant components and systems important to safety, make necessary provisions to maintain, collect and transfer to the new owner appropriate performance and material documentation attesting to the quality of the components and systems that will be required of the new owner if intended for use in NRC-licensed facilities.

b. Develop and implement a preservation and maintenance program for structures, systems and components important to safety, as well as documentation, substantially in accordance with Section III.A.3 of this Policy Statement. If these provisions are implemented throughout the period of termination, a terminated plant may be reactivated under the same provisions as a deferred plant.

Such licensees must also assure that any necessary extensions of the CP are requested in a timely manner.

Dated at Washington, DC, this 11th day of March, 1987.

For the Nuclear Regulatory Commission.

John C. Hoyle,

Acting Secretary of the Commission.

[FR Doc. 87-5611 Filed 3-13-87; 8:45 am]

SILLING CODE 7550-01-M

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Ch. I

en eg i virgi

[Summary Notice No. PR-87-3]

Petitions for Rulemaking; Summary of Petitions Received and Dispositions of Petitions Denied or Withdrawn

AGENCY: Federal Aviation
Administration (FAA), DOT.
ACTION: Notice of petitions for
rulemaking and of dispositions of
petitions denied or withdrawn.

SUMMARY: Pursuant to FAA's rulemaking provisions governing the application, processing, and disposition of petitions for rulemaking (14 CFR Part 11), this notice contains a summary of certain petitions requesting the initiation of rulemaking procedures for the amendment of specified provisions of the Federal Aviation Regulations and of denials or withdrawals of certain petitions previously received. The purpose of this notice is to improve the public's awareness of this aspect of FAA's regulatory activities. Neither publication of this notice nor the inclusion or omission of information in the summary is intended to affect the legal status of any petition or its final disposition.

DATE: Comments on petitions received must identify the petition docket number involved and be received on or before June 11, 1987.

ADDRESSES: Send comments on the petition in triplicate to: Federal Aviation Administration, Office of the Chief Counsel, Attn: Rules Docket (AGC-204), Petition Docket No. 25169, 800 Independence Avenue, SW., Washington, DC 20591.

FOR FURTHER INFORMATION CONTACT: The petition, any comments received, and a copy of any final disposition are filed in the assigned regulatory docket and are available for examination in the Rules Docket (AGC-204), Room 916, FAA Headquarters Building (FOB-10A), Federal Aviation Administration, 800 Independence Avenua SW., Washington, DC 20591 Relephone (202) 267-3132

This notice is published pursuant to paragraphs (b) and (f) of § 11.27 of Part 11 of the Federal Aviation Regulations (14 CFR Part 11).

issued in Washington, DC on March 9,

John H. Cassady,

Docket No.

25169

Assistant Chief Counsel, Regulations and Enforcement Division.

PETITIONS FOR FULEMAKING

Description of the per

certain applicable avies to

- 1		"-clarify and expend slightly
!	11000	the use of lateign repair sta-
- 1		tiens". Petitioner proposes
		to expand the authority of
- 1		foreign original acculament
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		them to perform mainte-
1		nence and preventive main-
		tenance on alroralt and atro-
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		production certificates, tech-
	-1	nical standard order authori-
1	,	zations, or FAA perts menu-
		facturer approvals.
		Regulations affected: 14 OFR
		. 145.71, 145.73, 121,361(b),
		43.3(h), 127.378(a),
		121.700(b) 145.15(c).
		145,17(b), 145,23, and Part
		187, Appendix A, peragraph
		(d).
	. ,	Petitioner's reason for rule: Pe-
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		ing is required to after or
		amend the prestone which
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		the existing segulations per-
]	taining to foreign repair sta- tions. Potitioner, states the
	Į.	37-year-old accept-of auditori-
		zation provisions applicable
		to foreign repair stations are
	•	out-of-date and need to be
		revised. Pethloner states ex-
	-	isting provisions of \$5 145.71
		and 145.73 would not permit
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[PR Doc. 67-5509 Piled 9-13-87; 646 am BILLING CODE 4100-18-M

14:CFR Part 39

[Docket No. 86-NM-209-AD]

Airworthiness Directives; British Aerospace Model BAC 1-11 200 and 400 Series Airplanes

AGENCY: Federal Aviation Administration (FAA), DOT.

ACTION: Notice of proposed rulemaking (NPRM).

SUMMARY: This notice proposes to adopt an airworthiness directive (AD) that would require structural inspections and repairs or replacement, as necessary, on high time British Aerospace Model BAC 1-11 200 and 400 series airplanes to assure continued airworthiness. Some British Aerospace Model BAC 1-11 200 and 400 series airplanes have exceeded the manufacturers' original fatigue design life goal. These older airplanes are the ones most likely to develop fatigue cracking. The manufacturer has completed a structural integrity audit to assess the continuing viability of the present structural inspection requirements in relation to the aircraft damage tolerance characteristics. Based on this audit, the manufacturer has identified certain structurally significant items which, if cracking does develop and is permitted to grow undetected, may result in the inability of the airplane structure to carry the required loads. This proposed AD defines structural inspection requirements for the identified items necessary to maintain the structural integrity of these airplanes.

DATE: Comments must be received no later than April 29, 1987.

ADDRESSES: Send comments on the proposal in duplicate to the Federal Aviation Administration, Northwest Mountain Region, Office of the Regional Counsel (Attention: ANM-103) Attention: Airworthiness Rules Docket No. 86-NM-209-AD, 17900 Pacific Highway South, C-68966, Seattle, Washington 98168. The applicable service information may be obtained. from British Aerospace, Inc., P.O. Box 17414, Dulles International Airport, Washington; DC 20041. This information may be examined at the FAA, Northwest Mountain Region, 17900 Pacific Highway South, Seattle, Washington, or the Seattle Aircraft Certification Office, 9010 East Marginal Way South, Seattle, Washington.

FOR FURTHER INFORMATION CONTACT: Ms. Judy Golder, Standardization Branch, ANM-113; telephone (206) 431-1967. Mailing address: FAA, Northwest Mountain Region, 17900 Pacific Highway

South, C-68966, Seattle, Washington 98168.

SUPPLEMENTARY INFORMATION

Comments Invited

Interested persons are invited to participate in the making of the proposed rule by submitting such written data, views, or arguments as they may desire. Communications should identify the regulatory docket number and be submitted in duplicate to the address specified above. All communications received on or before the closing date for comments specified above will be considered by the Administrator before taking action on the proposed rule. The proposals contained in this Notice may be changed in light of the comments received. All comments submitted will be available, both before and after the closing date for comments, in the Rules Docket for examination by interested persons. A report summarizing each FAA-public contact concerned with the substance of this proposal will be filed in the Rules Docket.

Availability of NPRM

Any person may obtain a copy of this Notice of Proposed Rulemaking (NPRM) by submitting a request to the FAA, Northwest Mountain Region, Office of the Regional Counsel (Attention: ANM-103), Attention: Airworthiness Rules Docket No. 86-NM-209-AD, 17900 Pacific Highway South, C-68966, Seattle, Washington 98168.

Background

The first British Aerospace Model BAC 1-11 200 and 400 series airplanes were introduced into airline service more than 20 years ago. To support maintenance planning, the manufacturer developed the Maintenance Planning Guide (MPG). Those parts of the structure which have so far exhibited inservice fatigue or corrosion damage are already covered by existing inspections published in the MPG. Operators have been informed of the location of these structural components either by service newsletters or by alert service bulletins. The MPG is revised periodically to reflect the latest production airplane configuration and fleet maintenance experience; the latest revision is No. 176. The MPG, however, is not directly applicable to, nor may it be said to be adequate for, an airplane that has been in service for any extended period of

A significant number of transport category airplanes, including the Model BAC 1-11, are approaching or have reached their design life goal. It is

DOT-FAA

Proposed Ruin 3

Timetable:

Action

Date

FR Cite

Next Action Undetermined

Small Entity: Yes

Agency Contact: Brent Fernald, Air Traffic Control Specialist, Department of Transportation, Federal Aviation Administration, 800 Independence Avenue, SW, Washington, DC 20591, 202 426-8626

F.IN: 2120-AB74

1736, PART 101 REVIEW PROGRAM

Significance: Nonsignificant

Legal Authority: Secs 307, 313(a), 402, 601, 602, 603, 902, 1110, 1302; 72 Stat 749; 49 USC 1348; 49 USC 1354; 49 USC 1372; 49 USC 1421; 49 USC 1442; 49 USC 1443; 49 USC 1472; 49 USC 1510; 49 USC 1522

CFR Citation: 14 CFR 101 Legal Deadline: twne

Abstract: This Review Program is intended to provide full public participation in matters concerning FAA evaluation of the operation of moored balloons, kites, unmanned reckets, unmanned free kalloons, and the possible inclusion of remotely piloted vehicle regulations. Pending completion of Regulatory Evaluation.

Timetable:

, ::::n	Date	FR Cite
NERM	00/00/00	

Small Entity: Yes

Additional Information: Part 91 revision also required to provide comprehensive treatment of manned balloon operations and to clarify the respective applicability and requirements of both parts 91 and 101 with respect to balloon operations.

Analysis: Regulatory Evaluation

Agency Contact: Brent Fernald, Air Traffic Control Specialist, Department of Transportation, Federal Aviation Administration, 800 Independence Avenue, SW, Washington, DC 20591, 202 426-8626

RIN: 2120-AD75

1737, ENGINE FUEL AND INDUCTION SYSTEMS

Significance: Nonsignificant

Legal Authority: 49 USC 1354 Federal Aviation Act of 1958, Sec. 313; 49 USC 1421

Federal Aviation Act of 1958, Sec. 601; 49 USC 1423 Federal Aviation Act of 1958, Sec. 603.

CFR Citation: 14 CFR 33

Legal Deadline: None
Abstract: This advance notice proposes
the addition of a new paragraph. FAR
Section 33.35(f), to incorporate

requirements for the fuel mixture to go to full-rich if a disconnect occurs in the mixture linkage.

Timetable:

Action Date FR Cite
ANPRM 02/28/86

Small Entity: No

Next Action Undetermined

Analysis: Regulatory Evaluation 02/00/86

Agency Contact: George Mulcahy, Aerospace Engineer, Department of Transportation, Federal Aviation Administration, Federal Aviation Administration, NE Region, 12 New England Executive Park, Burlington, MA 01803, 617 273-7077

RIN: 2120-AB76

1738, HELICOPTER INSTRUMENT FLIGHT

Significance: Nonsignificant

Legal Authority: 49 USC 1354 Federal Aviation Act of 1958, Sec. 313; 49 USC 1421 Federal Aviation Act of 1958, Sec. 601; 49 USC 1423 Federal Aviation Act of 1958, Sec. 603

CFR Citation: 14 CFR 27; 14 CFR 29

Legal Deadline: None

Abstract: This project proposes to revise Appendix B of Parts 27 and 29 to permit IFR operations at airspeeds below the normal minimum instrument airspeed during approach and landing.

Timetable:

Action Date FR Cite

Next Action Undetermined

Small Entity: No

Additional Information: The FAA has

determined that adoption of this proposal will not result in an economburden on the public. It is a relievary rule that removes a minimum speed limitation when certain optional performance standards are met.

Agency Contact: Jim S. Honaker. Department of Transportation, Feder J. Aviation Administration, P.O. box 317 Fort Worth, TX 76101, 817 877-2552

RIN: 2120-AB87

1739. EXPANSION OF APPLICABLY OF SECTION 43.17 TO INCLUDE A COUNTRY WITH APPROPRIATE BILATERAL AIRWORTHINESS AGREEMENT, INCLUDING MAINTENANCE

Significance: Nonsignificant

Legal Authority: 49 USC 1354; 49 1421; 49 USC 1422; 49 USC 1423; 43 USC 1424; 49 USC 1425; 49 USC 106(g)

CFR Citation: 14 CFR 43 Legal Deadline: None

Abstract: The proposed amendment would revise Section 43.17 to accept the completion of maintenance, alternation or modification of an alternation of an alternation of propeller, appliance, component, continued thereof, and for installation by a part authorized by the Civil Aviation Authority (CAA) of the foreign country having the Bilateral Airworthiness Agreement(BAA), which includes maintenance alternation, or modification with the U.S., and for the import of those items into the U.S. when such work is done in accordance with the

Timetable:

foreign country.

Action Date FR Cite

Schedule of Implementation Procedur -

fur the BAA between the U.S. and '

Next Action Undetermined

Small Entity: Undetermined

Analysis: Regulatory Evaluation 02/00.80

Agency Contact: Angelo Mastrullo, Department of Transportation, Federal Aviation Administration, 800 DOT-FAA

Proposed Rule S

Independence Ave., SW, Washington, D.C. 20591, 202 426-8203

RIN: 2120-AB89

1740, REVISED ONE-ENGINE-INOPERATIVE RATINGS FOR ROTOBCRAFT

Significance: Nonsignificant

Legal Authority: 49 USC 1354 Federal Aviation Act of 1958, Sec. 313; 49 USC 1421 Federal Aviation Act of 1958, Sec. 601; 49 USC 1423 federal Aviation Act of 1958, Sec. 603

CFR Citation: 14 CFR 27; 14 CFR 29; 14 CFR 33

Legal Deadline: None

Abstract: This project proposes to revise Parts 27, 29, and 33 to set forth qualifications and performance associated with optional 30-second/2-minute one-engine-inoperative (OEI) ratings for rotorcraft.

Timetable:

Action Date FR Cite

Next Action Undetermined

Small Entity: No

Analysis: Regulatory Evaluation 06/30/86

Agency Contact: Wilbur F. Wells, Department of Transportation, Federal Aviation Administration, P.O. Box 1689, Forth Worth, Texas 76101, 817 877-2551

FIN: 2120-AB90

1741, TURBINE BURST PROTECTION FOR TRANSPORT CATEGORY HELICOPTERS

Significance: Nonsignificant

Legal Authority: 49 USC 1354 Federal Aviation Act of 1958, Sec. 313; 49 USC 1421 Federal Aviation Act of 1958, Sec. 601; 49 USC 1423 Federal Aviation Act of 1958, Sec. 603

CFR Citation: 14 CFR 29

Legal Deadline: None

Abstract: The purpose of this project is a proposal to amend Part 29 to require design features or other provisions to minimize the hazards of failure of high speed rotors used in turbine engines in transport category helicopters.

Ti	n.	et	al	ы	e:

·	 				-
Action	Date		FR	Cite	
NPRM	 11/00/86	***			

Small Entity: No

Analysis: Regulatory Evaluation 05/20/86

Agency Contact: Wilbur F. Wells, Department of Transportation, Federal Aviation Administration, P.O. Box 1689, Fort Worth, Texas 76101, 817 877-2551

RIN: 2120-AB91

1742. ANTI-BLOCKING DEVICE

Significance: Nonsignificant

Legal Authority: 49 USC 1348(a); 49 USC 106(g) Revised Pub. L. 97-449, January 12, 1983; 14 CFR 11.45; 49 USC 1354(a)

CFR Citation: 14 CFR 91

Legal Deadline: None

Abstract: Mr. John G. Rutty submitted a petition for rulemaking seeking to amend the FAR to require antiblocking and stuck microphone (ABD) relief circuitry operatively associated with aircraft voice communications radios employed in certain high-density air traffic areas. Action Pending, Operational Evaluation.

Timetable:

Action Date FR Cite

Next Action Undetermined Small Entity: Undetermined

Agency Contact: Brent Fernald, Air Traffic Control Specialist, Department of Transportation, Federal Aviation Administration, 800 Independence Avenue, SW, Washington, DC 20591, 202 426-8626

RIN: 2120-AB92

1743. OFFSHORE AIRSPACE REVIEW

Significance: Nonsignificant

Legal Authority: 49 USC 1348(a) F.A. Act, Section 307(a); 49 USC 1354(a) F.A. Act, Section 313(a)

CFR Citation: 14 CFR 71; 14 CFR 75

Legal Deadline: None

Abstract: User organizations recommended under the National Airspace Review to simplify the classification of offshore airspace designations.

Timetable:

Action	Date		FR	Cite
ANPRM	07/29/85	50	FR	30798
ANPRM Comment	10/28/85	50	FR	30798
Period Fod				

Next Action Undetermined

Small Entity: No

Analysis: Regulatory Evaluation 07.

Agency Contact: William C. Davis A. Traffic Control Specialist, Departs of Transportation, Federal Aviation Administration, 800 Independence Avenue, SW, Washington, DC 20727, 202 426-8783

RIN: 2120-AB93

1744. AIRSPACE RECLASSIFICATION

Significance: Nonsignificant

Legal Authority: 49 USC 1348; 49 C. ... 1354; 14 CFR 11.45; 14 CFR 11.65

CFR Citation: 14 CFR 71; 14 CFR 7 14 CFR 75; 14 CFR 91; 14 CFR 103, 14 CFR 105; 14 CFR 1

Legal Deadline: None

Abstract: Users organizations recommended, under the National Airspace Review, to redesign the airspace system to a more simple system similar to the systems in in Canada and proposed under it... recommendations.

Timetable:

Action		Date	-	•		•
ANPRM .	. #	D2/05/85	50	FR	÷	~:
ANPRM Comment Period End		06,06/85	50	FR	:	·~ ÷
NPRM		05/07/86				

. Small Entity: Undetermined

Analysis: Regulatory Evaluation C.

Agency Contact William C. Davis . : Traffic Control Specialist, Department of Transportation, Federal Aviation, Administration, 800 Independence Avenue, SW, Washington, DC 20081, 202 426-8783

RIN: 2120-AB95

1745. O TERMINAL CONTROL AFRA (TCA) SAN DIEGO (MODIFICATIO

Significance: Nonsignificant

Legal Authority: 49 USC 1345(a), 1354(a); 49 USC 1510

CFR Citation: 49 CFR 71

Legal Deadline: None

Abstract: Terminal Control Areas (TCA) are proposed to reduce the midgir collision potential by eliminathe mix of controlled and uncontrolled.

THE "SAFETY" ISSUE

The FAA has decided that performance of aircraft maintenance and repair work outside the United States must be severely limited. Israel Aircraft Industries (IAI) and its civil aviation maintenance division, Bedek, are now prohibited from exporting U.S. registry engines and accessories for repair in Israel.

- IAI and Bedek easily meet -- and perhaps exceed -- the standards applied by the Federal Aviation Administration to United States-based maintenance and repair facilities. Yet, the FAA in effect says that unless work is done in the United States, it is unsafe.
- Under the new FAA interpretation of foreign repair station rules, Bedek is not permitted to repair Pratt & Whitney engines. At the same time, it manufactures components (machine parts) for the very same engines under a subcontract with Pratt & Whitney.
- IAI holds FAA aircraft type certificates for manufacture of its Astra and Westwind civil aviation aircraft. Despite the fact that IAI meets the more demanding technological standards for aircraft manufacture, it can not routinely export engines of U.S. registry Astra and Westwind aircraft for overhaul or repair.
- Under the new FAA interpretation, IAI is not permitted to repair civilian aircraft. At the same time, IAI manufactures the far more sophisticated Kfir and Lavi military aircraft, and provides Kfir fighters for the U.S. Navy fleet.
- Under FAA rules, IAI cannot export civilian aviation engines for overhaul in Israel. Yet, IAI has a contract with the United States Government to overhaul JT3D engines to be placed on the Air Force B-707 (KC 135) tanker aircraft.
- IAI performs maintenance on U.S. Coast Guard helicopters, engines, and aircraft, but the FAA--which like the Coast Guard is an arm of the U.S. Department of Transportation-effectively prohibits IAI from performing the same services for U.S. civil aircraft.

- The FAA rules are supposed to insure that adequately trained personnel service U.S. aircraft. Yet, IAI/Bedek currently employ 46 mechanics holding FAA Airframe and Powerplant licenses. If Bedek were located in the United States, it would unquestionably meet all of the FAA personnel and inspection criteria to receive the highest ratings in all domestic repair station categories.
- The FAA seems to believe U.S. facilities are better than any foreign repair station and therefore forbids IAI to provide equivalent services to civil aviation aircraft. Yet, in 33 years, Bedek has never had a certificate revoked or any serious complaint filed against it by any aeronautical authority.

Israel Aircraft Industries, with its Bedek Aviation Division, constitutes one of the most highly advanced aerospace facilities in the world. But for its geographic location, Bedek would without question meet or exceed the high standards set by the FAA for maintenance performed by domestic, i.e., United States-based, repair stations. Consequently, no legitimate safety concern could be raised about the adequacy of the repair services offered by Bedek Aviation.

TUESDAY, 3 FEBRUARY 1987
WALL STREET JOURNAL 3 FEBRUARY 1987

WASHINGTON TIMES 3 FEBRUARY '87 P.4D

Rockets slam into air base

FROM COMBINED DISPATCHES

ISLAMABAD, Pakistan - Seven Soviet and Afghan government warplanes were destroyed when Afghan guerrillas blasted a military air base with hundreds of rockets Friday night, the Afghan resistance announced yesterday.

Mujahideen spokesmen here said 220 107mm rockets were fired into the Kanahar base in southwestern Afghanistan on Friday night, starting fires that were still burning the next day.

The attack was the biggest claimed by guerrillas since the Kabul government began its unilateral cease-fire Jan. 15. Guerrilla leaders rejected the cease-fire offer as a trick and ordered their forces to step up operations in Afghanistan.

Two ammunition depots and two oil depots were set ablaze in the attack, the officials added. Several explosions shook the base, but no infor- |people. mation had been received on any casualties, they said.

tack on the air base in an unusual stopped and searched private cars display of unity, the officials said. and taxis and questioned their occu-The seven main guerrilla factions of- pants. Cars driving up to official ten prefer to operate separately be- buildings were also carefully scruticause of internal differences.

In Kabul, Soviet and Afghan gova car bomb close to the Indian Em- was given by official Kabul Radio. bassy Sunday, killing at least four

Israel Seeks to Obtain the Kind of Financial Aid That NATO Members Get From U.S. Government

By ROBERT S. GREENBERGER

Staff Reporter of THE WALL STREET JOURNAL

WASHINGTON-Most U.S. allies envy the special relationship Israel enjoys with its American benefactor. So why would Israel take what looks like a step backward by campaigning for equal treatment with the other allies?

The reason is that with normal foreign aid in tight supply, Israel has designs on a category of benefits usually reserved for U.S. allies in the North Atlantic Treaty Organization. These benefits, which translate into hundreds of millions of dollars, include having the U.S. pay about one-quarter of the construction costs of air bases in certain NATO countries and being eligible to bid on maintenance work for certain U.S. aircraft based in Europe.

Israel's share of U.S. foreign aid doled out by the State Department has leveled off at \$3 billion a year-more than the U.S. gives any other nation-with no increases in sight. So Israel's supporters have come up with a new legislative strategy that reaches into the deep pockets of the Defense Department.

Their campaign, is dubbed "equal treatment," and here's their sales pitch: Israel, which doesn't have a mutual defense treaty with the U.S., is America's most re-

liable ally in the turbulent Middle East. It is in America's interest to keep Israel strong. Unlike its Arab neighbors, Israel is unabashedly pro-American and militarily capable of protecting its-and the U.S.'sinterests in the region. So why not reshuffle the deck and make Israel eligible to share in the special benefits that NATO and other treaty allies enjoy?

'This just gives Israel equal treatment. What we're talking about is including Israel on a larger list of countries," says Rep. Larry Smith (D., Fla.), a strong supporter of Israel. This won't cost taxpayers any additional money, he asserts.

But critics contend that this modest beginning could turn into a gusher for the Israelis, eventually leading to competition with U.S. defense contractors. "Here we have a small, relatively minor country, not involved in the protection of Europe or other formal joint military undertakings with the United States, trying to find ways to finance its cash-short economy, and leaving in the end disgruntled defense manufacturers here," charges David Sadd, executive director of the National Association of Arab Americans. His pro-Arab group frequently opposes legislation to aid

Legislative Foundation

The legislative foundation took shape last fall, when several amendments were slipped quietly into the mammoth defense authorization bill by a handful of lawmakers involved in national security issues. As required by the legislation, the defense secretary has sent Congress a list of countries that will be designated "major non-NATO allies." Along with Israel, the list includes Egypt, South Korea, Japan and Australia. The bill then authorizes them to receive certain benefits similar to those now available only to NATO members, including participation in a \$40 million cooperative research and development fund and prospects for joint military projects with the U.S.

Offering these benefits to a number of non-NATO nations provides perfect protective cover for pro-Israel lobbyists. It permits Israel to maintain a lower profile at a time when its supporters are somewhat concerned about Israel's role in the Iran-Contra affair. It also won the cooperation of the Pentagon, which expects to benefit from joint high-technology projects with Japan.

It's clear, though, that some parts of the program are tailor-made for Israel. One section of the bill, for example, sets aside funds to test non-U.S. weapons systems for possible use in the U.S. arsenal. The report that accompanied the House bill actually names six specific Israeli weapons systems for the program; the final bill dropped the list, but a pro-Israel lobbyist says he expects Senate staff members to be "guided" by the House language.

Making Some Waves

As a result, despite its low profile, the ISRAEL ... Pg. 14

Military checkpoints, which had been removed as part of the govern-Fighters from several guerrilla ment's peace drive last month, regroups combined to mount the at-appeared. Guards manning them nized by guards.

Diplomatic sources said no Indian ernment security forces erected Embassy staff had been seriously more roadblocks as they continued hurt by the blast. The figure of four to hunt the attackers who detonated dead - apparently all Afghans -

Officials said they had not iden- their own future.

tified the culprits. Previous explosions in Kabul have generally been attributed to the mujahideen.

Afghan leader Najibullah said Sunday the bombing was clearly intended to disrupt the national reconciliation policy launched by the government to try to end the country's 8-year-old civil war.

Guerrilla leaders have said their forces will continue fighting until the Soviet-backed government is toppled, the estimated 115,000 Soviet in Afghanistan leave, and the Afghan people are allowed to decide

'STAR WARS' ... from Pg. 12

wars" to Europe and Japan by promising economic benefits to participating industries. The administration's strategy is to create an "off-shore constituency," leapfrogging over US opposition to "star wars," much as President Reagan's 1973 and nouncement leapfrogged the then-vigorous movement to freeze offensive missiles.

European peace organizers see "star wars" as primarily an American problem. Culturally they regard it as epitomizing the American longing for technical solutions to political problems, as well as a reflection of the isolationist impulse to withdraw. and hide, in Castellina's words, "under a-turtle's

Europeans also see "star wars" as mainly a problem for US taxpayers, which should make it a more pressing issue on the western side of the At-

Yet Genevieve Schneider, a French economist; stressed that huge US deficits, accentuated by military spending, are upsetting the world economic

The Reagan administration has pitched "star! and thus threatening Europe as well as the United

Across widely differing national perspectives: there was apparent unanimity that opposition, to-'star wars' cannot be the main issue around. which to base a new European peace campaign although it may play an important part. European governments, as well as activists, are concerned about preserving and strengthening existing US-Soviet arms-control treaties, which are threatened! by administration intentions to develop and testspace weapons.

Under raw, gray skies the canal boats of this old trading city churned through ice floes, left after, the frigid days of mid-January. Meanwhile the politics of regenerating a "Europeanist" peace movement bridging perspectives of varied peoples from the Mediterranean to the Arctic Ocean seemed as difficult to map as Amsterdam's cobbled streets and curved canals.

Randolph Ryan is a member of the Globe staff.

13

ISRAEL...from Pg. 1 equal treatment" campaign is beginning to make some waves. A former Defense Department official complains that the comparison between Israel and NATO nations is a bogus one. He notes that NATO countries are pledged to go to war if one member is attacked; Israel has no such commitment. Some NATO nations that take domestic political heat by having U.S. nuclear-tipped missiles installed on their soil are beginning to ask Pentagon officials why they have to share the benefits of NATO membership with Israel, which doesn't share their treaty obligation.

Moreover, Israel already gets unusual special treatment from the U.S. All of its \$3 billion a year in foreign aid is in grants that don't have to be repaid. And when the, Jewish state experienced severe economic problems several years ago, the U.S. gave Israel an additional \$1.5 billion in emer-

gency grants.

Even some of Israel's strongest domestic supporters worry that the drive for "equal treatment" is headed toward a formal alliance and negative consequences for Israel. The pro-Israel Jewish Institute for National Security Affairs says that "an alliance would complicate the delicate nonrelations Israel has with the Soviet Union. Israel avoids, wherever possible, directly antagonizing the Soviets for fear of increasing the persecution directed at Soviet Jews.

Nevertheless, the drive to give Israel NATO-like status is taking root in a variety of ways. During a visit last year, Shimon Peres, then Israel's prime minister, discussed the subject privately with President Reagan at the White House, according to pro-Israel sources. And, at a meeting last fall, senior U.S. and Israeli officials quietly removed some obstacles blocking Israel from competing with NATO nations to perform maintenance and repair work on F-15 and F-16 jet fighters based in Europe.

With the legislative base in place, Israel's supporters have already set their sights on other benefits received by NATO and certain other treaty allies. At a private meeting between U.S. and Israeli senior military officials last fall, for instance, Israel agreed to restrain itself for one year from seeking an exemption from paying certain research and development charges that frequently are added to the cost of U.S. weapons. Such exemptions for other U.S. allies have totaled about \$2 billion during the Reagan presidency, according to a former U.S. official. He notes pointedly that Israel's agreement not to seek the exemption is only for a year.

Other possible targets include payments the U.S. now makes to some allies, such as underwriting 27% of the cost of constructing air bases for the Turkish air force, and the right to lease, rather than purchase, certain American military equipment. A leasing arrangement would reduce the cash-flow pressure on Israel.

For now, though, Israel's supporterslawmakers and lobbyists-have adopted a low-key approach in pushing the new strategy, preferring to work quietly with a small number of influential legislators and Reagan administration officials rather than launch an aggressive, public campaign. "It's a modest beginning," says an Israeli diplomat,

PLAN...from Pg.

Marine Forces Atlantic, to head the new command, sources said.

Plans to improve the special forces were drawn up after the failed mission to rescue hostages in Iran, sources said. Poor communications between the various branches of the armed services during the 1983 invasion of Grenada further underlined the need for better coordination of the special forces.

The sources said expenditure for the new command was expected to peak at \$2.5 billion in fiscal 1988 and then decline. Current outlay is \$1.6

billion.

"We literally had to start from scratch," one source said. "Had the forces not been in such a state of neglect, the Iran rescue attempt may have been more successful."

Congress directed the armed services last October to set up the new command in an effort to enhance U.S. ability to confront terrorism.

Up to two platoons of SEALS and several hundred members of the amphibious Marine Unit Special Operations Capable have been deployed aboard two U.S. naval battle groups in the Mediterranean. Defense sources described their deployment as "routine," but said they had been trained to rescue hostages.

The Reagan administration has responded to the latest wave of kidnappings in Beirut by ordering the 12-ship battle group headed by the carrier John F. Kennedy to remain in the Mediterranean indefinitely in addition to the 10-ship group led by the Nimitz.

Pentagon officials said yesterday that U.S. naval vessels had moved closer to Lebanon.

"We've got worldwide requirements and therefore must have a worldwide force strategy," one source said. "Over the past six years we have been investing to get these forces into a better state of health."

Training for the special forces emphasizes not only counterterrorism

RECORD...fm Pg.

The Sims analysis quotes Mr. Karpov's remarks on the use of the term 'currently" to suggest that this was the Soviet view as well.

The Administration has offered a different interpretation of the provision. It says that Article II should be taken to mean that the treaty limits the testing and development only of the type of defensive systems that existed at the time the treaty was signed.

Referring to Article II, Mr. Sofaer told Congress that the Russians "specifically sought to prevent broad definitions" of defensive systems that would include future systems, such as lasers. He has also maintained that the negotiating record shows that American negotiators "acceeded to their wishes," a point that is disputed by former negotiators, including Mr. Garth-off and John B. Rhinelander, who was legal adviser to the American delegation on the treaty.

and counterinsurgency tactics but also area and language studies. The special forces are helped by a psychological warfare and civil affairs

At Fort Bragg, the special forces unit will focus on Latin America, at Fort Lewis in Washington state the emphasis is on the Pacific region, and at Fort Devens, Mass., the emphasis is on Western Europe.

A fourth group, yet to be assigned a base, specializes in the Persian Gulf area. A fifth group is planned for possible operations in North Africa. Procurement for the special forces is in full swing. The Air Force has ordered 22 MC-130 low-infiltra tion planes to bolster its existing stock of 12. The \$65 million plane is designed to fly at an altitude of 500 feet in zero visibility.

The Air Force is upgrading most of its 42 HH-53 "Pave" low-flying helicopters at a cost of \$5 million each to provide a similar capability.

NEUTRALITY .. fm Pg.

Affirming Policies

In affirming these positions, Mr Baker would thus reassert policies that the Iran arms affair put in question "We'd like to have them believe us again," said James Akins, a former United States Ambassador to Saudi Arabia.

Formally, Mr. Baker is going to Saudi Arabia for a meeting of the United States-Saudi Arabia Joint Commission on Economic Cooperation, a 13-year-old organization through which the Treasury helps foster Saudi Arabia's economic development.

The issue of oil may not prove as troublesome as it did during Vice President Bush's visit here last April. Mr. Bush angered Congress with remarks that the Administration said were misinterpreted, suggesting that Saudi Arabia raise oil prices. Since then, oil prices have recovered

markedly to about \$18 a barrel from the \$10 level that prevailed during Mr. Bush's trip. Last December the 13-member Organization of Petroleum Exporting Countries agreed to fix production to maintain the \$18 price.

Administration officials here said

Mr. Baker wants to talk with the Saudi Planning and Petroleum Minister. Hisham Nazir, about his visit lasi month to the Soviet Union.

The Soviet Union is largest oil producer in the world, although Saudi Arabla is the largest exporter, and Saudi officials said Mr. Nazir had sought as surances from Moscow that it would not attempt to force the OPEC price

down by raising production.

The American official said the Administration was comfortable with the current, relatively stable state of the oil market. He said Mr. Baker would not seek a particular oil price, although the Administration has often said it is content with the current level of about

\$18.
"We want the market to set oil prices," the official said. At the same time, he said, both the Administration and Saudi Arabia want stable prices.

"Stability means the absence of volatility," he said. "It doesn't mean any particular price."

Strateur Corp

I. COOPERATIVE R&D MAJOR NON-NATO ALLY

SUBJECT -- Authorizes and funds cooperative research and development projects at a first time level of \$40 million. Creates a new category of nations to be known as "Major Non-NATO Allies and other friendly countries."

LEGISLATION -- Sec. 1105, S. 2638, Defense Authorization Bill FY 87.

SPONSORS -- Sens. Nunn and Warner

COMMENTS -- The amendment does not specify which countries are Major Non-NATO Allies; that will be done by the Secretary of Defense with the concurrance of the Secretary of State. The result is that Israel could be afforded the same status as NATO members in participating in cooperative R&D defense projects.

STATUS -- Adopted in the conference with minor amendments. Senators Warner and Nunn, Representatives Fascell and Broomfield played the key roles in conference on this section.

POLITICS AND POLICY

Stratell (" end - but USO Forust

ael Seeks to Obtain the Kind of Financial Aid hat NATO Members Get From U.S. Government

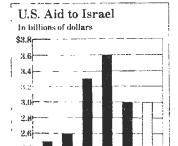
By Robert S. Greenberger

Reportered The Wall Struct Jones N. VASHINGTON – Most U.S. allies envy special relationship Israel enjoys with American benefactor. So why would Isel take what looks like a step backward campaigning for equal treatment with other allies?

The reason is that with normal foreign tin ight supply, Israel has designs on ategory of benefits usually reserved for S. alies in the North Atlantic Treaty Orization. These benefits, which translate anadreds of millions of dollars, including the right (C.S. pay about one-quarter of onstruction costs of air bases in certa NATO countries and being eligible to An inauntenance work for certain U.S. raft based in Europe.

israet's share of U.S. foreign and doled t by the State Department has leveled t at \$3 billion a year-more than the U.S. es any other nation—with no increases sight. So Israet's supporters have come with a new legislative strategy that aches into the deep pockets of the Dever Characterist.

ise Department.
Their campaign, is dubbed "equal treat-ient." and here's their sales pitch: Is-el, which doesn't have a mutual defense eaty with the U.S., is America's most reable ally in the turbulent Middle East. It's in America's interest to keep Israel



'Includes \$950 million in repayable loans Includes \$850 million in repayable loans Includes emergency \$750 million aid grant 'Recinesi

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strong. Unlike its Arab neighbors, Israel is unabashedly pro-American and militarily capable of protecting its—and the U.S.'s—interests in the region. So why not reshuffle the deck and make Israel eligible to share in the special benefits that NATO and other treaty allies enjoy?

"This just gives Israel equal treatment. What we're talking about is including Israel on a larger list of countries," says Rep. Larry Smith (D., Fla.), a strong sup-

porter of Israel. This won't cost taxpayers any additional money, he asserts.

But critics contend that this modest beginning could turn into a gusher for the Israelis, eventually leading to competition with U.S. defense contractors. "Here we have a small, relatively minor country, not involved in the protection of Europe or other formal joint military undertakings with the United States, trying to find ways to finance its cash-short economy, and leaving in the end disgruntled defense manufacturers here," charges David Sadd, executive director of the National Association of Arab Americans. His pro-Arab group frequently opposes legislation to aid Israel.

Legislative Foundation

The legislative foundation took shape last fall, when several amendments were slipped quietly into the mammoth defense authorization bill by a handful of law-makers involved in national security issues. As required by the legislation, the defense secretary has sent Congress a list of countries that will be designated "major non-NATO allies." Along with Israel, the list includes Egypt, South Korea, Japan and Australia. The bill then authorizes them to receive certain benefits similar to those now available only to NATO members, including participation in a \$40 million cooperative research and development fund—and prospects for joint military projects with the U.S.

Offering these benefits to a number of non-NATO nations provides perfect protective cover for pro-Israel lobbyists. It permits Israel to maintain a lower profile at a time when its supporters are somewhat concerned about Israel's role in the Iran-Contra affair. It also won the cooperation of the Pentagon, which expects to benefit from joint high-technology projects with Japan.

It's clear, though, that some parts of the program are tailor-made for Israel. One section of the bill, for example, sets aside funds to test non-U.S. weapons systems for possible use in the U.S. arsenal. The report that accompanied the House bill actually names six specific Israeli weapons systems for the program; the final bill dropped the list, but a pro-Israel lobbyist says he expects Senate staff members to be "guided" by the House language.

Making Some Waves

As a result, despite its low profile, the "equal treatment" campaign is beginning to make some waves. A former Defense Department official complains that the comparison between Israel and NATO nations is a bogus one. He notes that NATO countries are pledged to go to war if one member is attacked; Israel has no such commitment. Some NATO nations that

take domestic political heat by having U.S. nuclear-tipped missiles installed on their soil are beginning to ask Pentagon officials why they have to share the benefits of NATO membership with Israel, which doesn't share their treaty obligation.

Moreover, Israel already gets unusual special treatment from the U.S. All of its \$3 billion a year in foreign aid is in grants that don't have to be repaid. And when the Jewish state experienced severe economic problems several years ago, the U.S. gave Israel an additional \$1.5 billion in emergency grants.

Even some of Israel's strongest domestic supporters worry that the drive for "equal treatment" is headed toward a formal alliance and negative consequences for Israel. The pro-Israel Jewish Institute for National Security Affairs says that "an alliance would complicate the delicate non-relations Israel has with the Soviet Union. Israel avoids, wherever possible, directly antagonizing the Soviets for fear of increasing the persecution directed at Soviet Jews."

Drive Taking Root

Nevertheless, the drive to give Israel NATO-like status is taking root in a variety of ways. During a visit last year, Shimon Peres, then Israel's prime minister, discussed the subject privately with President Reagan at the White House, according to pro-Israel sources. And, at a meeting last fall, senior U.S. and Israeli officials quietly removed some obstacles blocking Israel from competing with NATO nations to perform maintenance and repair work on F-15 and F-16 jet fighters based in Europe.

With the legislative base in place, Israel's supporters have already set their sights on other benefits received by NATO and certain other treaty allies. At a private meeting between U.S. and Israeli senior military officials last fall, for instance, Israel agreed to restrain itself for one year from seeking an exemption from paying certain research and development charges that frequently are added to the cost of U.S. weapons. Such exemptions for other U.S. allies have totaled about \$2 billion during the Reagan presidency, according to a former U.S. official. He notes pointedly that Israel's agreement not to seek the exemption is only for a year.

Other possible targets include payments the U.S. now makes to some allies, such as underwriting 27% of the cost of constructing air bases for the Turkish air force, and the right to lease, rather than purchase, certain American military equipment. A leasing arrangement would reduce the cash-flow pressure on Israel.

For now, though, Israel's supporters—lawmakers and lobbyists—have adopted a low-key approach in pushing the new strategy, preferring to work quietly with a small number of influential legislators and Reagan administration officials rather than launch an aggressive, public campaign. "It's a modest beginning," says an Israeli diplomat.

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Reagan to Name Robert Gates to Succeed CIA Chief Casey as Top Intelligence Aide

By John Walcott

HReporter of the Wall Stock Jones of WASHINGTON—President Reagon will mante Robert Gates, a career intelligence to analyst, to succeed William Casey director of central intelligence, the late House amounced.

White House spokesman Marlin Fitzer said Mr. Casey, who is 73 years old ad was operated on Dec. 18 for the reloval of a cancerous brain tumor, stepped own voluntarily because he realized he heldn't soon be able to return to his post 5 the nation's top intelligence officer. Tresident Reagan accepted the resignation

Mr. Casey, a longtime personal friend, with reluctance and deep regret," Mr. itzwater told reporters.

As director of central intelligence, Mr. sates will in effect hold two jobs—one as ead of the Central

eat of the Central delligence Agency and another as the ation's top intellience officer coordiating the activities, udgets and prodts of all U.S. intel-""encles—in-



is likely to be rebuilding the agency's relations with Congress, which were strained during Mr. Casey's six-year tenure. Law-makers were upset by revelations that under Mr. Casey the CIA had neglected to inform Congress of such covert actions as the mining of Nicaraguan harbors, the commissioning of a guerrilla manual for the Contras, and the administration's secret arms sales to Iran.

"Mr. Gates and I have discussed our common goal of making sure that the intelligence committee and the agency will be able to share information and ideas on a completely candid basis," said Sen. David Boren (D., Okla.), chairman of the Senate Intelligence Committee, in a statement. "The establishment of mutual trust between the agency and the intelligence oversight committee will be of great benefit to the committee, the intelligence community and the country."

Lawmakers also have questioned Mr. Casey's involvement in the reported funneling of profits from the administration's

ran arms sales to the Contras. He
'nd knowing about such diversion
torney General Edwin Meese dislast November. But a report by
ate Intelligence Committee said

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POLICY FOCUS

NEWSLETTER OF THE WASHINGTON INSTITUTE FOR NEAR EAST POLICY ISSUE NUMBER THREE SEPTEMBER 1986

U.S.-Israel Strategic Cooperation



Defense Minister Yitzhak Rabin addresses opening session of The Washington Institute's Conference on Strategy and Defense in the Eastern Mediterranean.

Israeli Defense Minister Yitzhak Rabin has confirmed for the first time that strategic cooperation with the United States involves cooperation between the two countries' special anti-terrorist forces.

In the opening address of The Washington Institute's Conference on Strategy and Defense in the Eastern Mediterranean, Rabin praised President Reagan's 1983 decision to hold "joint military exercises in sea, on land, in air and between the special forces that have to deal with terrorist acts."

Rabin also disclosed new information regarding U.S.-Israel cooperation to defuse the 1970 Jordan crisis, defined the limits of acceptable military coordination between the two countries and emphasized the role strategic cooperation plays in the Middle East peace process.

In a wide-ranging survey of the history of the U.S.-Israel strategic relationship, Rabin expressed satisfaction with the pace of growth in bilateral cooperation and said that both countries were working to avoid "one side committing itself to the other in a way that constrains it in the future."

Rabin said that cooperation between the two states first emerged after the 1967 Six Day War. At that time, the United States and Israel reached an agreement to oppose any territorial withdrawal that did not correspond to a political settlement of the Arab-Israeli conflict.

"Never since 1967 has any administration, Republican or Democrat, asked Israel to give one inch up for nothing," he said. "If our two countries continue to stick to this strategy, not to budge one inch without a political solution...then we will not only achieve peace with Egypt—there is hope to achieve even more than that."

Bilateral military cooperation was first undertaken in 1970, when Washington, acting at King Hussein's request, asked Jerusalem for assistance in preventing a Syrian invasion of his kingdom. Rabin detailed how a U.S. Navy plane carrying squadron leaders from the Sixth Fleet flew to Tel Aviv to coordinate military plans with the Israelis. Knowing that the Soviets would be monitoring such air travel, the flight—together with other Israeli and American maneuvers

Soviets and their Syrian allies that the United States and Israel would not accept the overthrow of the moderate Jordanian regime. In the end, the Syrians backed down.

This successful military coordination in 1970, however, was followed by a U.S.-Israeli failure in Lebanon in 1982. "If the purpose of our joint efforts could be defined in terms of the [May 17] peace treaty, then our efforts failed," Rabin said. "The treaty remained a dead paper and nothing positive resulted from that effort at coordination."

According to Rabin, the fundamental difference between 1970 and 1982 was the strength and stability of the Arab partner. "Jordan was a success, because the Arab element was viable and reliable; in Lebanon, the Arab element was unreliable and was clearly unable to perform its part, regardless of Israeli-American assistance," he said.

As a result, Rabin defined a legitimate goal of military cooperation as the "support [of] a viable Arab regime [against] subversive elements supported by a radical Arab country backed by the Soviet Union." Given Israel's military capabilities, it is better equipped than America to act quickly to protect friendly states in the region, he said.

See Rabin on page 6

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Chronology of Strategic Cooperation

1983

October 29: President Reagan signs National Security Decision Directive (NSDD) 111, calling for closer strategic cooperation with Israel. (New York Times Magazine, November 27, 1983.)

November 29: At the conclusion of meetings with Israeli Prime Minister Yitzhak Shamir, President Reagan outlines the agreed scope of U.S.-Israel strategic cooperation in a formal announcement on the White House lawn.

We have agreed on the need to increase our cooperation in areas where our interest coincide, especially in the political-military arena. I am pleased to announce that we have agreed to establish a Joint Political-Military Group to examine ways in which we can enhance U.S.-Israel cooperation. This group will give priority to the threats to our mutual interests posed by increased Soviet involvement in the Middle East. Among the specific areas to be considered are combined planning, joint exercises, and requirements for prepositioning of U.S. equipment in Is-

The two leaders also agreed that the U.S. would use Israeli facilities for emergency medical treatment and evacuation in case of U.S. involvement in hostilities in the region. (New York Times, November 30, 1983.)

1984

January: JPMG meets for the first time in Washington. Leading the respective delegations were Admiral Jonathan Howe, Director of the Bureau of Politico-Military Affairs in the State Department, and Major General Menachem Meron, Director General of the Israeli Ministry of Defense. (New York Times, January 15, 1984.)

The JPMG has met twice a year since then, alternating between Israel and Washington.

January-April: Three American naval vessels make port calls at Haifa: the battleship USS New Jersey, the amphibious transport dock USS Trenton, and the helicopter carrier USS Guam. (Jerusalem Post International Edition, May 6-13, 1984.)

Since then, the U.S. Navy has made regular port calls at Haifa.

June: First joint emergency medical evacuation exercise conducted by the U.S. Sixth Fleet and Israel Defense Forces (IDF) using Jerusalem's Hadassah Hospital, Tel Aviv's Sheba Hospital and Beersheba's Soroka Hospital. (New York Times, June 22, 1984; Jerusalem Post International Edition, June 24-August 1, 1984.)

August: U.S. announces agreement with Israel to lease 12 Israeli Kfir C-1 aircraft to be used to simulate Soviet MiGs in flight training. (AP, August 31, 1984.)

December 11: U.S. and Israel conduct joint anti-submarine warfare (ASW) maneuvers in the Eastern Mediterranean. (Washington Post, Dec. 12, 1984.)

1985

January 7: Israel agrees to open negotiations for the installation of transmitters to beam Voice of America radio programming into the Eastern Bloc. (New York Times, January 8, 1985.)

November: U.S. and Israel conduct joint medical exercises. (Jerusalem Domestic Service in English, November 6, 1985.)

1986

January 6: U.S. announces purchase of Israeli-made RPVs, pilotless reconnaissance aircraft. (UPI, January 6, 1986.)

February: Newsweek reports U.S. Sixth Fleet fighter pilots have been practicing precision attacks at a site in the Negev desert since at least late 1985. (Newsweek, February 10, 1986.)

May: Israel becomes the third nation, after Great Britain and West Germany, to enter into the research and development programs of President Reagan's Strategic Defense Initiative. Israeli companies specializing in lasers, railguns and holography are expected to make a significant contribution to the research effort. (Washington Post, May 5, 1986.)

July 9: Minister of Defense Yitzhak Rabin discloses that U.S.-Israeli military cooperation has included cooperation between special anti-terrorist forces. (Washington Institute for Near East Policy's Jerusalem Conference on Strategy and Defense in the Eastern Mediterranean, July 9, 1986.)

Israeli newspaper Davar reports that the 1987 U.S. Military Construction Bill authorizes approximately \$70 million for prepositioning war materiel in Israel for use by U.S. armed forces in times of crisis. (Davar, July 9, 1986.)

July 30: Vice President George Bush, on a visit to Jerusalem, initials agreement to build Voice of America transmitter in Israel. (New York Times, July 31, 1986.)

August: U.S. agrees to lease a second batch of 12 Kfir C-1 aircraft. (*Jerusalem Post International Edition*, August 16, 1986.)

-Prepared by Bart Aronson

Editor's Note

This issue of **Policy Focus** presents the highlights of The Washington Institute's Conference on Strategy and Defense in the Eastern Mediterranean, held in Jerusalem, July 9-11, 1986.

More than fifty American and Israeli policymakers, journalists and military analysts attended the conference, which was the first academic gathering to examine the development of U.S.-Israel strategic cooperation and the role that relationship plays in both regional and strategic deterrence. The conference itself was hosted jointly by the Institute and the Israeli Military Correspondents Association, chaired by Hirsh Goodman.

For three days prior to the conference, 11 American national security correspondents and strategic studies experts toured Israeli military installations and received briefings from Israel's military and political leadership.

-Robert Satloff



Meron: Starting with the Details

Continued from page 5

Lebanese episode, with all that it encompassed. Part of that experience was the realization that even a superpower—or, perhaps, especially a superpower—can face deficiencies when confronted with a local problem, and also, that local powers can, in some cases, possess inherent advantages over a superpower.

Second, the American conception of strategic cooperation was affected by the disappointment that many felt regarding the performance of some moderate Arab countries. During the discussions to solve the Lebanese crisis, those countries failed to deliver what was expected of them, maybe even what they had promised to deliver. As a result, American sensitivity to Arab reaction to enhanced strategic cooperation with Israel shrank.

After the decision to form the Joint Political-Military Group, I headed the

was their presentation deep and practical, but it was much deeper and more practical than what we ever considered presenting. It reflected the lessons learned from the failed first agreement.

That sense of sincerity and pragmatism has continued for two-and-a-half years, and I thank God that the contents are not published. Both the Americans and the Israelis successfully persuaded their respective political masters that strategic cooperation is not a political weapon and that the contents of the discussions must be kept confidential.

The lesson to be drawn from the great change in outlook toward strategic cooperation from 1981 to 1983 is that our original position was vindicated. All that time we were trying to persuade our American friends that cooperation with a country like Israel is beneficial to

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'We have implemented elements of cooperation simultaneously with Arab states and with Israel with remarkably little static.'

-Sam Lewis

Israeli team. From the very beginning, we were suspicious that the fate of the second MOU would be similar to the first one. Therefore, the very first decision we made was that we were not going to take the lead during the meetings. We decided to wait and see what the American side would present. Both sides agreed at that time to keep everything secret. The only way to carry on substantive negotiations is to be free of the concern of how it will look tomorrow morning on the front page of the two "Posts"—the Washington Post and the Jerusalem Post.

In my opening remarks to the JPMG, I stressed the fact that Israel was willing to cooperate with the United States on strategic matters and that efforts at cooperation should only concentrate on subjects perceived by both sides to be of common interest.

Although we Israelis had become masters at surprising others, this time the American side surprised us. Not only deterrence and that such a relationship does not run counter to American strategic interests in the region. In fact, cooperation between our two countries did not raise major opposition from among the United States' other friends in the Middle East.

One of the cornerstones of the second go-around was the understanding that we would not start from a comprehensive agreement on strategic cooperation. This time we decided to start from the other end—the details. Our aim was to determine what was feasible and work towards the time at which a formal agreement would be necessary. Only at that point, we would know exactly what that agreement would contain. That is how we did it, and that is the way that I think it should be done.

Major General Menachem Meron served as Director-General of the Ministry of Defense from 1983 to 1986.



Shimon Peres: Creating a Climate for Peace

Israeli Prime Minister Shimon Peres' strategy for building a "climate for peace" ranges from settling the Taba dispute with Egypt to offering Jordan options for building its influence on the West Bank.

Speaking at the close of the Conference on Strategy and Defense, Peres expressed his hope: "If we can collect the goodwill and the different opportunities, one morning we may have a visitor to Jerusalem or somebody from Jerusalem visiting Amman."

Peres emphasized the need to explore every avenue for reducing regional tensions and bolstering the influence of Arab moderates. Without progress toward the steps he outlined, Peres said that "peace will die."

Peres' first priority was improving relations with Egypt beyond the expected agreement over Taba. "The problem is not Taba; the problem is the overall relations between Egypt and ourselves," Peres said. He hopes that "added dimensions of relations" can be implemented after Taba is solved and the Egyptian ambassador returns to Israel.

Second, Peres urged a policy of opening up options to the Jordanians along a wide spectrum of issues. By freezing Jewish settlements on the West Bank, providing opportunities for economic development and appointing local Palestinians to municipal posts, Peres hopes to complement what he views as King Hussein's goal of expanding Jordanian influence in the territories.

"I believe the policies of King Hussein today are to limit the influence of the PLO in Jordan, to enlarge the influence of Jordan in the West Bank and Gaza, to have the PLO as a partner but to see a change in the leadership of the PLO so that it can accommodate them with an agreement," Peres said. "What we can do is not mix in, but really to permit those options to take their actual course."

Turning to the northern border, Peres highlighted Israel's goal of further withdrawal from Lebanese affairs and hinted at a possible agreement with Syria that ensured the security of southern Lebanon. "We are looking for every given opportunity to see if we can reach, under almost any possible circumstances, an ongoing relationship which will not call for our presence or intervention in the

midst of their life," he said.

Lastly, Peres urged the adoption of a regional economic recovery program to protect against the radicalism that could befall moderate Arab regimes facing recession and massive unemployment. "When you look at the economies of Egypt, Jordan, the West Bank and Gaza, they are nearing a dramatic situation," he said. Peres' plan would specifically target Egypt, the Arab cornerstone to Middle East peace.

"It is our own interests to see a stable Egypt, which is able to meet its own challenges, not an Egypt that falls down under the bitterness of economic failure and opens its doors and avenues to fundamentalists and extremists," Peres said.

Though he did not expect any dramatic breakthroughs as a result of his agenda for peace, Peres argued that these steps were necessary for building the momentum to generate those breakthroughs in the future.



'A Partner for Peace'

"Is the PLO at all a negotiator? As often happens in history, you build an organization to achieve a goal, and then the organization becomes the goal or even more important than the goal. Arafat is really trying to keep all the gentlemen together. He forgot the dream, and it is no wonder that he didn't try to negotiate.

"Who prevents the Palestinians from negotiating? Did we put a condition on them that they wen't ask for a Palestinian state or Palestinian independence? The only thing we have asked is that they talk and not shoot or kill. They say all of the people on the West Bank are

pro-PLO. So either the PLO give up their rifles or they permit people without rifles, of the very same mind, to negotiate.

"What we are looking for is a clear cut partner for peace. We either go with the King—or go with the PLO and fight the King. If I have to make a choice between Hussein and Arafat, undoubtedly I would prefer Hussein, for his stability, his seriousness, and his orientation. I do believe that it depends now upon the Palestinians, and they will make their own choice. But it is for them to do so, not for us."

—Shimon Peres



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