

**IS THE FLYING PUBLIC PROTECTED?
AN ASSESSMENT OF SECURITY AT FOREIGN
REPAIR STATIONS**

HEARING
BEFORE THE
SUBCOMMITTEE ON TRANSPORTATION
SECURITY
AND INFRASTRUCTURE PROTECTION
OF THE
COMMITTEE ON HOMELAND SECURITY
HOUSE OF REPRESENTATIVES
ONE HUNDRED ELEVENTH CONGRESS

FIRST SESSION

NOVEMBER 18, 2009

Serial No. 111-44

Printed for the use of the Committee on Homeland Security



Available via the World Wide Web: <http://www.gpo.gov/fdsys/>

U.S. GOVERNMENT PRINTING OFFICE

55-248 PDF

WASHINGTON : 2011

For sale by the Superintendent of Documents, U.S. Government Printing Office
Internet: bookstore.gpo.gov Phone: toll free (866) 512-1800; DC area (202) 512-1800
Fax: (202) 512-2250 Mail: Stop SSOP, Washington, DC 20402-0001

COMMITTEE ON HOMELAND SECURITY

BENNIE G. THOMPSON, Mississippi, *Chairman*

LORETTA SANCHEZ, California	PETER T. KING, New York
JANE HARMAN, California	LAMAR SMITH, Texas
PETER A. DEFAZIO, Oregon	MARK E. SOUDER, Indiana
ELEANOR HOLMES NORTON, District of Columbia	DANIEL E. LUNGREN, California
ZOE LOFGREN, California	MIKE ROGERS, Alabama
SHEILA JACKSON LEE, Texas	MICHAEL T. MCCAUL, Texas
HENRY CUELLAR, Texas	CHARLES W. DENT, Pennsylvania
CHRISTOPHER P. CARNEY, Pennsylvania	GUS M. BILIRAKIS, Florida
YVETTE D. CLARKE, New York	PAUL C. BROUN, Georgia
LAURA RICHARDSON, California	CANDICE S. MILLER, Michigan
ANN KIRKPATRICK, Arizona	PETE OLSON, Texas
BEN RAY LUJÁN, New Mexico	ANH "JOSEPH" CAO, Louisiana
BILL PASCRELL, Jr., New Jersey	STEVE AUSTRIA, Ohio
EMANUEL CLEAVER, Missouri	
AL GREEN, Texas	
JAMES A. HIMES, Connecticut	
MARY JO KILROY, Ohio	
ERIC J.J. MASSA, New York	
DINA TITUS, Nevada	
VACANCY	

I. LANIER AVANT, *Staff Director*
ROSALINE COHEN, *Chief Counsel*
MICHAEL TWINCHEK, *Chief Clerk*
ROBERT O'CONNOR, *Minority Staff Director*

SUBCOMMITTEE ON TRANSPORTATION SECURITY AND
INFRASTRUCTURE PROTECTION

SHEILA JACKSON LEE, Texas, *Chairwoman*

PETER A. DEFAZIO, Oregon	CHARLES W. DENT, Pennsylvania
ELEANOR HOLMES NORTON, District of Columbia	DANIEL E. LUNGREN, California
ANN KIRKPATRICK, Arizona	PETE OLSON, Texas
BEN RAY LUJÁN, New Mexico	CANDICE S. MILLER, Michigan
EMANUEL CLEAVER, Missouri	STEVE AUSTRIA, Ohio
JAMES A. HIMES, Connecticut	PETER T. KING, NEW YORK (<i>Ex Officio</i>)
ERIC J.J. MASSA, New York	
DINA TITUS, Nevada	
BENNIE G. THOMPSON, Mississippi (<i>Ex Officio</i>)	

MICHAEL BELAND, *Staff Director*
NATALIE NIXON, *Deputy Chief Clerk*
JOSEPH VEALENCIS, *Minority Subcommittee Lead*

CONTENTS

	Page
STATEMENTS	
The Honorable Sheila Jackson Lee, a Representative in Congress From the State of Texas, and Chairwoman, Subcommittee on Transportation Security and Infrastructure Protection	1
The Honorable Pete Olson, a Representative in Congress From the State of Texas	3
WITNESSES	
Mr. Calvin L. Scovel, III, Inspector General, Department of Transportation: Oral Statement	5
Prepared Statement	7
Mr. Doug Dalbey, Deputy Director of Flight Standards for Field Operations, Federal Aviation Administration, Department of Transportation: Oral Statement	16
Prepared Statement	17
Ms. Cindy Farkus, Assistant Administrator, Global Strategies, Transportation Security Administration, Department of Homeland Security: Oral Statement	19
Prepared Statement	20
Mr. Robert Roach, Jr., General Vice President of Transportation, International Association of Machinists & Aerospace Workers: Oral Statement	35
Prepared Statement	36
Mr. Robert Gless, Assistant Director of the Transport Workers Union of America, Air Transport Division: Oral Statement	38
Prepared Statement	40
Mr. Chris Moore, Chairman, Teamsters Aircraft Mechanics Coalition, International Brotherhood of Teamsters: Oral Statement	44
Prepared Statement	46
Mr. Basil J. Barimo, Vice President, Operations and Safety, Air Transport Association of America, Inc.: Oral Statement	49
Prepared Statement	50
Mr. Christian A. Klein, Executive Vice President, Aeronautical Repair Station Association: Oral Statement	58
Prepared Statement	60

IS THE FLYING PUBLIC PROTECTED? AN ASSESSMENT OF SECURITY AT FOREIGN REPAIR STATIONS

Wednesday, November 18, 2009

U.S. HOUSE OF REPRESENTATIVES,
COMMITTEE ON HOMELAND SECURITY,
SUBCOMMITTEE ON TRANSPORTATION SECURITY AND
INFRASTRUCTURE PROTECTION,
Washington, DC.

The subcommittee met, pursuant to call, at 2:05 p.m., in Room 311, Cannon House Office Building, Hon. Jackson Lee [Chairwoman of the subcommittee] presiding.

Present: Representatives Jackson Lee, Himes, Titus, and Olson.

Ms. JACKSON LEE. The committee will come to order. The subcommittee is meeting today to receive testimony on the security of foreign repair stations. Our witnesses will help us assess the security of these facilities and how stakeholders have been working together to ensure the safety and security of the traveling public.

I now recognize myself for an opening statement. I think it is important to note that this hearing is crucial because all of the stakeholders have finally come together. But I also think this hearing is crucial in the backdrop of recent news reports on the inspector's comments on foreign repair stations.

The general representation of that particular report is unacceptable, and even though we are here to factually assess where do we go next, we know we have a problem, and that problem must be affixed and, it must be addressed quickly.

We are gratified that we have not only our representatives from the Government, but we have representatives from the private sector who we know has worked very hard on these issues, and as well, we are pleased to have those who work in these facilities to be present as well.

Just yesterday the TSA issued a notice of rulemaking, which I will weave into our ultimate discussion, and I would applaud that only to say that I will be interested in why it took so long, what is the next step, and how we will be able to proceed.

So we are here today to discuss the security of foreign repair stations and how the Federal Government will carry out an inspection program that will protect the flying public. I have long been concerned with the safety and security of aircraft repair stations and after following recent news stories raising oversight problems, I decided to call this hearing.

My view is that if the inspector general and the media are discovering safety oversight issues, security vulnerabilities may exist as well. Accordingly, we need to address these comprehensively and immediately.

Congress is already on record asking TSA to develop a security program for foreign repair stations. After years of delay under the past administration, the agency has finally released its notice of proposed rulemaking for repair station security, which I just mentioned, and we applaud that.

But time is of the essence, and I might suggest that safety and security are very much intertwined. Vulnerabilities in safety are open doors on the question of security. Codifying the security oversight of foreign repair stations has never been more essential. According to the Department of Transportation's inspector's general, major air carriers outsourced 67 percent of maintenance costs in 2007 compared to 37 percent in 1996.

Further, between 1994 and 2008 the number of FAA-certified foreign repair stations has more than doubled from 344 to 709. One might accept that as positive growth, and I do recognize that as our industry grows the need for repair stations internationally is important.

But again, the question is how effective is the certification and how concerned are those who are certifying in issues of safety and security, and whether or not there needs to be a collaborative effort between the Department of Homeland Security and the Department of Transportation anyway that security is as much an issue as safety.

Clearly, domestic air carriers are outsourcing more and more repair maintenance work to foreign repair stations and important questions have been raised about the security of these stations and the security threat associated with their workers. To be clear, I understand that we live in a globalized economy, but we have to be sure that this is not at the expense of security.

Today's hearing is not intended to end the use of foreign repair stations, but from my perspective it is to enhance the scrutiny to provide intense regulations and to determine whether or not these efforts are as trustworthy and secure as they possibly can be. But I believe it is also to determine best practices.

With the passage of 2000 and 2003 FAA reauthorization legislation Vision 100, Congress directed TSA to complete a security review and audit of foreign repair stations that are certified by the FAA. Because the rulemaking was long overdue, Congress prohibited FAA in 2007 from certifying any new foreign repair stations until TSA has released its regulation.

Almost 2 years later, I was so frustrated by the delay in the issuance of the NPRM I included language in the TSA authorization bill, H.R. 2200 that required TSA to release it in consultation with FAA.

Now that the rulemaking has been released, I have several questions and concerns. For example, the law requires consultation and communication between TSA and FAA in developing a risk assessment of these repair stations and in suspending their certification should security discrepancies or vulnerabilities remain

unaddressed. It may need, in a new look at this, more than consultation between the two entities.

It also directs FAA to revoke its certification should TSA discover an immediate security risks at a repair station. While this relationship between FAA and TSA forms a crux of an effective security oversight program, the NPRM is unclear in describing how the agencies will work together to implement these processes and the aftermath of such.

Congress also needs clarification on the frequency of security audits and inspections following TSA's initial review of FAA-certified foreign repair stations. Although the law is silent on this issue, we are interested in the agency developing a program that will provide consistent and periodic oversight of security at foreign repair stations.

In light of the issues I just raised, I look forward to hearing more from TSA and FAA in order to acquire answers to my concerns. From the second panel I want to hear about the extent to which stakeholders have been consulted on NPRM and what they feel should be included in any final rule.

We want to see the establishment of an effective robust security oversight program for foreign repair stations so that we can finally address a key vulnerability in the global aviation system. We also want to address the question of the utilization of American workers.

That is, I believe, a key element of security, and I hope the second panel will address the utilization of American workers. This subcommittee will continue to oversee the implementation of this important security program and support policies and protocols that will strengthen our homeland security efforts.

The Chairwoman is now pleased to recognize the gentleman from Texas, Mr. Olson, for an opening statement. The gentleman is recognized.

Mr. OLSON. Well, thank you, Madame Chairwoman. Thank you for having this hearing today. Thank you to the witnesses for coming and giving us your expertise on this important subject.

I am happy to be sitting in for Ranking Member Charlie Dent today, and I would like to thank all the witnesses again for been here. It is certainly nice to have TSA with us again and very good to see the Department of Transportation and the Federal Aviation Administration before this subcommittee.

As we all know, the responsibility for oversight of safety and security of air transportation is divided between the FAA and the TSA. But it is indeed essential that the FAA and the TSA work jointly together on many aviation issues as they are required to do so on the issue of foreign and domestic repair stations.

Our second panel is a comprehensive panel of both views in the industry. Everyone has a voice here today, and we should really be able to explore all the issues related to foreign repair station security. I look forward to a very productive discussion.

In the aftermath of the terrorist attacks on September 11, Congress tasked TSA with the responsibility of issuing regulations on both domestic and foreign repair station security by August 2004, and I understand that TSA announced a notice of proposed rule-making this week.

While it was disappointing that it took TSA over 6 years to commence rulemaking process on repair station security, we do appreciate and understand that TSA directed its limited resources to more pressing security matters that developed as higher priorities over the years.

There is no question that foreign repair station security is important and that a potential vulnerability that bad people, including terrorists, may exploit. However, we should take note that despite the issuance by TSA of formal regulations on repair station security, there are currently security measures at foreign repair stations in place.

While we are aware of the Department of Transportation inspector general's 2008 report that cited submissions of concern regarding the FAA safety audits of repair stations, we also acknowledge that the FAA take its responsibility very seriously and is addressing the recommendations of the inspector general to improve its oversight of repair stations.

We are also aware of the recent media reports of some serious safety issues at a foreign repair station in Central America, including the inadvertent crossing of engine wires on a US Airways aircraft. The reality, however, is that those instances are rare.

As both the Air Transportation Association and the Aeronautical Repair Station Association here before the committee today indicate in their written testimonies, security of foreign repair stations exists and is very good. These measures will only be enhanced by the more formalized regulations that TSA has announced this week.

We should also be mindful that security does not begin and end with the foreign repair station itself. There are many layers of security and safety in place. In fact, Continental Airlines, which is headquartered in Houston, a place the Chairwoman and I know pretty well, employs a company policy where Continental Airline employees accompany any aircraft that was repaired at a foreign repair station to oversee the compliance with FAA regulations.

Continental employees also inspect an aircraft after it returns from a repair station and before it is put back into flight. I understand most U.S. air carriers employ these procedures. In fact, it was a US Airways employee who during inspection discovered the crossed engine wires on the US Airways aircraft that had been repaired abroad. The layers of security and safety are working.

We live in a world becoming more globalized each day. The airline industry has endured a very difficult decade. Airlines are making business decisions that will enhance their viability. To shut out the foreign repair station market would be catastrophic.

We should also be mindful that international flights by foreign air carriers into the United States has increased over the last decade. That means many foreign aircrafts are being repaired and maintained by U.S. repair stations. That means more jobs here in the United States. In fact, I am told that in the \$50 billion repair station market, nearly \$20 billion of those dollars are generated in the United States and Canada.

In homeland security, we strive to strike a balance between security and the free flow of information, commerce, and trade. I believe that adequate security measures at foreign repair stations are

in place and that they will only be enhanced and more formalized by TSA's repair station security regulations. I look forward to working with both TSA and FAA on this issue.

Thank you very much, and I yield back the balance of my time.

Ms. JACKSON LEE. I thank the gentleman. The Chairwoman now recognizes the witnesses that have come, and I wish to acknowledge that other Members of the subcommittee are reminded that in the committee rules opening statements may be submitted for the record.

I welcome our first panel of witnesses. Our first witness is Mr. Calvin Scovel, the inspector general at the Department of Transportation. Mr. Scovel's office released a 2008 report that raised serious concerns about FAA's oversight of foreign repair stations.

Our second witness, Mr. Doug Dalbey, is the deputy director of Flight Standards for Field Operations at FAA. His office set standards for the certification oversight of foreign repair stations.

I do want to note that the invitation went to the FAA administrator, and I hope that our committee will have an opportunity for the administrator to appear before this committee as he has been invited, and I thank you for conveying that message to them.

Our third witness is Cindy Farkus. Ms. Farkus is TSA's assistant administrator in the Office of Global Strategies. This office is responsible for security at foreign repair stations. I should note, my welcoming of TSA's issuance of its long overdue NPRM for securing these stations. We hope this testimony today will be helpful in how TSA proceeds, and we hope in your testimony or in the questioning you will advise us of that.

I think today's hearing is going to be an important discussion, and we welcome you. Without objection, the witness' full statements will be inserted in the record. I now ask each one witness to summarize his or her statement for 5 minutes beginning with Mr. Scovel.

Mr. Scovel, you are recognized for 5 minutes.

**STATEMENT OF CALVIN L. SCOVEL, III, INSPECTOR GENERAL,
DEPARTMENT OF TRANSPORTATION**

Mr. SCOVEL. Madame Chairwoman, Congressman Olson, Members of the subcommittee, we appreciate this opportunity to testify on FAA's oversight of domestic and foreign repair stations. Air carriers' use of repair stations has increased significantly, both in the volume and type of repairs outsourced.

In 2007, nine major carriers sent over 70 percent of their heavy airframe checks to repair stations, double what was sent just 4 years earlier, and more than a quarter of these repair stations were foreign. While most repair stations are domestic, the number of foreign repair stations certificated by FAA has more than doubled during the last 15 years to over 700.

Despite these increases, FAA's oversight lacks the rigor needed to ensure repair stations meet FAA safety standards. Over the past decade, we have consistently reported weaknesses in FAA's oversight and have made numerous recommendations aimed at removing these weaknesses and closing identified safety gaps.

In addition, in 2003 we reported security vulnerabilities at repair stations, including susceptibility to sabotage. While FAA oversees

repair station safety and operations, DHS and TSA oversee their security.

Madame Chairwoman, we have previously provided copies of our 2003 security report as were adapted by TSA because it originally included sensitive security information, and I request that this report be entered into the record at this time.

Ms. JACKSON LEE. Without objection, so ordered.*

Mr. SCOVEL. Today I will discuss our longstanding concerns with FAA's oversight and the actions still needed to improve safety and security at repair stations. First, FAA continues to lack the data need to effectively oversee its outsourced repair work. In response to our past recommendations, FAA has developed a process to identify both the type and volume of outsourced repairs to pinpoint those that are safety critical.

However, we found this process fundamentally ineffective because carriers voluntarily report this information and FAA inspectors do not validate the data. FAA agreed to improve the system, but the completion date has repeatedly slipped.

Improving its data collection would also help FAA locate non-certificated facilities performing critical repairs. These facilities operate without an FAA certificate and, therefore, do not have the associated regulatory and quality control requirements, including training and maintenance supervision.

Despite these vulnerabilities, neither FAA nor carriers regularly inspect non-certificated facilities. In fact, we found in 2005 that FAA had inspected only 4 of the 10 facilities we reviewed and was unaware that non-certificated facilities performed the same type of work as certificated repair stations, including engine replacements.

FAA relies heavily on carriers to oversee repair stations and uses their audits to approve repair stations for air carrier use, even if those carriers themselves have flawed audit and quality assurance programs.

In addition, FAA does not specify how inspectors should gather information needed to approve air repair stations, and it may be months, even years, after stations are approved before inspectors conduct on-site reviews.

As a result, maintenance issues at repair stations have gone undetected. In one case, FAA inspectors found that more than 100 mechanics at an approved repair station lacked the specialized training required to work on that carrier's aircraft.

Given these safety gaps, it is imperative that FAA take long-overdue actions. Of key importance is the need for FAA to obtain information on where critical maintenance is performed. Without this information FAA will fail in its attempt to implement a risk-based oversight approach and of key interest to this committee, FAA will also have difficulty supporting TSA as that agency prioritizes its scarce resources in order to identify and address security gaps at repair stations.

Following our recommendations in 2003, Congress mandated that FAA and TSA jointly review foreign repair stations to assess risk and develop security programs according to risk levels. Today that mandate remains unmet.

*The information has been retained in committee files.

We recognize that this process will be a challenge given that foreign repair stations are not subject to U.S. security requirements, such as background checks, but it must be done. Just this week TSA issued its proposed security rule, which is an important step in closing security gaps at repair stations.

In addition, pending House and Senate reauthorizations for FAA would put foreign repair stations in parity with domestic stations on matters, such as drug and alcohol testing and education and licensing of maintenance personnel.

Until FAA has fully addressed our on-going safety and security concerns, we will continue to monitor carefully its progress in working with TSA and improving its oversight of aircraft repair facilities.

This concludes my statement, Madame Chairwoman. I would be happy to answer any questions you or other Members of the subcommittee may have.

[The statement of Mr. Scovel follows:]

PREPARED STATEMENT OF CALVIN L. SCOVEL, III

Madame Chairwoman and Members of the subcommittee: We appreciate the opportunity to testify on the Federal Aviation Administration's (FAA) oversight of repair stations. As you know, air carriers have long contracted out maintenance to repair facilities to reduce operating costs or obtain specialized repair services from manufacturers. While the large majority of repair stations are domestic, the number of foreign repair stations that FAA has certified has more than doubled over the past 15 years.

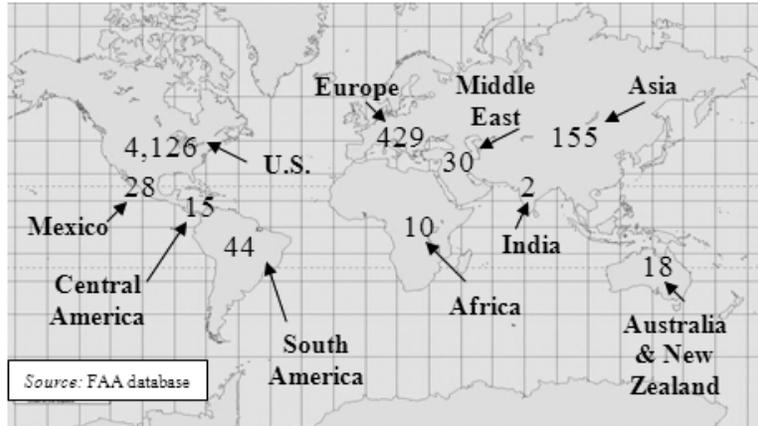
Since 2003, we have consistently found that FAA's oversight of aircraft repair facilities is not robust enough to ensure that outsourced repairs meet FAA standards, and we have made numerous recommendations aimed at improving this oversight. Today, I will focus on two key concerns: (1) Significant weaknesses we have identified with FAA's oversight, and (2) actions needed to improve safety oversight and security at repair stations.

In summary, safety oversight and security of repair stations cannot be ensured in part because FAA does not know where critical outsourced repairs are being performed—including both certificated and non-certificated facilities. Instead, it relies heavily on air carriers' oversight of repair stations—even air carriers with identified quality assurance problems. Given these weaknesses, a number of actions, including implementing our past recommendations, are needed to improve the safety oversight and security of repair stations.

BACKGROUND

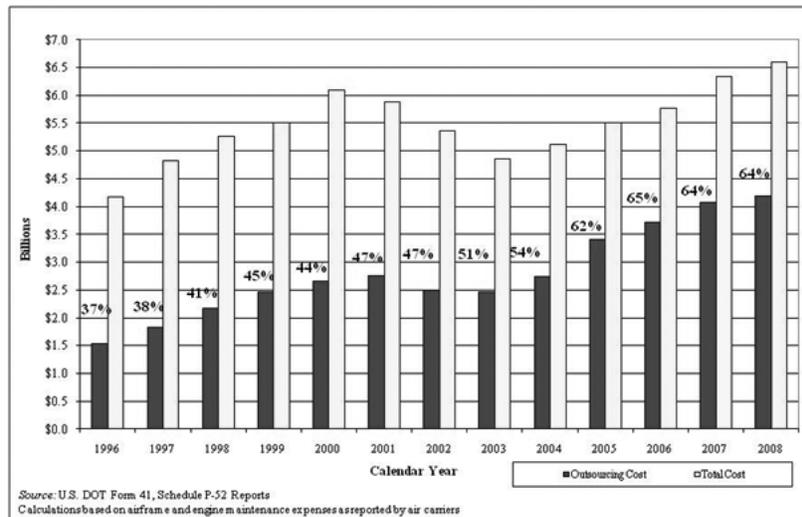
Repair stations conduct a range of repairs and maintenance, from critical components—such as landing gear and engine overhauls—to heavy airframe maintenance checks, which are a complete teardown and overhaul of the aircraft. Currently, there are 4,858 FAA-certificated repair stations, 4,126 of which are located in the United States. Since 1994, the number of FAA-certificated foreign repair stations has increased from 344 to 731. Figure 1 shows worldwide locations of FAA-certificated repair stations.

Figure 1. Locations of FAA-Certificated Repair Stations



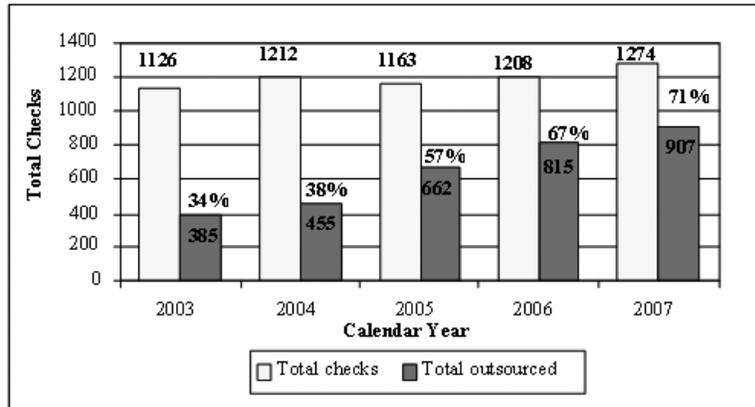
Air carriers' use of repair stations has risen dramatically in the last several years—both in the volume and type of repairs outsourced. As shown in figure 2, between 1996 and 2008, the percentage of outsourced maintenance increased from 37 percent to 64 percent (based on dollars spent). The first two quarters of fiscal year 2009 indicate that this trend is likely to continue, as 63 percent of maintenance expense was outsourced as of June 2009.

Figure 2. Percentage Increase in Outsourced Maintenance Expense for Major Air Carriers from 1996 to 2008



The nine major air carriers we reviewed sent 71 percent of heavy airframe checks to repair stations in 2007, up from only 34 percent in 2003 (see figure 3). Foreign repair stations performed 27 percent of this work, compared to 21 percent in 2003.

Figure 3. Percentage of Heavy Airframe Maintenance Checks Outsourced for Nine Major Air Carriers, 2003 to 2007



Source: OIG analysis of air carrier data

While FAA oversees repair station safety and operations, the Department of Homeland Security's (DHS) Transportation Security Administration (TSA) oversees aviation security, including repair stations.¹ To fulfill their statutory obligations, FAA and TSA must collaborate on repair station activity, such as the type of work performed and facility location (airport or non-airport).

FAA'S OVERSIGHT LACKS THE RIGOR NEEDED TO ENSURE THE SAFETY OF OUTSOURCED MAINTENANCE

Consistent with our recommendations, FAA has begun taking a risk-based approach to overseeing repair facilities. Generally, this approach was developed to target FAA's limited inspector resources to those facilities posing the greatest safety risk. However, FAA lacks the information on certificated and non-certificated facilities to successfully implement such an approach. At the same time, FAA relies heavily on air carriers' audits to approve repair stations to perform substantial maintenance—even air carriers with identified quality assurance problems. These weaknesses undermine FAA's efforts to target surveillance to high-risk areas.

FAA Lacks the Data and Processes To Identify Facilities That Perform Critical Repairs

In 2003, we reported² that despite the growth in outsourcing, FAA's oversight continued to target air carriers' in-house facilities—even when high volumes of repairs, including critical maintenance, were outsourced. For example, in 2002, FAA completed 400 in-house maintenance inspections for 1 air carrier but only 7 inspections of its outsourced maintenance, which comprised 44 percent of the carrier's maintenance costs that year.

FAA has been challenged to shift its oversight to external facilities because it lacks the data and processes for identifying and tracking the types of maintenance outsourced and the facilities air carriers use. For example, air carriers are required to provide and FAA must approve substantial maintenance providers—repair stations that can conduct major repairs on an air carrier's aircraft. However, the list does not always represent the facilities air carriers actually use or show the quantity of work they send to each facility. In one example, we found a foreign repair station was designated a "substantial maintenance provider" for a major U.S. carrier even though it had not conducted any significant maintenance for the air carrier in almost 3 years.

¹ In 2003, TSA was transferred from the Department of Transportation (DOT) to DHS.

² OIG Report Number AV-2003-047, "Review of Air Carriers' Use of Aircraft Repair Stations," July 8, 2003. OIG reports and testimonies are available on our website: www.oig.dot.gov.

In 2003 and in 2008,³ we recommended that FAA determine what type of repairs air carriers send to repair stations and which repair stations carriers use the most. In response, FAA set up a system⁴ for air carriers and repair stations to report outsourced repairs. However, the system is unreliable because it is based on voluntary reporting—both for volume of repairs and locations of critical repairs. Moreover, FAA inspectors do not validate the reported data. As a result of these weaknesses, FAA cannot determine the type of repairs air carriers outsource or the facilities they use and target its oversight accordingly.

Non-Certificated Repair Facilities Perform Critical Maintenance With Little FAA Oversight and Often Without FAA's Knowledge

FAA regulations permit air carriers to use non-certificated repair facilities as long as the mechanics approving the repairs are certificated and the air carrier oversees the work performed. However, as we reported in December 2005,⁵ the use of non-certificated repair facilities can also create safety vulnerabilities. Because these facilities do not operate under FAA repair station certificates, they are not required to comply with associated regulatory and quality control standards. For example, non-certificated facilities are not bound by FAA operating requirements, such as maintaining a quality control system. Unlike domestic certificated repair stations, there is no requirement for non-certificated repair facilities to employ supervisors and inspectors to monitor maintenance work as it is being performed. Non-certificated repair facilities are also not required to have an aircraft hangar in which to operate. In fact, of the 10 non-certificated repair facilities we visited, two were operated by only one mechanic with a truck and basic tools.

In addition to not being bound by FAA operational requirements, non-certificated facilities can perform a vast array of scheduled⁶ and critical repair work, including engine replacements. When we reported this finding in 2005, FAA was unaware that domestic and foreign non-certificated facilities performed the same type of work as FAA-certificated repair stations—not just minor aircraft work on an as-needed basis, as was widely believed. We examined records at three air carriers and identified six domestic and foreign non-certificated facilities that performed scheduled maintenance and 21 that performed maintenance critical to the airworthiness of the aircraft.⁷

Despite these vulnerabilities, neither FAA nor air carriers regularly conduct on-site reviews of non-certificated facilities. In fact, FAA had not inspected 6 of the 10 domestic and foreign non-certificated facilities we reviewed. According to FAA, the quality of repair work at non-certificated facilities is ensured because the mechanics at these facilities hold FAA certificates. However, as we reported in 2005, some mechanics at these facilities are also temporary personnel and neither the carrier nor FAA ensures that their work meets FAA standards. Moreover, repair station certification involves additional controls to ensure repairs are performed properly. Specifically, certificated facilities have approved quality control systems, undergo multiple levels of oversight, and have recurring training programs. It is incumbent upon FAA to determine which non-certificated facilities perform critical and scheduled maintenance⁸ so that it can target inspections accordingly or limit the type of work these facilities can perform.

FAA Relies on Air Carriers With Known Quality Assurance Problems To Provide Oversight of Repair Stations

Last year, we reported that FAA does not specify how its air carrier inspectors should gather information needed to approve FAA-certificated repair stations to perform substantial maintenance. Instead, FAA allows inspectors to use an air carrier's initial audit as a basis for approval even when inspectors determined that the carrier's audit processes and quality assurance programs had problems, such as limited quality assurance staff and inaccurate reporting of audit findings.

³ OIG Report Number AV-2008-090, "Air Carriers' Outsourcing of Aircraft Maintenance," September 30, 2008.

⁴ The system, known as the Quarterly Utilization Report, was developed by FAA in fiscal year 2007.

⁵ OIG Report Number AV-2006-031, "Review of Air Carriers' Use of Non-Certificated Repair Facilities," December 15, 2005.

⁶ This maintenance is required to be performed at regularly scheduled times, such as inspections required after the aircraft has flown a designated number of hours (e.g., inspections of crew and passenger oxygen, aircraft fuselage, wings, and engines).

⁷ "Airworthiness" means the aircraft conforms to its approved design and is in a condition for safe operation.

⁸ Gathering data on locations and carrier use of non-certificated facilities is possible, as we were able to do so by conducting a detailed analysis of air carrier maintenance vendor lists.

We found it may be months or even years before FAA inspectors do an on-site review after FAA has approved a repair station for carrier use. For example, over a 3-year period, FAA inspectors for an air carrier inspected only 4 of its 15 substantial maintenance providers. Among those uninspected was a major foreign engine repair facility. The inspectors did not visit this facility until 5 years after FAA approved this facility for carrier use although the repair station had worked on 39 of the 53 engines repaired for the air carrier.

As a result of FAA's flawed approval and untimely inspection processes, maintenance problems either went undetected or reoccurred. For example, FAA inspectors relied on one carrier's initial audit report to approve a repair station for use, but they later found during a site visit that more than 100 mechanics had not received specialized maintenance training prior to working on the carrier's aircraft. At other repair stations that did not receive timely FAA inspections, problems existed such as untrained mechanics, lack of required tools, and unsafe storage of aircraft parts. While these problems were not immediate safety-of-flight issues, they could have affected aircraft safety over time if left uncorrected.

ACTIONS NEEDED TO IMPROVE THE SAFETY OVERSIGHT AND SECURITY OF REPAIR STATIONS

Several of our recommendations aimed at improving FAA's oversight of foreign and domestic repair stations remain open. Successfully implementing these recommendations would allow FAA to identify and target repair facilities in need of safety oversight as well as meet its statutory mandate to provide TSA with information needed to improve security oversight.

Recommendations To Improve FAA Oversight of Repair Stations Remain Unaddressed

Over the last 7 years, we have made a total of 23 recommendations intended to improve FAA's safety oversight of domestic and foreign repair stations; 16 of these recommendations remain unaddressed (see exhibit)—a number of which are critical. FAA made progress by implementing seven of the nine recommendations we made in 2003, including improved inspection processes for foreign authorities overseeing FAA-certificated facilities. However, the two that remain open from that report are ones that, if implemented, would help FAA target its oversight resources to facilities with the greatest safety risk. We also made seven recommendations in 2005 to improve oversight of non-certificated facilities, but FAA has yet to propose actions to address them.

While FAA has proposed actions for each of the seven recommendations we made in 2008, it has yet to complete any of them, including those that are relatively straightforward and key to implementing other improvements. For example, FAA has not reassessed its definition of substantial maintenance⁹ to include all critical components, such as landing gear. We reported that omissions such as these can lead to wide disparities in air carriers' reports of locations performing repairs of critical components, which in turn limits FAA's ability to assess risk.

Some actions that FAA has taken to address our recommendations are insufficient, including its voluntary system for reporting outsourced repairs, which has not provided reliable or FAA-validated data. FAA agreed to improve its reporting system by March 2009, but the completion date has slipped repeatedly. Completing this recommendation would also help FAA address other long-standing issues, such as locating non-certificated facilities performing critical repairs and improving their quality controls.

FAA states it will implement other recommendations by December 31, 2009, pending inspector and industry responses on redefining substantial maintenance. However, given that FAA has taken little action to date, it is questionable how it will implement these recommendations as planned. We will continue to monitor FAA's progress in effectively implementing all recommendations.

FAA Must Identify Critical Maintenance Locations To Effectively Collaborate With TSA in Improving Security at Repair Stations

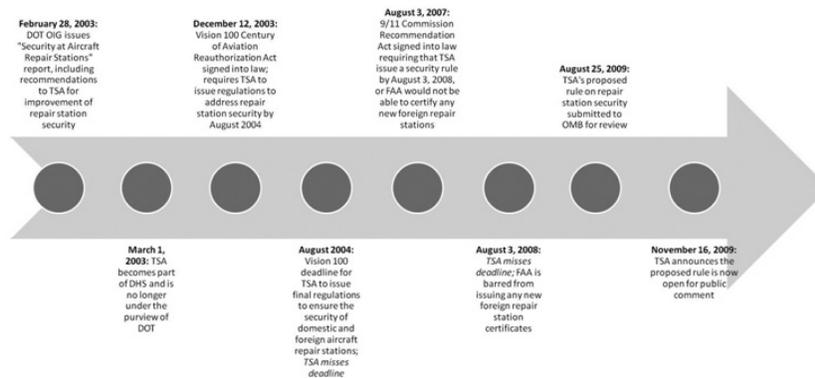
In addition to the safety oversight gaps we have reported, we have identified security vulnerabilities at repair stations located at commercial and general-aviation airports and off-airport property. We issued a report in 2003¹⁰ disclosing these

⁹FAA inspection guidance defines substantial maintenance as major airframe maintenance checks; significant engine work; major alterations or major repairs to airframes, engines, or propellers; emergency equipment repairs; and aircraft painting.

¹⁰OIG Report, "Review of Security at Aircraft Repair Stations," February 28, 2003.

vulnerabilities and recommended that TSA and FAA assess repair stations to identify the greatest security risks—including susceptibility to sabotage—and develop security programs appropriate to the significance and criticality of the work performed. Implementing effective security programs will be a challenge for both TSA and FAA because foreign facilities are not subject to U.S. security requirements. The level and depth of security programs in other countries, including background checks, are subject to Government requirements in the country where the repair station operates.

Due in part to our recommendations in 2003, Congress enacted FAA’s 2003 Vision 100 Century of Aviation Reauthorization (Vision 100),¹¹ which mandated TSA to complete large-scale security reviews of FAA-certificated foreign repair stations and issue final regulations by August 2004 to improve the security of foreign and domestic repair stations. TSA did not meet the 2004 deadline (see figure 4).



In the August 2007 9/11 Commission Recommendation Act, Congress included a provision that if TSA did not issue a repair station security rule by August 2008, FAA would be barred from certifying any new foreign repair station.¹² Again, TSA was not able to meet the deadline, and FAA was barred from certifying any new foreign repair stations. However, TSA announced on November 16, 2009, that its proposed rule is now open for public comment.

Pending Legislation Would Address Regulatory Gaps in Oversight of Foreign Repair Stations

Congress is introducing new bills to close other regulatory gaps between foreign and domestic repair stations that we have identified in our past work. While FAA verifies that approved repair stations have the equipment, personnel, and inspection systems to ensure that repairs are completed according to FAA standards, the repair stations are under the regulatory control of the government of the country in which they are located. As a result, there are some regulatory differences between domestic and foreign repair stations (see table 1).

TABLE 1.—DIFFERENCES BETWEEN DOMESTIC AND FOREIGN FAA-CERTIFICATED REPAIR STATIONS

Domestic	Foreign
Duration of FAA Certificate:	
Certificate lasts indefinitely	Certificate must be renewed every 1 to 2 years.
Fees for Certification:	
None	Pay FAA for certification and renewal costs.
Drug and Alcohol Testing Program:	
Required	Not required.

¹¹ Pub. L. No. 108–176 (2003).
¹² H. Rep. No. 1, section 1616(a) (2007).

TABLE 1.—DIFFERENCES BETWEEN DOMESTIC AND FOREIGN FAA-CERTIFICATED REPAIR STATIONS—Continued

Domestic	Foreign
Certificated Mechanics:	
Certain personnel, such as return-to-service and supervisory personnel, must be FAA-certificated.	Personnel are not required to be FAA-certificated. (Note: Personnel must meet certain training and qualification requirements. Mechanics may be certificated by the aviation authority where they are located.)

Note: For domestic and foreign non-certificated facilities, the personnel approving repairs must be FAA-certificated.

The pending House and Senate FAA reauthorization bills contain language requiring drug and alcohol testing of employees in foreign FAA-certificated repair stations. The House bill also contains language to harmonize the safety standards between foreign and domestic repair stations, including standards governing maintenance requirements, education, and licensing of maintenance personnel, training, oversight, and mutual inspection of work sites. If passed, these bills will provide for greater consistency in rules governing repair station operations.

In conclusion, Madame Chairwoman, with the growing trend in outsourcing aircraft repairs, it is imperative that FAA improve its oversight of repair facilities—both domestic and foreign—to ensure that safety measures are being adequately applied to affected carriers. Expediently implementing our longstanding recommendations would go a long way toward ensuring safety.

EXHIBIT.—FAA'S ACTIONS TO ADDRESS OIG RECOMMENDATIONS

Recommendations: 2003 Review of Air Carriers' Use of Aircraft Repair Stations	FAA Propose Action?	FAA Complete Action?
1 Collect and monitor air carrier maintenance financial data to identify trends in the source of maintenance and make shifts in inspector resources as warranted.	Yes	No.
2 Develop a process to: (a) Identify repair stations that air carriers use to perform aircraft maintenance; (b) identify the repair stations that are performing safety critical repairs; and (c) target inspector resources based on risk assessments, or analysis of data collected on air carrier outsourcing practices.	Yes	No.
3 Implement procedures to improve information sharing through FAA's newly integrated Safety Performance Analysis System by: (a) Requiring certificate management inspectors to document the name of the repair stations they have reviewed in the Air Transportation Oversight System database; and (b) requiring district office inspectors to include the areas inspected, the results, and corrective actions taken in the Program Tracking and Reporting System.	Yes	Yes.
4 Develop a comprehensive, standardized approach to repair station surveillance by requiring inspectors to review all aspects of repair station operations, from the time the repair is received until it is released to the customer.	Yes	Yes.
5 Modify existing inspection documentation requirements with foreign aviation authorities so that FAA receives sufficient documentation to ensure FAA-certificated repair stations meet FAA standards.	Yes	Yes.

Recommendations: 2003 Review of Air Carriers' Use of Aircraft Repair Stations		FAA Propose Action?	FAA Complete Action?
6	Develop a process to capture results from: (a) Foreign aviation authority inspections; and (b) FAA sample inspections of foreign repair stations in FAA's Program Tracking and Reporting System.	Yes	Yes.
7	Develop procedures to verify that foreign aviation authorities place adequate emphasis on FAA regulations when conducting reviews at FAA-certificated facilities.	Yes	Yes.
8	Clarify requirements with foreign aviation authorities to ensure that changes to FAA-certificated foreign repair stations' operations that directly impact FAA requirements are sent to FAA for approval.	Yes	Yes.
9	Modify procedures for conducting sample inspections to permit FAA inspectors to: (a) Conduct the number of inspections necessary to gain assurance that foreign aviation authority inspections meet FAA standards during the initial implementation periods when foreign authorities conduct inspections on FAA's behalf; and (b) base the number of inspections in subsequent years on analysis of data collected from prior sample inspections.	Yes	Yes.

Note: The recommendations from our 2003 security report are not listed in this exhibit because TSA, not FAA, is now responsible for those issue areas.

Recommendations: 2005 Review of Air Carriers' Use of Non-Certificated Repair Facilities		FAA Propose Action?	FAA Complete Action?
1	Inventory air carrier vendor lists that include all maintenance providers working on air carrier aircraft and identify non-certificated repair facilities performing critical or scheduled maintenance.	No	No.
2	Determine whether it should limit the type of work non-certificated facilities can perform.	No	No.
3	Expand its maintenance oversight program to include non-certificated repair facilities if no limitations are placed on the type or scope of work they perform.	No	No.
4	Review air carrier training programs as part of FAA's oversight of air carrier operations to ensure mechanics at non-certificated repair facilities: (a) Are qualified to maintain aircraft in accordance with FAA and air carrier requirements, and (b) receive training for critical repairs that is equivalent to the training provided to air carrier mechanics performing the same type of repairs.	No	No.
5	Review air carrier training programs to ensure mechanics at non-certificated repair facilities have been adequately trained on preparing maintenance records in accordance with FAA and air carrier procedures.	No	No.
6	Review air carriers' audit programs for non-certificated repair facilities as part of its oversight of air carrier operations to ensure each carrier has established a standard and in-depth process for evaluating these facilities.	No	No.

Recommendations: 2005 Review of Air Carriers' Use of Non-Certificated Repair Facilities		FAA Propose Action?	FAA Complete Action?
7	Determine whether air carriers evaluate the background, experience, and qualifications of the temporary maintenance personnel used by contractors to ensure the work they perform is completed in accordance with FAA and air carrier requirements.	No	No.

Note: FAA concurred with our 2005 report recommendations but has not proposed corrective actions.

Recommendations: 2008 Review of Air Carriers' Outsourcing of Aircraft Maintenance		FAA Propose Action?	FAA Complete Action?
1	Improve its maintenance data reporting system by: (a) Revising its guidance to include all maintenance providers performing repairs of critical components, not just the top 10 substantial maintenance providers; and (b) developing procedures for inspectors to validate the accuracy and consistency of reports.	Yes	No.
2	Require CMO inspectors to conduct: (a) Initial baseline inspections of substantial maintenance providers to assess whether the maintenance providers are in compliance with air carriers' procedures; and (b) follow-up inspections to determine whether this baseline assessment has changed.	Yes	No.
3	Reassess its definition of substantial maintenance to include critical components and ensure that air carriers and FAA offices consistently apply the definition.	Yes	No.
4	Require inspectors to: (a) Follow up to verify that deficiencies identified by air carriers have been corrected at repair stations; and (b) ensure that air carriers and repair stations have adequate processes for conducting audits, correcting identified deficiencies, and performing trend analyses of findings.	Yes	No.
5	Develop controls to ensure inspectors are complying with inspector guidance to document their findings in FAA's inspection database and review the inspection database for previous findings.	Yes	No.
6	Ensure air carriers document inspections conducted by air carriers' on-site technical representatives at heavy airframe maintenance providers.	Yes	No.
7	Encourage the industry best practice of using airworthiness agreements between air carriers and repair stations that more clearly define maintenance procedures and responsibilities.	Yes	No.

Ms. JACKSON LEE. Thank you for your testimony, and I now recognize Mr. Dalbey to summarize his statement for 5 minutes.

**STATEMENT OF DOUG DALBEY, DEPUTY DIRECTOR OF
FLIGHT STANDARDS FOR FIELD OPERATIONS, FEDERAL
AVIATION ADMINISTRATION, DEPARTMENT OF TRANSPORTATION**

Mr. DALBEY. Chairwoman Jackson Lee, Congressman Olson, and Members of the subcommittee, thank you for inviting me here today to discuss the security of foreign repair stations. As you know, TSA has responsibility for oversight of repair station security.

FAA's expertise is in aviation safety, and we have been and continue to be willing to coordinate with TSA with regard to our respective missions and provide any aviation safety expertise TSA may need to implement its security rules for repair stations.

In keeping with the subject of today's hearing and at the request and direction of the subcommittee staff, I will focus my comments today on the FAA safety oversight of foreign repair stations.

The FAA's responsibility for safety oversight means that we determine that the work accomplished at the repair stations is being performed in accordance with the Federal Aviation Regulations and the air carriers' approved maintenance program.

Our oversight is based on risk analysis. This is our process where we examine detailed safety data to recognize important trends and spot potential safety problems in order to prevent them. Where we see the greatest safety risk is where we focus our oversight.

Prior to issuing a certificate to a foreign repair station, the FAA must determine that the facility meets the same performance criteria that apply to domestic repair stations. Specifically, the FAA determines that the repair station possesses the appropriate housing, facilities, equipment, and trained personnel to perform according to the FAA safety standards.

Currently, the FAA has certificated over 700 foreign repair stations. In order to ensure comparable safety standards despite geography, foreign repair stations must submit to recertification every 12 to 24 months, something not required of domestic repair stations. We require at least one comprehensive in-depth inspection prior to the renewal of a certificate.

In the years that the FAA does not perform a renewal inspection, the FAA performs annual surveillance according to defined work program guidelines. Foreign repair stations also must show they have customers with U.S.-registered aircraft or customers with parts used on U.S.-registered aircraft for which an FAA certificate is required.

In addition to FAA safety oversight, the foreign repair stations must undergo the safety oversight of their own National Aviation Authority. On top of that, the air carriers constitute a third layer of oversight. Ultimately, air carriers are responsible for overseeing all maintenance done on their aircraft by any maintenance provider.

Air carriers are required to have a quality management system for monitoring and analyzing the performance and effectiveness of their maintenance programs. The air carrier's quality management system enables the carrier to track any problems with repair sta-

tions and check for similar maintenance errors throughout their fleet.

While we are confident in the effectiveness of our oversight regime, our efforts to improve oversight are on-going, and we are committed to maximizing our already robust safety oversight system. Our efforts have also included work to address specific areas where the IG has made recommendations.

I understand and appreciate this subcommittee's concerns about the security of repair stations abroad. On that point, I reaffirm our willingness to lend our aviation safety expertise to assist the TSA. I want to assure you that we are committed to making advancements and adjustments in our safety oversight to ensure the highest standards of maintenance at foreign repair stations.

Madame Chairwoman, Congressman Olson, Members of the committee, this concludes my prepared remarks. I would be happy to answer any questions that you might have.

[The statement of Mr. Dalbey follows:]

PREPARED STATEMENT OF DOUG DALBEY

NOVEMBER 18, 2009

Chairwoman Jackson Lee, Congressman Dent, Members of the subcommittee: Thank you for inviting me here today to discuss the security of foreign repair stations. As you are undoubtedly aware, the Department of Homeland Security (DHS) and the Transportation Security Administration (TSA) have responsibility for ensuring adequate security at repair stations, both foreign and domestic. Vision 100—Century of Aviation Reauthorization Act required the TSA, in consultation with the Federal Aviation Administration (FAA), to issue a final rule imposing security standards on all repair stations. Although the FAA's expertise is in aviation safety, not security, we have offered our comments and assistance when requested, and have worked with the TSA to facilitate their on-going pre-rule site visits. As always, we stand ready to provide any additional aviation safety expertise the TSA may need in its on-going effort to promulgate a rule that will ensure the highest levels of security.

While the TSA is responsible for security oversight, the FAA is responsible for safety oversight—determining that the work accomplished at the repair station is being performed in accordance with the Federal Aviation Regulations and the air carrier's approved maintenance program. Previously, our oversight was based largely on inspector knowledge and information that was available as the result of individual inspections. As the business model for aviation maintenance has undergone changes, so has the FAA's approach to safety oversight—we have added new methods of tracking and identifying safety risks to strengthen our oversight of both air carriers and repair stations.

Instead of relying solely on information from individual inspections, we now perform a sophisticated analysis of anomalies identified and entered into our system. This analysis provides us with trend information that effectively targets our oversight. Specifically, the new Safety Performance Analysis System and Repair Station Analytical Model tools give safety inspectors the basis to evaluate a repair station, prioritize surveillance, and target our resources to the highest risk areas. We recognize that this risk-based approach can be successful only when our data is detailed and accurate. As a result, we are actively working to further refine our inspection and data-gathering processes. This approach enables us to recognize important trends and spot potential problems in order to prevent them. The new surveillance system and accompanying analytical tools are not only a better use of FAA resources, they will enhance safety.

In keeping with the subject of today's hearing and at the request and direction of the subcommittee's staff, I will briefly discuss the FAA's safety oversight of foreign repair stations. Currently, there are over 700 FAA-certificated foreign repair stations. Prior to issuing a certificate to a foreign repair station, the FAA must determine that the facility meets the same exacting performance criteria that apply to domestic repair stations. Specifically, the FAA determines that the repair station possesses the appropriate housing, facilities, equipment and trained personnel to perform repairs according to FAA standards.

In order to ensure comparable safety standards, despite geography, foreign repair stations must submit to periodic recertification which is not required of domestic repair stations. Our current requirements mandate that every foreign repair station undergo at least one comprehensive, in-depth inspection prior to the renewal of its certificate. This inspection encompasses all of the repair station areas of responsibility under 14 CFR part 145, makes certain the original certification requirements continue to be met, and ensures that the station performs maintenance functions in accordance with the air carrier's FAA-approved program. In the years the FAA does not perform a renewal inspection, the FAA performs annual surveillance according to defined work program guidelines.

Also, foreign repair stations must show they have customers with U.S.-registered aircraft or customers with parts used on U.S.-registered aircraft, for which an FAA certificate is required.

While the standards for inspections at foreign and domestic repair stations remain the same, the promulgation of international agreements has impacted FAA foreign repair station certification and surveillance activities. The Bilateral Aviation Safety Agreement with Maintenance Implementation Procedures (BASA/MIP) is a "country-to-country agreement" with primary focus on the harmonization of maintenance rules and requirements and safety standards for those entities performing maintenance activities. These agreements, which the United States has with France, Germany, and Ireland, remove duplicative efforts by the FAA and the national aviation authority and provide for each authority to perform certification and surveillance activities on behalf of the other, while reserving the right of each country to certificate or renew certification of the 174 relevant repair stations.

In addition to FAA and foreign national aviation authorities, air carriers constitute a third layer of oversight. Ultimately, FAA regulations place responsibility for overseeing all maintenance done on their aircraft by any maintenance provider with the air carrier. Air carriers are required to have a quality management system, which we call the "continuous analysis and surveillance system" (CASS), for monitoring and analyzing the performance and effectiveness of their maintenance programs. If any repair station returns an aircraft to the air carrier with problems or the air carrier had to reject repair work for any reason, then the air carrier's quality management system would enable the carrier to track the problem and check for similar maintenance errors in its fleet.

While we are confident in the effectiveness of our oversight regime, our efforts to improve oversight are on-going and we are committed to maximizing our already robust safety oversight system. In 2003, we implemented revised regulations applicable to repair stations including improved equipment requirements, and more detailed criteria for the use of external maintenance providers by repair stations. Our efforts have also included work to address specific areas where the Department of Transportation Office of the Inspector General (IG) has made recommendations. In 2005, we issued guidance to enhance oversight of repair stations based on system safety requirements and risk assessment. In 2006, we developed and implemented software to further enhance our oversight, risk assessment, and risk management processes. We have also improved our Safety Performance Analysis System to provide enhanced information sharing. Additionally, we have strengthened the training requirements for certain repair station personnel.

In September 2008, the IG's office issued its most recent report on repair stations, along with seven new recommendations. Some of our most recent actions include: (1) Implementing procedures to improve information sharing through FAA's newly integrated Safety Performance Analysis System; (2) modifying existing inspection documentation requirements with foreign aviation authorities to ensure the FAA receives sufficient documentation; (3) developing a process to capture results from foreign aviation authority inspections and FAA sample inspections of foreign repair stations in our Program Tracking and Reporting System; and, (4) modifying procedures for conducting sample inspections. We are committed to enhancing our essential oversight capabilities and will continue looking for ways to do so.

Just as aviation safety is in no way compromised by allowing U.S. carriers to fly aircraft made in Europe, in Brazil, or in Canada, safety is in no way compromised by allowing other countries' facilities which perform to our safety standards, to conduct repair and maintenance on our aircraft. However, we fully embrace the crucial role oversight must play in ensuring quality maintenance operations—regardless of where they are conducted. I understand and appreciate this subcommittee's concerns about the flying public and assure you that we are committed to making advancements and adjustments in our safety oversight to ensure the highest standards of maintenance at foreign repair stations. As always and in every aspect, the FAA is focused on finding ways to improve upon this historically safe period in U.S. aviation. I also understand and appreciate this subcommittee's concerns about the secu-

riety of repair stations abroad. On that point, I reaffirm our willingness to lend our aviation safety expertise to assist the TSA.

Madame Chairwoman, Congressman Dent, Members of the subcommittee, this concludes my prepared remarks. I would be happy to answer any questions that you might have.

Ms. JACKSON LEE. Thank you very much, Mr. Dalbey, and I would like to now recognize Ms. Farkus to summarize her statement for 5 minutes.

**STATEMENT OF CINDY FARKUS, ASSISTANT ADMINISTRATOR,
GLOBAL STRATEGIES, TRANSPORTATION SECURITY ADMINISTRATION,
DEPARTMENT OF HOMELAND SECURITY**

Ms. FARKUS. Good afternoon, Chairwoman Jackson Lee, Mr. Olson, and distinguished Members of the subcommittee. Thank you for the opportunity to discuss the security of aircraft repair stations. I am pleased to appear on the panel with Mr. Scovel and Mr. Dalbey as we all work to protect the safety and security of our country's civil aviation network.

I appreciate the subcommittee's attention to this issue as TSA has just this week proposed standards for security measures at FAA-certificated aircraft repair stations at home and abroad. Civil aviation remains a target of terrorist activity worldwide. With this proposed rule, the United States leads the way toward comprehensive repair station security standards.

Throughout development of the proposed rule, TSA has adhered to the principles that the agency should, No. 1, listen carefully to the diversity of interest concerning the rule. No. 2, ensure that the rule's proposed standards are risk-based. No. 3, provide appropriate flexibility to accommodate the range of repair station characteristics, and No. 4, complement FAA's safety regime.

TSA is proposing that FAA-certificated repair stations carryout a security program that clearly defines access controls for facilities, as well as aircraft and components. The security program must also establish measures to identify employees and others with access and restrict access by unauthorized individuals.

It must describe the means used by the repair station to provide security awareness training, employee background checks, and designation of a security coordinator. Importantly, the proposed rule would codify TSA inspection authority to examine repair station property, facilities, and records in order to assess security and enforce security regulations.

Consistent with Vision 100, under the proposed rule TSA would notify a repair station and the FAA of there are deficiencies in the security program and provide 90 days for a repair station to correct deficiencies. If not corrected within 90 days, TSA would notify the FAA that it must suspend the station's certificate until the deficiencies are resolved.

A process would be provided so that a repair station could request further review of the deficiency determination. In addition, the rule addresses the process for revoking the certification of a repair station that is determined to pose an immediate risk to security.

While developing the proposed rule, TSA collected information on repair stations through voluntary site visits and outreach efforts to

assess the current state of aircraft repair station security measures around the world.

Upon finalization of the rule, TSA will be prepared to quickly follow through with audits of foreign repair stations within 6 months as required by the 9/11 Act. TSA currently has 13 international inspectors fully trained and deployed overseas to conduct repair station audits and has provided supplemental repair station inspection training to over 120 domestic transportation security inspectors.

We had developed a comprehensive database with detailed repair station information that will help serve as an inspection scheduling and tracking tool. Scheduling of TSA on-site inspections will be coordinated with FAA inspections.

We have learned through joint visits that this maximizes inspection efforts and promotes the efficient use of resources for both the government and repair stations. These coordination efforts will apply to repair stations currently certificated, those waiting for certification and those that apply in the future.

In closing, TSA is committed to working with our stakeholders, both foreign and domestic, in developing a rule that is flexible, viable, and takes into consideration the efforts already put forth at repair stations to secure their environment from the threat of terrorism.

TSA strongly encourages all interested parties and stakeholders to review the proposed rule and welcomes public comment. Thank you for the opportunity to discuss our plans for ensuring the security of repair stations and our proposed regulations. I would be pleased to respond to your questions.

[The statement of Ms. Farkus follows:]

PREPARED STATEMENT OF CINDY FARKUS

NOVEMBER 18, 2009

Good afternoon Chairwoman Jackson Lee, Ranking Member Dent, and distinguished Members of the subcommittee. Thank you for the opportunity to appear today to discuss the security of aircraft repair stations. I appreciate the subcommittee's timely attention to this issue as the Transportation Security Administration (TSA) prepares to propose standards for security measures at aircraft repair stations and provide assistance to our international partners in meeting those standards. Today I will outline the steps we are taking to lay the foundation for the security of Federal Aviation Administration (FAA)-certificated aircraft repair stations located in the United States and abroad.

I am pleased to appear along with Calvin Scovel III, Inspector General of the U.S. Department of Transportation (DOT), and Doug Dalbey, Deputy Director of Flight Standards for Field Operations at the FAA. TSA coordinates with DOT officials across a broad spectrum of domestic and international transportation security matters.

TSA, through both the Office of Global Strategies (OGS) and the Aircraft Repair Stations Program in the Office of Security Operations (OSO), works to develop and promote effective transportation security practices both domestically and around the world. Through diplomatic engagement and collaboration with our international partners, we are creating mechanisms to share information to help disrupt threats overseas, harmonize screening measures and practices, assess foreign carriers and airports, and build aviation security capacity.

Repair stations are facilities certificated by the FAA to perform maintenance, repair, overhaul, or alterations on U.S. aircraft or aircraft components. Components may be engines, hydraulics, avionics, safety equipment, airframes, or interiors. More than 4,000 repair stations are certificated domestically, and 712 repair stations are certificated by FAA in foreign locations. More than two-thirds of certificated foreign repair stations are located in the European Union, followed in number by locations

in the Asia-Pacific, South and Central America, the Middle East, Canada, Mexico, the Caribbean, and Africa. The vast majority of repair stations are owned by private companies, many of them headquartered in the United States.

There is no “typical” repair station. They take many forms depending upon the type of maintenance performed, number of employees, and location. Some repair stations are on airport premises, but many are located in industrial parks nearby. Work can range from major aircraft overhauls to repairing radios or sewing seat cushions.

This month TSA will propose regulations to enhance the security of both domestic and foreign aircraft repair stations as required by the Vision 100—Century of Aviation Reauthorization Act (Vision 100), Pub. L. 108–176. The proposed regulations are aimed at preventing unauthorized access to a repair station in order to prevent the sabotage, destruction, or theft of aircraft or aircraft components.

The United States is leading the way in establishing repair station security standards, as this is an area not covered comprehensively by the International Civil Aviation Organization agreement. The proposed regulations will cover requirements for repair stations certificated by the FAA under 14 CFR part 145 to adopt and implement a standard security program and to comply with security directives. The proposed rule also will seek to codify the scope of TSA’s existing inspection program and TSA authority to enter, inspect, and test property, facilities, and records concerning repair stations. Further, it will focus on procedures for TSA to notify repair stations of deficiencies in their security programs and determine whether there is an immediate risk to security. The proposal will also cover the process for a repair station to seek review of a determination that security deficiencies are not adequately addressed or that there is an immediate risk to security.

TSA has spent considerable time assessing the types and varieties of repair station operations as well as the current state of aircraft repair station security measures around the world. TSA has established an aircraft repair station program office overseen by OSO, with the international outreach efforts performed by OGS, and the agency has hired and trained International Transportation Security Inspectors (ITSI’s). With the collaboration of host countries and corporate offices, we have performed numerous voluntary site visits and outreach efforts to FAA-certificated foreign repair stations. The site visits provided valuable insight into the different types of facilities certificated by FAA, the variety of repair work conducted at the facilities, and the range of security measures used. During these visits, TSA discussed best practices for access control and other security measures. Worldwide, TSA found that aircraft repair stations take security seriously and voluntarily perform security measures that are consistent with the standards TSA is proposing. Aircraft repair stations are eager to protect the high-value products of the customer base they serve, which in itself is a substantial incentive to maintain security at a high level.

The voluntary site visits have served the United States well in fostering collaborative relationships with our international partners as we break new ground in proposing comprehensive standards focused specifically on the security of aircraft repair stations. Through these visits, we established a dialogue on international security requirements and developed a wealth of information about security strategies that was useful in developing TSA’s Aircraft Repair Station Security Notice of Proposed Rulemaking (NPRM).

The Implementing Recommendations of the 9/11 Commission Act of 2007 (9/11 Act), Pub. L. 110–53, requires TSA to complete audits of foreign repair stations within 6 months of issuance of the final repair station rule. TSA is prepared to swiftly perform these audits upon finalization of the rule. We have developed a comprehensive database with detailed repair station information that will help serve as an inspection scheduling and tracking tool. We have an implementation plan for completing all foreign repair station audits as required within the 6-month timeframe.

Throughout development of the Aircraft Repair Station Security NPRM, TSA has adhered to the principles that the agency should: (1) Listen carefully to the diversity of interests concerning the rule, (2) ensure that the rule’s proposed standards are risk-based, (3) provide appropriate flexibility to accommodate the range of repair station characteristics, and (4) complement FAA’s safety regime.

TSA anticipates its aircraft repair station rule will provide an additional layer of security in the aviation domain. First, TSA will be in a position to ensure that repair stations across the board carry out a security program that clearly defines access controls for the facility as well as aircraft and components, lays out measures to identify employees and others with access, successfully restricts access by unauthorized individuals, provides security awareness training to all repair station employees, conducts employee background checks, and designates an appropriate security coordinator.

Second, TSA will have inspection authority to examine repair station property, facilities, and records in order to assess security and enforce security regulations. Consistent with Vision 100, TSA would notify repair stations and the FAA if there are deficiencies in security programs and provide 90 days for the repair station to correct the deficiencies. If they are not corrected within 90 days, TSA would notify the FAA that it must suspend the station's certificate until the deficiencies are resolved. Importantly, a process would be provided to allow repair stations to request further review of the deficiency determination. In addition, the rule addresses the process for revoking the certification of a repair station that is determined to pose an immediate risk to security as identified on a case-by-case basis, as well as the opportunity to appeal such a determination.

In closing, TSA strongly encourages all interested parties and stakeholders to review the proposed rule when published and welcomes public comment. Upon finalization of the rule, TSA will have the trained inspectors, logistical information, and plans to quickly follow through with the audits of foreign repair stations within 6 months as required by the 9/11 Act.

Thank you for the opportunity to discuss our plans for ensuring the security of repair stations and our proposed regulations. I would be pleased to respond to your questions.

Ms. JACKSON LEE. Let me thank you very much for your testimony, and we will proceed with questions. I do want to acknowledge the presence of Ms. Titus of Nevada and thank her for being here. I thank the witnesses for their testimony, and I will remind each Member that he or she will have 5 minutes to question the panel. I will now recognize myself for questions.

Mr. Scovel, let me begin by framing the understanding or my understanding of this issue so that it is very clear. First of all, one report was issued in 2003 and one report was issued in 2008. Congress acted in between but to this new administration this is an issue that has been on-going. It certainly raises a lot of questions because of the climate in which we live in 9/11.

The second premise or given that I would like to suggest is it would be untenable for any of us to think that airlines would not be dutiful and attentive to the issue of the repair status of their aircraft. It is the basis of their work product. It is the source of their income, and I would expect that they would be as dutiful as an industry could be expected.

I will hear from their representative on the second panel, and I would imagine that there is a need for all of us to improve whatever we might do. But we have a higher responsibility here in Government, and that responsibility is to set the framework of security in this post-9/11 era.

So if you would give me an assessment of the conflictedness, as I perceive it, between the working relationship between TSA and FAA, tell me what the gaping holes are. In your report, although it has been submitted into the record, articulate what you saw that gave rise to, and what the inspector general's office saw, that gave rise to these indicting reports?

Mr. SCOVEL. Thank you, Madame Chairwoman. If I may, I would like to begin by clarifying, I hope, my role in this. As this committee well knows, TSA up until 2003 belonged to the Department of Transportation. It was my predecessor's responsibility while TSA belonged to DOT to conduct both an audit with regard to safety oversight by FAA of repair stations, as well as security measures that TSA was taking while it belonged to DOT.

The 2003 report that you referred to, Madame Chairwoman, was issued literally on the eve of TSA's departure from my department

and its move to the Department of Homeland Security. It was originally classified SSI because of the sensitive security information contained in it. It has been redacted by TSA itself, redacted copies have been provided to the committee. We posted it on my Web site just this week, and I have asked that it be inserted in the record.

As part of that security review, we inspected 12 domestic repair stations and 10 foreign repair stations. Like TSA, we tried to analyze the security picture depending on where a particular repair station was located. Was it on commercial airport property, general aviation airport property or was it off airport property completely?

If I could summarize, four repair stations that were located aboard commercial airports, and this was only 8 percent of the stations that we had occasion to examine, we found poor perimeter access controls, such as gaps in fencing, unmanned entrance points. Photos of those are contained in the report that has been provided to the committee.

We found ineffective controls for monitoring individual movement once on airport property, for instance, repair station vehicles denoted simply with a magnetic placard while driving—

Ms. JACKSON LEE. Are you on the foreign soil or domestic soil?

Mr. SCOVEL. That was at both, ma'am.

Ms. JACKSON LEE. All right.

Mr. SCOVEL. Domestic and foreign. We also found insufficient procedures to ensure the safety and security of individuals performing repairs. In other words, lack of background investigations. Also, within—although it was well after a year after the September 11 attacks, we found written security procedures that had not yet been updated.

Ms. JACKSON LEE. This was found on foreign soil repair stations, foreign repair stations?

Mr. SCOVEL. It was found on both, both domestic and foreign repair stations.

Ms. JACKSON LEE. And the report of 2008?

Mr. SCOVEL. Our 2008 report focused primarily on FAA safety oversight of repair stations. Safety, as you pointed out in your opening statement, ma'am, has an integral link to security. Any safety vulnerability can be exploited and turned into a security threat.

What we found primarily in our 2008 report was that FAA, despite its efforts beginning in 2007 to create a report that carriers could submit to it, to submit detailed data that would allow FAA to fulfill its safety responsibilities, those reports were incomplete and inadequate and what I have characterized as leaving FAA fundamentally ineffective in its safety oversight responsibilities.

Ms. JACKSON LEE. Since 2003 and when their departure moved them to DHS, can you just quickly—and I just have another question before I conclude to the other witnesses—quickly what have you seen as the oversight relationship that TSA has had dealing with the security question?

Mr. SCOVEL. Well, again to clarify, my responsibility has not been to look at TSA after 2003. However, I can speak to FAA's—

Ms. JACKSON LEE. If you would look at it from that perspective then, FAA's coordination and their work product after 2003 on this issue.

Mr. SCOVEL. Yes. FAA has been collaborating with TSA. Through the years, and as you pointed out, the current proposed rule is quite late, but FAA has been working with TSA to prepare that rule.

I would like to point out that as important as that proposed rule may be, perhaps just as important and is contained in our 2003 report as well as in the Vision 100 legislation, is the requirement for TSA and FAA to conduct a comprehensive security review and audit of all repair stations.

That hasn't been done in the last 5 or 6 years. It won't get done until after the proposed rule becomes final. TSA and FAA will have to work carefully on that and to do it effectively FAA must have a report that will—from carriers—that will show what type of maintenance, in what volume and where it is being conducted so that both TSA and FAA can target its limited inspector resources.

Ms. JACKSON LEE. Very quickly, Mr. Dalbey and Ms. Farkus, how do you plan to work together on the audits and for TSA to respond to the audits and for FAA to do the audits? How do you expect to do that? You have a notice of a rulemaking, but what are you doing now?

Mr. Dalbey.

Mr. DALBEY. Actually, I would like to defer to Ms. Farkus on this particular question.

Ms. JACKSON LEE. Ms. Farkus.

Ms. FARKUS. Well, during this time, we have not been waiting for the rule to become finalized. We have worked with FAA very closely to gain an understanding of the types of repair stations that are involved in this industry.

So the time has given us a chance to understand the industry, to consult with partners via listening sessions and written comments and also make inroads with the foreign governments because since we do not have a legislation or a regulation to allow us to see these foreign repair stations, we negotiated with our partners and asked as part of our program that we already have in place where we inspect foreign airports and foreign air carriers.

So because of the relationships we had with our foreign partners and with FAA with their relationships, we were able to go and pay site visits to several of the locations, as well as corporate headquarters and industry conferences where we could gain insights and understanding and work forward.

So what our program office has been doing is taking the information from the FAA's databases to put that into our work plan so that as we are preparing what our work schedule is for the rest of the year, we are going to initiate those audits so that we can then feed that information back through FAA.

Ms. JACKSON LEE. Well, let me—I want to yield to Mr. Olson. I will just end on this comment and come back to you. I can only hear that as you are speaking, and as I will reach back to Mr. Dalbey in the second go-around that employees are still operating in foreign repair stations without the appropriate background checks.

I have heard nothing on that. Perimeter issues, I have heard nothing on that. So let me just allow you at another point as I yield to Mr. Olson for his questioning. Thank you.

Mr. Olson is recognized for 5 minutes.

Mr. OLSON. Thank you, Madame Chairwoman. Mr. Dalbey, in your testimony you indicate that before issue a certificate to a foreign repair station, the FAA must determine that the facility meets the same performance criteria as domestic repair stations. What specific requirements are necessary to issue a certificate to a foreign station?

What would be the reason not to issue a certificate to a foreign station? As you mentioned, it seems like there is a 12 to 24 month that foreigners have to get reapplied and re-approved, but that doesn't apply to the domestic carriers. I would just like to elaborate on some of those issues, sir.

Mr. DALBEY. Yes, sir. Thank you for the opportunity. The foreign repair stations and the domestic repair stations are identical in regards to they must have the same tools, facilities, equipment, the same kind of recordkeeping system program.

Our sort of site for certification standards are the same whether you are looking at a foreign or domestic repair stations. As far as the type of work being performed, they must hold adequate facilities, for instance, for a certain type of or size of aircraft, they must be able to house whatever kind of equipment they are working on.

Their personnel must be trained. They must have a roster of supervisory and inspection personnel. Those inspection and supervisory people must have the same level of knowledge. So from a performance standpoint, it makes no difference whether you are on foreign soil or domestic soil as far as the technical issues and the performance standards that we look at.

Mr. OLSON. Well, thank you very much for that answer, sir.

Ms. Farkus, I would like to ask you, in your testimony you state that, "TSA's proposed rule on repair station security will codify the scope of TSA's existing inspection program and TSA's authority to enter, inspect, and test property, facilities, and records concerning repair stations."

Can you tell us how TSA currently conducts inspections of foreign stations? Can you describe the collaboration between TSA and FAA on the inspection of foreign repair stations?

Ms. FARKUS. Thank you for the opportunity to address that question. Under the security regulations, as you noted, we would be emphasizing the access control identification of employees and ways to develop contingency plans in case there were an event. What would be done, the name of security coordinators so we that would have a 24/7 point of contact.

Because we have not had any regulations to have the authority to go into these stations, we have done this on a collaborative basis with the foreign government. Because they are FAA-certificated stations that also gives us an inroad to be able to talk to them about their structures.

For the foreign repair stations, there are over 700 of them and over 300 of them are located on an airport, which would then be subjected to the airport security program and many of the needs of the perimeter control, the access control identification badges would be covered under that airport security program.

So what we have done in conjunction with FAA is to look at a risk-based approach and tier the highest threat areas, those sta-

tions that based on a known threat in the region or the country, based on using current intelligence information that tells us that there are bad things happening within an area.

The type of work that is being done at the repair station because what we learned was you may have a three-person shop that does one small type of repair, if it is just seat cushions or to a small component of the aircraft.

But you may have a big station where there are thousands of employees that are working on engines and are working airframes and there are the ones where we feel that they are more of a threat, the proximity to the airport. So it is an evolving process, it is constantly changing based on the intel threat that is out there and based on the changing nature of the information that we receive.

Mr. OLSON. Thank you very much for that answer.

Mr. Dalbey, we have got one more for you. How do the safety inspectors decide which stations, which foreign stations to visit?

Mr. DALBEY. That is a very good question, sir. Not too long ago we kind of went based on just raw numbers. In other words, we had so many requirements to go out and do so many observations. We have a requirement to do at least one repair station visit per year regardless of whether you are foreign or domestic.

The past few years we have developed a risk-based system that basically categorizes based on several technical indicators of what kind of raw data we are seeing. It is called the Repair Station Assessment Tool. Those numbers are plugged into that tool and it tells the inspectors and the applicable regions which repair stations need more than one visit per year for instance.

We have also enhanced a tool that we have had around for a long time, the Safety Performance Analysis System, which we call SPAS. That is data that all inspectors—that is a tool that all inspectors feed data into and it also has a lot of risk indicators that come up.

It is really the way that a repair station inspector for instance that is assigned to repair stations solely in Singapore puts in data and every Airline Certificate Management Office, the FAA inspectors assigned to that are able to go in there and look at that kind of data to determine their risk.

We really look at the two layers up-front as there is always a set of inspectors assigned to the repair station and there is another separate, dedicated group of inspectors that are assigned to the airline fleet that monitor the maintenance from that angle. So they determine hand-in-hand which ones need to be visited first through a very formal risk assessment process.

Mr. OLSON. It sounds like every one of them gets at least one visit a year and some of them based on a threat get more visits, you know, up to—what is kind of the high end? I mean, who gets five, six, seven, eight per year or?

Mr. DALBEY. There are several that probably get four, five, six. We do some teamed inspections. For instance if you have three different airlines that are going into a large repair station someplace you many times have inspectors from all three of those airlines' FAA teams that will go at one time in conjunction with the repair

station inspector that is assigned that duty from an FAA standpoint and they will do teamed visit.

Another factor may be if you have an airline that operates four, five different fleets, if they are putting different seats of aircraft into a repair station, the person responsible from the FAA on that fleet will make that trip on his fleet and he may be followed the next week by somebody who is responsible for the other fleet for instance.

So there is not a typical average, it really depends on the size of the repair station, the complexity of the repair station, the different type of work being performed, the numbers of fleets that go into that and also the risk assessment.

Mr. OLSON. Well, thank you very much for that answer.

Madame Chairwoman, I yield back my time.

Ms. JACKSON LEE. Ms. Titus is recognized for 5 minutes, the gentlelady from Nevada.

Ms. TITUS. Thank you, Madame Chairwoman.

As you may know, I represent southern Nevada, Las Vegas, and in my district tourism is the most important driver of the economy. So every day we are proud to welcome visitors from all around the world, we want them to come to Las Vegas and experience what all we have to offer.

Because they are coming from all around the world, I am more interested in your relations with foreign governments. You mentioned, I think you said we are making inroads with foreign governments.

But I wonder if Ms. Farkus, if you would elaborate how you plan to work with foreign governments once the rule is implemented. How the process will change after the rule is and give us some assurance this is going to be kind of a mutual relationship going forward that will be successful?

Ms. FARKUS. Thank you very much. TSA currently has TSA representatives, international industry representatives and transportation security specialists deployed around the globe. It is about 22 TSA representatives, about seven international industry representatives working with the airlines and with industry associations that are internationally based.

Then the transportation security specialists are those who then inspect airports, air carriers, and will also be conducting the foreign repair station, so many of the relationships with the governments are developed between the government entities and the airport authorities in the civil aviation side and then the airline side. In some cases it will be a new person that we will be dealing with as far as the foreign repair station is concerned because every country is kind of constructed a little different.

In some cases, it may be part of the airport authority, the civil aviation factor and other—it may require us to build a relationship with another department within that government. We will work with State Department and with the embassy contacts to make those in-roads.

As we have been doing that already over the—as the rule has been through the system, we have prioritized that approach, so it is based on that success we have had with our past foreign rela-

tionships with our representatives around the globe that we are just building another process in place.

So we have a way that we have been able to develop these processes, harmonize efforts that way we have worked across with our European partners in particular. We have worked to kind of standardize things the way we operate so that we don't have to inspect as many times there because we are confident of the measures that they have put in place because of the information sharing that is done.

That allows us to take those resources and then place them in areas where it is a higher risk or that we are doing something new like the foreign repair stations that gives us a chance to balance our resources and address the threats as they are developing around the world.

Ms. TITUS. Thank you.

I would also just ask you, Mr. Dalbey, it took you 7 years to come up with this rule. I believe it was 7 years, and I understand there is a lot of frustration among many of the stakeholders, many of the people affected, many of the people who want to have a voice in this rulemaking process. Can you assure us going forward as this rule is considered and put into place that there will be more opportunity for that kind of input?

Mr. DALBEY. Ma'am, are you referring to the TSA notice of proposal?

Ms. TITUS. Right, exactly.

Mr. DALBEY. I really can't address the TSA's rule, madame.

Ms. TITUS. I am sorry. Well, maybe I should ask Ms. Farkus then.

Ms. FARKUS. You have our commitment that we will continue the outreach and expand efforts particularly now that the notice is out for comment. We are eager to work with others. We learned a lot through the time that this was being developed.

We didn't just wait. We knew we had work to do. We were responding as was mentioned earlier. There were so many threats that kept kind of rising up that we had to put our resources to other things. But because we have placed those additional layers of security in place in other areas, we are now able to focus more fully on the foreign repair station. We look forward to the comments that we receive, and we will learn from industry and stakeholders in making this rule flexible and viable for all.

Ms. TITUS. Okay.

Thanks, Madame Chairwoman.

Ms. JACKSON LEE. Thank you. Let me raise this point in conclusion, if I may, and refer to the opening statements that you made and my opening statement that I am really concerned about the coordination between TSA and FAA in establishing an effective security oversight program.

In particular in the case of TSA, identifying incorrect or security discrepancies which is what my last final questionings was about, or worse, identifying the security problems that are of an immediate danger. The rule states that TSA will communicate in writing to FAA, which will then suspend or revoke the certification depending on the circumstances.

I need to know that this interagency process will work quickly and without fail. I don't want a letter sitting on someone's inbox for 2 weeks before action is taken. So this is a question for Mr. Dalbey and Ms. Farkus.

Mr. Dalbey will start first. Please tell me how this notification will occur, at what levels in the two agencies and if there is an interagency memorandum of understanding that will be required?

Mr. DALBEY. Madame Chairwoman, as of right now there is no memorandum that exists but I can assure the FAA is very well practiced in issuing letters of suspension, letters of revocation. We will work closely with TSA to establish a process so there are no questions.

We look at these types of actions as an emergency type of situation, and we need to go beyond the fact that it goes to somebody's inbox. I would say a very streamlined set of processes that when something of this nature occurs, we get people, a crisis team together and do that very quickly. We are very willing to work with TSA on having a very fast-tracked process for that.

Ms. JACKSON LEE. So you don't have a protocol for that right now?

Mr. DALBEY. No, Madame Chairwoman.

Ms. JACKSON LEE. Do I understand that the foreign repair stations have doubled? Is that accurate, over the last—we were at 300, and we are at 700, is that right, Ms. Farkus?

Ms. FARKUS. The current number is a little over 700.

Ms. JACKSON LEE. What percentage of that as you indicated on the—contained in large airport facilities?

Ms. FARKUS. Three hundred.

Ms. JACKSON LEE. Where are the others located?

Ms. FARKUS. Some are located in industrial parks in nearby areas but I would have to get more details on—

Ms. JACKSON LEE. So they are off-site.

Ms. FARKUS. They are off-site.

Ms. JACKSON LEE. Do your inspectors or have your inspectors in this coordination before the rulemaking have made trips to those off-site facilities?

Ms. FARKUS. We have made trips to some off-site facilities.

Ms. JACKSON LEE. What is the difficulty for getting to them?

Ms. FARKUS. It depends on the country and the situation and the way the government is constructed in the country. I could give you some more specifics of particular regions if you would like.

Ms. JACKSON LEE. I would like that for the committee, please. The nexus that you use to inspect is where domestic airlines, U.S.-based airlines travel or utilize those facilities and or foreign airlines that fly to the United States? Is that how you make the assessment?

Ms. FARKUS. Any airport that is the last point of departure to the United States, we have the authority to—

Ms. JACKSON LEE. But on the foreign repair stations that are off-site, industrial buildings how do you assess inspecting them?

Ms. FARKUS. Until we get the rule in place, we really had no authority. It was done on a basis of—

Ms. JACKSON LEE. But you use as a criteria that those planes will be flying into the United States or flying anywhere?

Ms. FARKUS. That would be for the United States.

Ms. JACKSON LEE. Right.

Ms. FARKUS. So it would be—yes.

Ms. JACKSON LEE. So if they are off-site, your criteria would be that they are repairing flights coming in to the United States—

Ms. FARKUS. Yes, ma'am.

Ms. JACKSON LEE [continuing]. Whether they be a domestic-based airline or foreign-based airline.

Ms. FARKUS. Yes, ma'am.

Ms. JACKSON LEE. Well, let me ask Mr.—let me let you comment on the question that I just raised about coordination, sitting on the desk because, again, I go back to the point that as we speak there are probably security breaches in terms of background checks and a number of others, and I would raise that as a concern.

How would you address the communication, that TSA will communicate in writing and will then work with them—to FAA, excuse me, and how you will work with them and how communications will not languish?

Ms. FARKUS. We currently have a process that is in place for the notification when an airport does not meet security requirements. Our intention is to use that program to model how we would identify when a foreign repair station is not meeting the security standards.

That is a process that I am committed to making sure that it moves through the system and doesn't languish. That we do everything we can to ensure that our organizations are working together. I have my administrator's commitment to facilitate that process as well.

Ms. JACKSON LEE. We do recognize, again, the role that each of you are playing in terms of working with departments of which you are still resourcing or structuring. I appreciate that. But I would like to know whether or not you expect that TSA will seek to increase its budget, which I would make the request for these inspections?

Ms. FARKUS. At this point we have worked within our budget and expect to work in our budget to address the threats and look at the risk-based model to then put the resources that we available to us to those highest threat areas.

Ms. JACKSON LEE. So would you recognize the fact that there is a sense of urgency and that you may need to increase the budget and increase the numbers of inspectors so to increase the number of inspections because you are talking about 700 potential sites?

Ms. FARKUS. We are already training more inspectors that are domestically based so that we can then use them in international inspections. It is also part of their career development because this way when someone is a domestic inspector, they also get trained to do international work. It is a step up for them and an increase in their responsibilities.

Continuing classes are on-going, so we will have several—there are over 600 inspectors that are domestically-based so we can then use that to pool. So until we exhaust that resource, until we look at the actual model of how many times we can send somebody out, we are going to work within our existing President's program.

Ms. JACKSON LEE. This committee would like to have a report as you move forward in the rulemaking on your assessment of the utilization of the 600 inspectors and the need to increase the numbers as I, frankly, believe they may be overloaded. Inspections are required more than once and that means there will have to repeat visits and assessments and certification.

Let me quickly just address these points to you, Mr. Dalbey and thank you. The report in 2008 said this, and I think I will do it in a way that you will be able to just comment on it.

Specifically the report from the inspector general said, "The FAA did not have an adequate system for determining how much and where the most critical maintenance occurs, did not have a specific policy governing when CMO inspectors should visit repair stations performing substantial maintenance."

"Did not require inspectors to validate that repair stations have corrected deficiencies identified in air carrier audits," which I think is one of the more indicting indictments. "Four, did not have adequate controls to ensure that inspector document inspection findings in the national database and review related findings by other inspectors."

"As a result FAA could not effectively target its inspection resources to those repair stations providing the highest volume of repairs, which caused deficiencies at repair stations to go undetected or reoccur and prevent inspectors from obtaining sufficient data to perform comprehensive risk assessments."

That could be in safety but it is certainly life or death in security. I might say safety as well, but our jurisdiction here is security. What have you done or do you intend to do or have you done on these issues?

Mr. DALBEY. Thank you, Madame Chairwoman. First of all, we take the recommendations from the inspector general's office very seriously. We do appreciate their level of insight, and we go through these very succinctly and in the case of the 2008 report, we agreed with every recommendation that the IG made.

We have been doing a lot of work towards correcting those problems. We have recently drafted and are very close to publishing some internal FAA guidance to our inspectors that really show-cases every one of those issues and makes it mandatory, for instance, on when a CMO Inspector, which is one who is assigned to an airline, has to go out and look at a repair station that we have identified as an essential maintenance provider, which was another thing in the IG's report that we could not figure out who was doing what type of work.

By us classifying certain very high-risk work as essential maintenance, that is probably the biggest step we have taken to get in line with the recommendations. We have also in addition to the guidance that we are getting ready to give to our inspectors, are issuing two advisory circulars.

Advisory circulars are documents that are information to inspectors as well as operators, which means they apply to repair stations and the air carriers. In those documents, we will outline very specifically how an air carrier has to list the essential maintenance providers in what part of their manual.

We do that through a legal document called the “Air Carriers Operation Specifications.” We are very close to having all of those published, out on the street and have our inspectors, which is equally as important, trained on how to interpret and how to apply the policy that are in those documents.

So we very much appreciate the comments and the recommendations from the inspector general. We have had a long-standing dialogue with his office and the lead auditors. They have helped us along the path.

We have had some bumps along the road where our first attempts at some of these did not work. We listened to the inspectors. We listened to the IG and came back and this is our course of action, and we really think it is going to close out every one of his recommendations in a very positive light.

Ms. JACKSON LEE. Mr. Olson, did you have anything concluding on this panel?

Mr. OLSON. Madame Chairwoman, thank you very much. I do note that we have a vote going on down there on the floor, and so I will be very brief. I just want to ask Ms. Farkus one more question because I know you feel neglected today. We haven’t really talked to you very much.

But in your testimony you stated “TSA found that foreign repair stations take security seriously and voluntarily perform security measures that are consistent with the standards that TSA is proposing.” So I just wanted to ask you, based on your inspections and site visits, can you tell us if the security standards vary from country to country and/or region to region?

Ms. FARKUS. Thank you very much. Yes. What we did learn though that they do take security seriously. It is a part of their business. It is ingrained in that because if they don’t maintain security at their stations, they are not going to get the business and they are not going to stay in operation.

It does vary by region. It does vary by country. We have not visited all of them yet but those that we have, we learned some best practices from them and that was one of the good results that we had out of these outreach visits was to create a list of best practices and procedures.

What we found from many of the places where they were very interested and if there was something they could do better. So it is a wide range of issues, it is a wide range of characteristics, and we are looking forward to working with the partners to improve it across the board.

Mr. OLSON. Thank you very much for that answer, ma’am.

Then thank all of you for testifying today; greatly appreciate your time and expertise.

Ms. JACKSON LEE. Thank you very much, Mr. Olson. Let me just finish—thank you, Mr. Olson—

Mr. OLSON. Thank you, Madame Chairwoman.

Ms. JACKSON LEE [continuing]. With this question. Mr. Scovel, do you think at this point with the 700 foreign repair stations that we are at a point where we know the background of all of the employees that may be utilized in this important task that these airlines have responsibility for and the Government has responsibility for?

Mr. SCOVEL. Madame Chairwoman, I am certain we don't know that. In connection with our 2008 safety oversight report, we visited foreign repair stations. We know that background investigations are not being conducted on all employees at those locations.

Ms. JACKSON LEE. Do you sense a sense of urgency, Mr. Scovel?

Mr. SCOVEL. Yes, absolutely. I understand TSA's resource restraints, the need to prioritize in terms of threat. Clearly though, as this committee and America knows, we remain a Nation at war. Our enemy is implacable.

They have demonstrated the intent and capability to target U.S. civil aviation repair stations. As we noted in our 2003 report based on an incident in Singapore in late 2001, repair stations are on their target list. We have to assume that, Madame Chairwoman.

Ms. JACKSON LEE. So quickly, if you had one task coming from your reports collectively, 2003, 2008 as an IG, recognizing the firewalls that you exist in but the committee is asking, what would you say the first charge will be? Now, we know we have a rule-making going on, but what would be the first charge or an important list of charges to get started between FAA and TSA?

Mr. SCOVEL. Ma'am, first item on the to-do list remains to FAA to structure a report from the carriers so that critical maintenance and the volume of it and the specific locations can be identified both so that FAA can satisfy its safety responsibilities and so that TSA can target its scarce inspector resources, which are quite limited right now, to those locations that need the most attention.

Ms. JACKSON LEE. So getting a report from our airline friends to FAA, the one that FAA secures, that establishes where these stations are so that a prioritization could be begin or it could go on. Then we would be able to use scarce resources and build a database to possibly ask for more resources for doing this important work. Is that my understanding?

Mr. SCOVEL. That is correct, ma'am, thank you.

Ms. JACKSON LEE. Mr. Dalbey, do you have a sense of urgency?

Mr. DALBEY. Madame Chairwoman, I would defer as far as the security question to the TSA. But I would like to comment that we have helped them in the past by providing our databases with them, and we will continue to do so.

Ms. JACKSON LEE. But do you have a sense of urgency on this matter?

Mr. DALBEY. Yes, ma'am. As I—

Ms. JACKSON LEE. Is that the sense that—is that FAA—do you think that is a sense of—that they have established that this is important?

Mr. DALBEY. Absolutely, Madame Chairwoman.

Ms. JACKSON LEE. So can you secure the document that the inspector general is asking, which I think is common sense in your partnership with TSA is to secure from the airlines a report on the existence of the foreign repair stations so that an analysis of resources could be named?

Mr. DALBEY. We will actually have most of that I believe when we have the essential maintenance providers that is mandated through their operations specifications under maintenance—

Ms. JACKSON LEE. What time frame is that?

Mr. DALBEY. I believe probably early next year we will have—

Ms. JACKSON LEE. Well, this committee is going to ask for you to report back on whether or not you could accelerate that time frame in light of the work that we expect TSA to do.

Mr. DALBEY. Yes, ma'am, I will—

Ms. JACKSON LEE. Could you please provide us with that report?

Mr. DALBEY. Yes, ma'am.

Ms. JACKSON LEE. Ms. Farkus, do you have a sense of urgency?

Ms. FARKUS. Yes, ma'am I do. This is one of our highest priorities to work through the rulemaking process and then implement. As I said, we had been conducting the outreach services, and we have those continued to plan through the months until the rule is final.

I currently have a team in Switzerland looking at the stations there, and I have a team going to Mexico in December to look at some foreign repair stations there. So we will—

Ms. JACKSON LEE. You understand, however, that we, as we speak, have stations notwithstanding the good work of our airlines that are without inspection. You understand that?

Ms. FARKUS. Yes, ma'am.

Ms. JACKSON LEE. And that there are individuals working without background checks?

Ms. FARKUS. Yes, ma'am.

Ms. JACKSON LEE. What I would like for you to do as you do this rulemaking, which has a legal time frame, is I would like TSA to provide this committee with a report back on the potential increased number of inspectors and/or inspections and what approach TSA is going to take to assess that need.

Ms. FARKUS. Yes, ma'am.

Ms. JACKSON LEE. Let me thank all of you for your very thoughtful testimony and instructive testimony. This panel will be excused, and I look forward to your submissions in writing. Thank you so very much. We will start with the second panel after the votes. This committee is now in recess. Thank you.

[Recess.]

Ms. JACKSON LEE. Call the hearing back to order and thank the witnesses for their patience. I welcome our second panel of witnesses. Our first witness is Mr. Robert Roach, general vice president of Transportation at the International Association of Machinists and Aerospace Workers. IAM represents 6,000 machinists with several U.S. carriers.

Our second witness is Mr. Robert Gless, assistant director at the Transport Workers Union of America. TWU represents 6,500 American Airlines mechanics. That airline is the only air carrier that does not outsource aircraft maintenance to foreign repair stations.

Our third witness is Mr. Chris Moore, chairman of the Teamsters Aircraft Mechanics Coalition. The Teamsters represent 18,500 aircraft mechanics with 10 airlines.

Our fourth witness is Mr. Basil Barimo, Barimo, excuse me. Mr. Barimo is vice president at the Air Transport Association of America. Mr. Barimo leads ATA's Operations and Safety Division.

Our fifth witness is Mr. Christian Klein. He is the executive vice president, the Aeronautical Repair Station Association. He oversees its communications and industry outreach activities.

Without objection, the witness' full statements will be inserted in the record, and I will now ask each witness to summarize his statement for 5 minutes. Let me also thank each of you for the time you have taken to come.

Your input is a particularly important and strategic part of how we review the security risks and safety concerns of foreign repair stations.

So again, we thank you, and we will begin with Mr. Roach, who is now recognized for 5 minutes.

STATEMENT OF ROBERT ROACH, JR., GENERAL VICE PRESIDENT OF TRANSPORTATION, INTERNATIONAL ASSOCIATION OF MACHINISTS & AEROSPACE WORKERS

Mr. ROACH. Thank you, Chairwoman Jackson Lee, and Members of the committee for the opportunity to speak to you today. My name is Robert Roach, Jr., General Vice President of Transportation for the Machinists Union.

I am appearing at the request of International President R. Thomas Buffenbarger. The Machinists Union is the largest aviation union in North America, representing 180,000 airline and aerospace workers in almost every classification, including mechanics, flight attendants, ramp service workers, passenger service employees, and production workers.

I would like to say on behalf of the 25,000 members that we have in Texas, thank you for calling this hearing and especially our Continental flight attendants which are based in Houston, Texas.

Each year, U.S. airlines increase their use of overseas aircraft repair facilities. I don't know of anyone who has ever said that maintenance is outsourced to overseas facilities to improve safety.

The first step in securing an aircraft is restricting the people who have access to it. Criminal background checks in the United States. None are required in the overseas repair stations. An al Qaeda member was employed at the Singapore repair station that performed maintenance on U.S. aircraft at the time he was arrested in 2001.

Pre-employment and on-going random drug and alcohol testing is another employment requirement for U.S. aircraft technicians. It makes no sense that the FAA does not require the same people working at overseas repair stations.

Aircraft maintenance manuals, which technicians are required to have with them when making repairs are printed in English. The personnel at overseas repair stations are not required to read English, creating a major safety problem.

IAM members regularly report aircraft returning from heavy maintenance performed overseas with dangerous malfunctions. Recent reports including mis-wired engine indicators, critical sensors covered up, and parts installed backwards.

I would like to say at this point that many of the aircraft was indicated earlier that these, there were checks on these aircraft before they are put back in service, and I will say that I have an expert with me, Dave Supplee, from US Airways that can indicate that these planes are in service when many of these things are detected by our mechanics after they are back in service.

There is a danger of bogus parts making their way on to the U.S. aircraft without proper oversight. There is no uniform facility security requirements. There is a potential for sabotage, the smuggling of weapons on-board aircraft without proper security practices.

FAA inspectors do not inspect foreign repair stations on a regular basis. When they do, they must announce their inspections in advance. In the United States, surprise inspections are allowed. Non-certified FAA stations are utilized by many airlines but the FAA has no oversight and does not monitor these stations at all.

U.S. airlines have increased their outsourced maintenance from 29 percent in 2000 to 45 percent today, with much of it going overseas. But FAA oversight has not kept pace jeopardizing our aviation system.

There was indication about loss of employment, one facility in Indianapolis was the most modern facility in the world and that is now operating at 25 percent because United Airlines chose to take their work out of that location and farm that work out, to subcontract that work, much of it going overseas.

Since 9/11, we have tightened up the physical security at U.S. airports and require airline employees to pass stringent background checks but allowing U.S. aircraft to be maintained in unsecure facilities by unqualified, often unknown personnel creates a gaping hole in the security of our air transportation system.

The lowest cost and not the highest safety standards is a driving force when airlines choose maintenance repair stations. The Machinists Union believes that there should be only one level of safety and security, the highest, for the U.S. aircraft regardless of where they are maintained.

If overseas repair stations and their employees cannot meet the same requirements as airlines based in the United States, Congress should mandate this work be performed without our borders or where there is more FAA regulation oversight.

Thank you again, and we look forward to answering any questions you may have.

[The statement of Mr. Roach follows:]

PREPARED STATEMENT OF ROBERT ROACH, JR.

NOVEMBER 18, 2009

Thank you Chairman Thompson, Subcommittee Chairwoman Jackson Lee, and Members of this committee for the opportunity to speak to you today. My name is Robert Roach, Jr., General Vice President of Transportation for the International Association of Machinists and Aerospace Workers (IAM). I am appearing at the request of International President R. Thomas Buffenbarger. The Machinists Union is the largest aviation union in North America, representing 180,000 airline and aerospace workers in almost every classification, including mechanics, flight attendants, ramp service workers, passenger service employees and production workers.

Each year U.S. airlines increase their use of overseas aircraft repair facilities. As a result, major airlines have closed U.S. maintenance bases leaving thousands of people out of work, and in the case of United Airlines closing its Indianapolis maintenance facility, taxpayers on the hook for the construction bill.

I don't know of anyone who has ever said that maintenance is outsourced to overseas facilities to improve safety. The true reason is undeniable—airlines send maintenance work overseas because they can get the minimum maintenance performed for the least amount of money. Although an airline may experience immediate cost savings from sending maintenance work overseas, the long-term cost to our Nation can be devastating. There has never been room for error in the aviation industry.

I have been asked to discuss the security aspect of overseas maintenance operations, but a discussion of facility security must include their personnel, maintenance track record, and FAA oversight.

The first step in securing an aircraft is restricting the people who have access to it. Technicians working at U.S.-based aircraft maintenance facilities are required to undergo FBI criminal background checks. In fact, technicians with a criminal infraction that is in no way indicative of being a potential security risk can be rejected for an airport security pass, thereby denying them employment.

However, neither the FAA nor the airlines require people working at overseas facilities to undergo criminal background checks. No security clearance is required. U.S. airlines contract with overseas facilities that do not vet their employees, yet allows them unfettered access to the most critical parts of an aircraft.

There is no way for the FAA or individual airlines to know if the person performing critical safety maintenance on U.S. aircraft at overseas facilities are qualified technicians or al Qaeda operatives. This is not as far-fetched as it sounds, as an al Qaeda member was employed at a Singapore repair station that performed maintenance in U.S. aircraft at the time he was arrested in 2001. In the United States, passengers go through more stringent security checks than the people overseas repair stations hire to maintain our aircraft.

Pre-employment and on-going random drug and alcohol testing is another employment requirement for U.S. aircraft technicians. The reason behind this is clear—we don't want impaired people maintaining our aircraft. It makes no sense that the FAA does not require the same of people working at overseas repair stations.

English is the language of aviation. Pilots and air traffic controllers at all major international airports are required to speak English for safety reasons. Aircraft maintenance manuals, which technicians are required to have with them when making repairs, are printed in English. But personnel at overseas repair stations are not required to read English, creating a major safety problem. Imagine how difficult it is to repair a machine as complex as a modern jet aircraft with instructions written in a language you do not understand.

IAM members regularly report aircraft returning from heavy maintenance performed overseas return with dangerous malfunctions. Recently, US Airways aircraft 444, a 737-400, had heavy maintenance performed in El Salvador. It returned with its engine indication wires crossed. This meant that if there was an emergency in the No. 1 engine there would have been an indication in the cockpit that the problem was with the No. 2 engine. If the pilots shut down the No. 2 engine thinking the problem was there, it would have left the aircraft with only one engine operating—the one with the malfunction. This potentially catastrophic mistake was corrected by US Airways mechanics in Tampa on September 30, 2009. Pilots are trained to trust their instruments. When the instruments lie, the lives of everyone on board are at risk.

On October 1, 2009, a warning light in the cockpit of US Airways aircraft number 0316 indicated the forward entry door was open at an altitude of 1,000 feet. When IAM mechanics investigated they found an El Salvador repair station left modeling clay covering the door's open/close sensor target. Another US Airways aircraft recently lost pressure because the same El Salvador repair station installed a door snubber backwards. Both aircraft had been deemed airworthy by the repair stations in El Salvador.

Additionally, if overseas repair stations do not have the same strict oversight as domestic facilities, we cannot know if the parts they install are genuine FAA- and manufacturer-approved parts, or inferior bogus parts. This problem has been growing in recent years.

The system is broken, and we look toward Congress to fix it.

There are no uniform requirements for securing overseas facilities where U.S. aircraft are maintained. Securing the aircraft means securing the facility. Access to U.S. aircraft operating areas is strictly controlled by local, State, and the Federal requirements. But the measures enacted in the United States to secure our aircraft do not apply when they are sent overseas. Major maintenance checks performed overseas sometimes last for weeks, providing ample opportunity for sabotage or the planting of contraband.

The terrorist bombing of a Pan Am 747 over Scotland was the result of an altitude-sensitive bomb placed aboard the aircraft on an earlier leg of the flight. It is not hard to imagine how a similar device can be hidden on an aircraft that has been stripped for heavy maintenance in an insecure facility by unknown personnel.

Additionally, illegal drugs have been smuggled into this country hidden on-board aircraft bound for the United States. If that can happen, a bomb or other weapon can similarly be placed on-board an aircraft for retrieval by accomplices in flight or on the ground.

Airlines can utilize both FAA-certified and non-certified facilities to perform maintenance. The FAA's oversight of overseas-certified repair stations is insufficient to ensure compliance with what limited regulations there are. On-site visits are few and far between. When an FAA inspector does plan to visit an overseas facility, the visit is announced months in advance, allowing the facility to prepare for the inspection. This is in contrast to the unannounced inspections of U.S. repair stations.

While oversight of FAA-certified stations is inadequate, regulation of non-certified stations is non-existent. A December 2005 DOT Inspector General report¹ found that non-certificated facilities operate without the same regulatory requirements as certificated repair stations and operate with no limit on the type or scope of work they can perform. The report also verified that the FAA does not monitor the maintenance performed at non-certificated facilities and the air carriers' training and oversight of these facilities are inadequate. The report further revealed that the FAA did not know the extent of maintenance performed at non-certificated repair facilities.

U.S. airlines have increased their outsourced maintenance from 29 percent in 2000 to 45 percent today² with much of it going overseas. But FAA oversight has not kept pace, jeopardizing our aviation system.

CONCLUSION

Since 9/11 we have tightened up the physical security at U.S. airports and required airline employees to pass stringent background checks. But allowing U.S. aircraft to be maintained at unsecure facilities by unqualified, and often unknown, personnel creates a gaping hole in the security of our air transportation system.

The lowest cost, not the highest safety standards, is the driving force when airlines choose maintenance repair stations. The Machinists Union believes there should be only one level of safety and security—the highest—for U.S. aircraft, regardless of where they are maintained.

Having strict requirements for U.S. operations is meaningless if they can be avoided by an airline flying their planes to another country with lesser requirements and little or no FAA oversight. Less oversight means less money. If overseas repair stations and their employees cannot meet the same requirements as the airlines' U.S.-based operations, Congress should mandate that work be performed within our borders where there is more FAA regulation and oversight.

Thank you. I look forward to your questions.

Ms. JACKSON LEE. Thank you very much, Mr. Roach, for your testimony.

Mr. Gless, you are now recognized for 5 minutes.

STATEMENT OF ROBERT GLESS, ASSISTANT DIRECTOR OF THE TRANSPORT WORKERS UNION OF AMERICA, AIR TRANSPORT DIVISION

Mr. GLESS. Thank you. There we go. The Transport Workers Union of America, members of the AFL-CIO, on behalf of our 200,000 active and retired members in the transportation industry including aircraft mechanics at American Airlines and American Eagle—roughly about 15,000—appreciate the opportunity to appear before the committee.

Now, today I would like to speak on the issue of aircraft maintenance and the need to strengthen security to help ensure safety at overseas aircraft repair stations. There are three major concerns that we have with regard to repair work performed at foreign aircraft repair stations.

First, we have long held that our belief is that the same standards should be applied to repair work being performed on U.S.-

¹ DOT Inspector General Report *Air Carriers' Use of Non-Certificated Repair Facilities*, December 15, 2005 (AV-2006-031).

² Bureau of Transportation Statistics, *Change in Passenger Airline Maintenance Employees Per Aircraft and Percent of Maintenance Spending Outsourced* 2007-2008*, http://www.bts.gov/press_releases/2009/bts026_09/html/bts026_09.html.

bound aircraft regardless of work being done in the United States or abroad.

Second, the loss of thousands of American jobs to outsourced foreign repair mechanics further weakens our U.S. economic security and finally, we have a concern regarding security breaches within and around the perimeters of facilities which can lead to sabotage.

Thus we have four recommendations regarding aircraft maintenance that we see as necessary to ensure safe and secure air travel for the American public. No. 1, require that all maintenance on aircraft used in domestic United States service be done in FAA-certified repair facilities.

No. 2, require as a condition of the FAA certification that all repair stations meet the same standards. That would include, not limited to, the drug and alcohol testing and the Part 65 Mechanic Certification.

No. 3, reconfigure the FAA inspection and oversight to place a greater scrutiny on those repair stations whose order to terminate pose the greatest risk to safety and security.

No. 4, require as a condition to FAA certification that all repair stations be subject to unannounced FAA inspections. The FAA shall be prohibited from certifying and repairing any repair station in any countries that prohibit unannounced inspections and shall immediately revoke any existing certifications in such countries.

Ironically, in-house work performed by the carriers has received the greatest scrutiny and FAA oversight but it poses the least risk because of the following factors. The carriers have shouldered the responsibility to monitor themselves and are mindful of the in-house regulations that they are required to meet.

In addition, the FAA regulations hold the domestic station aircraft mechanics to a high standard including having all aircraft mechanics being subject to the drug and alcohol testing, to pass the criminal background checks and undergo the unannounced inspections by FAA inspectors at any time and at any place.

Additionally, the mechanics who work on aircraft are usually certified under Part 65 and those that sign off the work on the aircraft, this certification is required. If all the aircraft flown in domestic U.S. service was serviced by the aircraft mechanics, then our concern of the lack of oversight would be null.

American Airlines, the prominent carrier of the mechanics that the TW represents does not outsource their work. Instead, American has been a trend setter and brought in additional income by in-sourcing work. Our mechanics employed by American Airlines are held to a standard unlike workers at overseas repair stations that have no background checks, are not subject to alcohol and drug testing, or to the unannounced inspections by the FAA.

The 2003 Homeland Security mandate that resulted from the attacks on September 11 set in place that security rules for foreign and domestic repair stations to ensure they would be equally applied. Much to our dismay, 6 years later the security rules still have not been implemented. We feel that this is simply unacceptable given the security risks at hand.

The suggestion is not that foreign countries must adapt and change their laws to institute widespread drug and alcohol testing and criminal background checks. However, to achieve the highest

level of safety and security, we ask the Federal Government and Congress to require those that work on U.S. aircraft to meet the same standards that the FAA imposes on the U.S. domestic stations.

From a security standpoint, it is not hard to imagine how certified foreign aircraft repair stations could supply terrorists with an opportunity to sabotage U.S. aircraft that will eventually re-enter the U.S. air space.

On July 14, 2009, Senator Claire McCaskill issued a press release stating information that indicates that a 2003 DOT IG report revealed that the United States has found a member of al Qaeda working at a foreign aircraft repair station in Singapore.

This example provides a demonstrated risk to our National security due to the weakened oversight of foreign aircraft repair stations. This kind of clear and direct risk of our National security must be enough to prompt action.

We call on TSA to consult with stakeholders regarding implementation of a robust and effective security program that will begin to build the firewall to protect the American flying public against any future aviation-related attacks.

Such a security program would need to include protocols dealing with background checks of workers, drug and alcohol testing, and overall perimeter safety and security measures for all repair stations working on U.S.-bound aircraft.

The alternative of double standards, strict scrutiny where already layers of protection are applied versus the lack of oversight where layers of protection are absent, is merely a roadmap for disaster and a direct impact to the integrity of the American worker.

Thank you for this opportunity to testify before you today. I am available to answer any questions you may pose regarding my testimony. Thank you.

[The statement of Mr. Gless follows:]

PREPARED STATEMENT OF ROBERT GLESS

NOVEMBER 18, 2009

The Transport Workers Union of America, AFL-CIO (TWU) on behalf of its 200,000 active and retired members in the transportation industry, including airline mechanics at American Airlines and American Eagle, appreciates the opportunity to appear before this committee.

In particular, I thank the committee for its diligence in passing H.R. 2200, the Transportation Security Administration Authorization. We look forward in the second half of this 111th Congress to the successful passage in the Senate of an FAA Reauthorization Bill that will end the double standard that is applied to aircraft maintenance at outsourced stations, as opposed to that performed at the carriers themselves.

Specifically today I would like to speak on the issue of aircraft maintenance and the need to strengthen security to help ensure safety at overseas aircraft repair stations. We represent some 15,000 workers who fall within this category of interest. Since the number of maintenance that is done overseas has increased greatly since 2003 we feel that we should do all that we can to close any security gap.

There are three major concerns that we have with regard to repair work performed at foreign aircraft repair stations. First, we have long held that our belief is that the same standards should be applied to repair work being performed on U.S.-bound aircraft regardless if the work is done in the United States or abroad. Second, the loss of thousands of American jobs to outsourced foreign repair mechanics further weakens our U.S. economic security. And finally, we have a concern regarding security breaches within and around the perimeters of facilities which can lead to sabotage. Thus, we have four recommendations regarding aircraft mainte-

nance that we see as necessary to ensure safe and secure air travel for the American public:

1. Require that all maintenance on aircraft used in domestic U.S. service be done in FAA-certified repair facilities.
2. Require, as a condition of Federal Aviation Administration (FAA) certification, that all repair stations meet the same standards. This would include, but not be limited to, drug and alcohol testing and Part 65 aircraft mechanic certification.
3. Reconfigure FAA inspection and oversight to place the greatest scrutiny on those repair stations whose audits determine to pose the greatest risk to safety and security.
4. Require, as a condition of FAA certification, that all repair stations be subject to unannounced FAA inspections. The FAA shall be prohibited from certifying any repair station in any countries that prohibit unannounced inspections and shall immediately revoke any existing certifications in such countries.

We understand that the committee shares jurisdiction with some of these issues and that the FAA Reauthorization Bill addresses them as well.

AIRCRAFT USED IN DOMESTIC UNITED STATES/IN-HOUSE WORK

Ironically, in-house work performed by the carriers has received the greatest scrutiny and FAA oversight, but it poses the least risk because of the following factors:

1. The carriers have shouldered the responsibility to monitor themselves and are mindful of the in-house regulations that they are required to meet.
2. The Federal FAA regulations hold domestic station aircraft mechanics to a high standard, including having all aircraft mechanics being subject to random drug and alcohol testing, all aircraft mechanics passing criminal background checks and all aircraft mechanics being subject to unannounced inspections by FAA inspectors at any time and any place.

Additionally, mechanics who work on aircraft are usually certified under Part 65 and for those that sign off on work done on the aircraft, this certification is required. If all of the aircraft flown in U.S. domestic service was “serviced” by a domestic aircraft mechanic, then our concern of the lack of oversight would be null.

However, as reported in the FAA’s report AV–2008–090, “Air Carriers Outsourcing of Aircraft Maintenance” issued September 30, 2008, out of the nine air carriers that were reviewed (AirTran Airways, Alaska Airlines, America West Airlines—aka US Air, Continental Airlines, Delta Air Line, JetBlue Airways, Northwest Airlines, Southwest Airlines, and United Airlines), 71 percent of their heavy airframe maintenance check work was outsourced to a foreign repair station. Since 2003, this trend of sending aircraft maintenance work out of the in-house domestic stations has more than doubled in statistical data from 34 percent in 2003 to 71 percent in 2007.

American Airlines, the predominant air carrier of mechanics that TWU represents, does not outsource their work. Instead, American has been a trendsetter and brought in additional income by insourcing maintenance work. Our mechanics employed by American Airlines are held to a high standard unlike workers at overseas repair stations that have no background checks, are subject to no alcohol and drug testing and are not subjected to unannounced inspections by that FAA.

OUTSOURCING OF REPAIR WORK POSES AN ECONOMIC RISK

We believe that there are many issues related to physical security and National security that relate directly to the outsourcing of aircraft repair work, but an often ignored aspect is the serious trend that this kind of outsourcing has created and the results that trend has had on us all. The United States continues to recover from what many economists refer to as “The Great Recession.” As of October 2009, the Bureau of Labor Statistics reported that the unemployment rate was 10.2 percent. The United States has lost millions of jobs and we have seen what effect job losses have on our economic stability and economic security. Just recently, TWU local 530 learned that several hundred of its members who perform maintenance work for American Airlines would be laid off, as the Airline is forced to consolidate and downsize its fleet. This kind of job loss, whether as a result of our current economic condition or the increasingly common practice of outsourcing repair work, has the potential to extend this period of economic weakness for the United States.

FOREIGN AIRCRAFT REPAIR STATIONS

Irresponsible regulatory changes in 1988 have allowed the FAA to certify foreign aircraft repair stations to work on U.S. aircraft not engaged in international travel and to do so under different standards than that applied to domestic stations. The concerns stemming from the aftermath of September 11, 2001, with the safety and

security of U.S.-flagged aircraft, demands that we take seriously the lack of oversight of aircraft maintenance being performed outside the reach of domestic in-house stations, which is being performed without having the same rigorous and demanding standards applied.

The 2003 FAA Authorization, pursuant to 2003 homeland security prescriptions that resulted from the attacks on September 11, 2001, set in place that security rules for foreign and domestic repair stations should be changed to ensure that security protocols are applied equally. Much to our dismay, 6 years later, the security rules still have not been implemented. As it stands, as of November 16, 2009 the security rules were finally released. We feel that this is simply unacceptable given the security risks at hand.

DRUG AND ALCOHOL TESTING STANDARD

Most, except for a handful of foreign aircraft repair stations, do not require personnel who work on aircraft destined for U.S. domestic air service to pass a drug and alcohol test. The U.S. Congress has determined that drug and alcohol impairment is an unacceptable risk for airline passengers, and has deemed domestic airline mechanics as "safety-sensitive personnel," which requires that they are subject to robust drug and alcohol testing.

The Supreme Court has since upheld the requirement of drug and alcohol testing on the grounds of safety for persons deemed "safety-sensitive personnel." Yet, even though domestic airline mechanics have been deemed as "safety-sensitive personnel," mechanics at foreign repair stations continue to evade this label. It is our belief that those who work on U.S.-bound aircraft, whether in the United States or abroad, must be deemed "safety-sensitive personnel."

Presently, in-house air carrier mechanics are held to the highest safety standards and receive the majority of FAA inspection oversight. However, foreign aircraft repair station air carrier mechanics are less scrutinized, held to a lower standard, and receive almost no FAA inspection oversight. It is our belief that at least the same safety guidelines should be followed at foreign aircraft repair stations and domestic in-house repair stations.

The suggestion is not that foreign countries must adapt and change their laws to institute wide-spread drug and alcohol testing and criminal background checks. However, to achieve the highest level of safety and security, and to ensure that we are meeting the safety standards that the U.S. flying public believes that they are receiving, the Federal Government-Congress must require those that work on U.S. flag-flying aircraft to meet the same safety and security standards that the FAA imposes on U.S. domestic stations.

CERTIFICATION STANDARD

Obtaining a Part 65 mechanic's license is a time-consuming and demanding process that ensures the mechanic's level of expertise. The FAA requires mechanics that perform a number of jobs on U.S. aircraft at domestic aircraft repair stations to go through it. However, there is no similar requirement on the mechanics who perform maintenance at foreign aircraft repair stations and we feel that this is a critical area of concern. If the FAA feels that American workers at domestic repair stations must have a Part 65 mechanic's license, then we believe they must view this certification as necessary to safely do the job and thus it should be required of all mechanic's working U.S.-bound aircraft.

SECURITY STANDARD

Since the horrific events of September 11, 2001, layer upon layer of security has been deemed the norm of protecting our aircraft and preventing another attack. Additional layers of protections and restrictions were imposed on domestic aircraft mechanics and other airline workers. These rules were put into place because policy-makers believed that it was important to maintain security.

Limiting and controlling access areas to aircraft, imposing criminal background checks, and checking terrorist watch lists are all rules that were imposed on aircraft mechanics working domestically in the United States by Congress and the Transportation Security Administration (TSA). Rules were also issued that would revoke airman certificates, which include a Part 65 mechanic certification of any individual determined by the TSA to pose a threat to aviation security.

Yet no entity of the U.S. Government, the FAA, TSA, or any other agency requires any type of background check for workers at foreign repair stations who repair or maintain U.S. aircraft. At least at domestic contract repair stations, Part 65 mechanics are covered by the TSA/FAA rule. While in theory the TSA/FAA rule applies to Part 65 mechanics located overseas, foreign stations are allowed to work on U.S.

aircraft without having any certified mechanics; as such, from a practical standpoint, this rule does not apply to foreign stations.

Loose or nonexistent security at foreign aviation facilities provides a window of opportunity for terrorists with designs on U.S. air travel. From a security standpoint, it is not hard to imagine how certified foreign aircraft repair stations, working on U.S. aircraft, could provide terrorists with an opportunity to sabotage U.S. aircraft or components that will eventually re-enter the United States. On July 14, 2009, Senator Claire McCaskill issued a press release stating information that indicates that a 2003 DOT IG report revealed that the United States had found a member of al Qaeda working at a foreign aircraft repair station in Singapore. This example provides a demonstrated risk to our National security due to the weak oversight of foreign aircraft repair stations. If this kind of clear and direct risk to our National security is not enough to prompt action, then I'm not sure what is.

We call on TSA to consult with stakeholders regarding implementation of a robust and effective security program that will begin to build the firewall to protect the American flying public against any future aviation related attacks. Such a security program would need to include protocols dealing with background checks of workers, drug and alcohol testing, and overall perimeter safety and security measures for all repair stations working on U.S.-bound aircraft.

STANDARD OF OVERSIGHT AND INSPECTION

The standard of scrutiny of oversight and inspection of foreign repair stations is not only inadequate, it is somewhat non-existent.

A 2003 report by the Department of Transportation Inspector General found that though foreign repair stations were widely used by U.S. carriers, some FAA-certified foreign repair stations are not inspected at all by FAA inspectors because civil aviation authorities review these facilities on behalf of the FAA. The consequence of such is that sufficient data to determine what was inspected is lacking.

Foreign repair stations that the FAA inspected fare about the same. One reason is that the law only requires a recertification inspection every 2 years. Since 1988, when the rules were loosened, there were only 200 such stations; as of September 30, 2008, there were 709 such stations. With this rapidly increasing amount of stations, oversight has not kept pace with the amount of FAA inspectors needed to inspect them.

Therefore, whether it is because: (1) Civil aviation authorities review foreign repair stations instead of FAA inspectors or (2) there are too many foreign repair stations for the relatively few FAA International Field Officers to maintain a consistent inspection standard or (3) that foreign repair stations are not subjected to the same unannounced visits which ensure around the clock adherence to the standards. As a result, no true oversight and inspection exists for the majority of foreign repair stations or mechanics.

The Gap must be closed. The U.S. Government must "mind the gap" and close loopholes that continue to jeopardize the safety of those that depend on the industry. This lack of oversight has consequences.

BACKGROUND ON TWU AND AIRCRAFT MAINTENANCE

In 1989, the TWU testified against the FAA's rule change. Unfortunately, we were right in predicting that the elimination of limits on movement of maintenance would result in the outsourcing and loss of tens of thousands of jobs to overseas facilities. And, we were also right in predicting that the FAA would not have the capacity to give proper oversight on the work and that the work and workers who performed it would not be subject to the same regulatory requirements the U.S. mechanics function under. We were labeled "exaggerators."

The work that TWU managed to secure at American happens not to be the norm. In "Air Carriers Outsourcing of Aircraft Maintenance," the FAA report of September 30, 2008, American Airlines, which was the largest U.S. air carrier, "was not included in outsourcing data since it retained its heavy maintenance as opposed to making a significant shift to outsourcing." Thus, it is clear; including American Airlines in the data would have skewed the results.

The 18 heavy checks performed at American Airlines are all done in-house at bases in Tulsa, and Alliance Fort Worth, and until recently, Kansas City. Being the only major carrier that still does the majority of its own maintenance, at a time when other carriers are outsourcing their maintenance, has its issues.

The alternative of double standards, strict scrutiny where already layers of protection are applied vs. the lack of oversight where layers of protection are absent, is merely a roadmap for disaster. That is disastrous for the American flying public as well as disastrous for the integrity of the American worker.

Thank you for the opportunity to testify before you today. I am available to answer questions that you may pose regarding my testimony today.

Ms. JACKSON LEE. Mr. Gless, thank you for your testimony.
Mr. Moore, you are recognized for 5 minutes and welcome.

STATEMENT OF CHRIS MOORE, CHAIRMAN, TEAMSTERS AIRCRAFT MECHANICS COALITION, INTERNATIONAL BROTHERHOOD OF TEAMSTERS

Mr. MOORE. Okay, let us hit the on button this time, sorry. Madame Chairwoman, thank you for the opportunity to testify today on this vital issue of security at foreign repair stations.

My name is Chris Moore, and I am the Chairman of the Teamsters Aviation Mechanics Coalition. We represent 18,500 mechanics across 10 airlines. I hold an A&P license and have been a mechanic at Continental Airlines' IAH facility since 1986.

Recently I had the opportunity to tour the Aeroman facility in El Salvador about 30 miles south of San Salvador. One of the Teamsters' major concerns regarding the foreign outsourcing of aircraft maintenance is that the work is being done in facilities located in developing nations where security, safety, and quality standards are lax and inadequately enforced.

In June, Southwest Airlines decided to offshore four lines of heavy maintenance to the Aeroman facility. The labor unions that represent workers at that airline were invited to send representatives to El Salvador for the validation flight.

I was asked to represent the Teamsters Union on the trip. We were required to travel with an armed escort and there were armed guards patrolling outside many of the businesses in town and then this raises a serious question to me about the security in this Central American country.

We spent approximately 12 hours at the airport over a 2-day period. My overall impression of this operation is that Aeroman is a large line maintenance operation and not the overhaul facility it is portrayed to be. Although Aeroman claims to have machining, sheet metal fabrication, and composite repair, what they actually have is limited capabilities in these areas.

For instance, the machine shop that I was shown only had a couple of milling machines and a lathe, an odd saw here and there. The sheet metal shop consisted of about 10 bending and rolling machines located on the mezzanine between two tail docks in the hangar. You get the picture of where I am going with this.

Aeroman and its airline customers would have you believe this is a first-class MRO. That was not my observation. So the question begs to be asked, what else is an exaggeration? With limited equipment, does work get outsourced to other facilities and how is that tracked? So are they subcontracting?

Where is the U.S. oversight on background checks and drug testing in this country that has very little infrastructure? At the entrance to the facility, security personnel traded our I.D.s for visitor badges. The guard shack was staffed with armed guards. There was no electronic card reader to verify that even the escort badges were valid.

The airport is located in a tropical rainforest. It is surrounded by a perimeter chain-link fence with barbed wire on top. It does not

appear to be patrolled and there is no access area cut around the outside of the fence. During my 2 days on the property, I observed no perimeter patrols at all.

Aviation safety and security are built on layer upon layer of redundancy. Those layers are being removed one by one. Is there real control over who is actually working on our aircraft in a developing economy? When the aircraft is stripped bare and there are literally thousands of places where explosives and other contraband can be hidden, are we willing to take that chance?

The average wage in El Salvador is about US\$350 a month. An Aeroman mechanic can make as much as US\$1,200 per month. What will a man or woman do to keep this job?

Witness the NPR report by Dan Zwerdling on Aeroman that ran last month where he reported an Aeroman mechanic was forced by his supervisor to install the wrong fasteners in a critical part of the aircraft structure.

This speaks volumes about how easily these workers can be manipulated. What kind of pressure can a terrorist group, for example, bring to bear on one of these workers if they decide to use a U.S. aircraft as a weapon once it is back in the U.S. air space?

While touring the facility, the DEA and local police did a K-9 narcotics and explosive sweep of the Southwest aircraft we were taking back home. Southwest officials advised me that this would happen with all of their aircraft prior to the plane's return to the United States.

However, there are no rules requiring this and it is significant to note that the Aeroman rep claimed that Southwest Airlines is the first of their customers to request such searches. It should be noted at the time of my visit, US Airways had four aircraft in various stages of overhaul and JetBlue had one and to my knowledge, neither of these airlines conduct similar drug or explosives sweeps.

Finally, the only way to ensure security is to raise the standards of all foreign repair stations to that of the United States. The proposed rulemaking goes a long way towards this goal. However, checks of workers at foreign repair stations need to be equivalent to U.S. standards.

In light of the DOT's inspector general is finding that 21 non-certified repair stations were performing work critical to airworthiness, the TSA should consider extending security standards to those facilities.

The FAA, TSA, DSA, or DEA should work closely together to eliminate overlapping inspections but should ensure that both safety and security inspections are carried out on a no-notice basis as is the case in the United States.

U.S. aviation safety is recognized as the best in the world. We should not allow any further degradation of that proud and expected record in a quest to shore up the bottom line or increase profits. Aviation security and safety is not about money. It is about preventing accidents, protecting the flying public, and saving lives.

Thank you again for the opportunity to express our views.

[The statement of Mr. Moore follows:]

PREPARED STATEMENT OF CHRIS MOORE

NOVEMBER 18, 2009

Madam Chairman, Ranking Member Dent, and Members of the subcommittee: Thank you for the opportunity to testify today on this vital issue of security at foreign repair stations. My name is Chris Moore, and I am chairman of the Teamsters Aircraft Mechanics Coalition. I hold an A and P license and have been a mechanic at the Continental Airlines IAH facility since 1986.

The Teamsters Union Airline Division represents more than 43,000 airline employees, including 18,500 mechanics across 10 airlines, customer service agents, reservationists, simulator technicians, ramp agents, stock clerks, dispatch personnel, flight attendants, and pilots. As such, our members are very concerned about the maintenance and repair of aircraft that they and their families fly on every day. The rapid growth of foreign repair stations can be partly attributed to the economic turmoil that has embroiled the airlines in the last decade.

The United States airline industry has been in a constant state of financial turmoil since the Fall of 2000, when the decline in the technology industry caused a precipitous decline in business travel demand. The September 11, 2001 terrorist attacks greatly exacerbated the industry's financial troubles, as airlines incurred significant losses resulting from the temporary shutdown of the Nation's airspace and passengers' apprehension about flying following the attacks.

Congress sought to alleviate the airline industry financial crisis shortly after the September 11 attacks, when it passed the Air Transportation Safety and System Stabilization Act, Pub. L. No. 107-42, 115 Stat. 230 (2001). Through that statute, Congress provided \$5 billion in direct emergency assistance/grants to compensate air carriers for their losses stemming from the attacks. Congress also authorized the Department of Transportation to reimburse air carriers for increases in their insurance premiums and provided billions of additional dollars for loan guarantees.

Nevertheless, in the wake of record high fuel prices earlier this year and the Depression-era crash of the Nation's financial markets, the airline industry is still in economic tatters, and is projected to lose \$5.2 billion this year. Despite passenger capacity reductions and recent cuts in fuel costs, the turbulent economic markets may continue to wreak havoc upon and potentially further destabilize the industry.

While Congress has provided significant public assistance to the airline industry over the last several years and may have to provide even more next year, many of the carriers that benefited from such taxpayer assistance have increasingly outsourced critical airline maintenance jobs to foreign repair stations. Indeed, according to the DOT Inspector General's September 30, 2008 report on the outsourcing of aircraft maintenance, airlines have more than doubled the amount of repairs and heavy maintenance work they outsource, from 34 percent in 2003 to 71 percent in 2007.

This huge increase in outsourcing of aircraft maintenance is alarming for a number of safety, security, and economic reasons. First, the Federal Aviation Administration simply is not equipped to audit the work that is performed at foreign repair stations with the same level of intensity as they can within our borders. Second, the outsourcing of aircraft maintenance to foreign repair stations has set in motion a dynamic in which workers in developing nations will do what is required of them in order to stay employed, thus diminishing the safety and security of the flying public. My testimony today will concentrate on the security issues involving this increasing use of foreign repair stations in providing maintenance and repairs to U.S. aircraft.

Foreign repair stations are not held to the same security standards as domestic repair stations. Despite several mandates by Congress—the earliest of which dated to 2003—to establish a security standard for repair stations and audit foreign stations, the Transportation Security Administration (TSA) has yet to issue a proposed rule. Foreign repair stations, certificated by the FAA, are covered by FAR Part 145, as are domestic repair stations, but critical exceptions are made in personnel and security standards. Airline-owned maintenance bases are held to the most stringent standards under Part 121 of the Federal Aviation Regulations. Mechanics employed directly by airlines are subject to drug and alcohol testing and criminal background checks as a condition of employment; their hours of work are regulated by duty-time limitations; and most must hold an FAA repairman certificate or an Airframe and/or Powerplant (A&P) certificate. No person deemed a terrorist threat by the TSA may hold any type of certificate.

Even if some foreign facilities claim they background check their workers and utilize a drug and alcohol testing protocol, those programs can only be as good as their government's systems allow. For example, in the case of Mexican truck drivers being

permitted to travel beyond the currently permitted commercial zones, the United States has required that Mexican truck drivers be subject to a random drug testing program just as U.S. drivers are. While this was first proposed in 1995, to date, there is no lab in Mexico that has been certified to test these specimens. The Department of Transportation's Inspector General, in several audit reports, has continually cited chain of custody problems as well. One might argue that drug and alcohol testing is a pure safety issue, as it deals with the possibility of faulty workmanship due to impairment, but in countries where drug cartels are prevalent, the use of drugs may speak volumes about the vulnerability of a person working at a foreign repair station.

In the matter of issuing Free and Secure Trade (FAST) credentials to Mexican drivers to take advantage of that program, the TSA, not the Mexican government, conducts the background checks on those drivers. Does the Mexican Government lack the capability and or the databases to do so? Canada conducts its own background checks for the FAST program. While the Teamsters Union strongly supports a background check for workers at foreign repair stations who provide maintenance or repair services on U.S. aircraft, we are equally concerned about the process for doing so.

I recently had the opportunity to visit a Maintenance Repair Overhaul (MRO) facility in a developing economy. That facility is Aeroman, located at the El Salvador International Airport, about 30 miles south of the city of San Salvador. It is surrounded by a tropical rain forest. According to FAA data, Aeroman employs a total of 1,200 people, including 712 non-certificated mechanics and 167 certified mechanics. The mechanics reportedly hold Salvadoran licenses that are recognized by the European Union Safety Agency. As you may know, one of the Teamsters' major concerns regarding the foreign outsourcing of aircraft maintenance is that the work is being done in facilities located in developing nations where security, safety, and quality standards are lax and inadequately enforced. Aeroman's facility definitely fits this description.

In June of this year Southwest Airlines made the decision to offshore four lines of heavy maintenance to the Aeroman facility in El Salvador. Southwest airlines is known for its good employee relations and in that spirit invited all of the labor unions that represent workers at the airline to send a representative to El Salvador for the "Validation Flight". As Chairman of the TAMC, I was asked to represent the Teamsters Union on the trip. Once in country we split in to a couple of groups. I stayed with the maintenance reps and toured the facility while the others went to the U.S. Embassy to work out the logistics of Southwest's new venture. I was a bit taken aback by the fact that we were required to travel with an armed escort and that there were armed guards patrolling outside many of the businesses in town. This raises serious questions in my mind about the security in this Central American country.

We spent approximately 12 hours at the airport over a 2-day period. We were given a tour of the facility that allowed us to walk through an aircraft that was in work, although no one was working it at the time and it was completely gutted. Throughout the tour of the facility, we were escorted by a representative of Aeroman. This made it difficult to approach the workers to ask them questions about their working conditions and to obtain their perspectives.

My overall impression of the operation is that Aeroman is a large "Line Maintenance" operation and not the overhaul facility it is portrayed to be. If you walk the floor at the United Airlines SFO base you will understand what a true MRO should look like. Although Aeroman claims to have machining, sheet metal fabrication, and composite repair, what they actually have is limited capability in these areas. In fact if you read their repair station certificate, it states that they only have limited capability in these areas. For instance, the machine shop I was shown had only two milling machines, a lathe, and the odd saw here and there. The sheet metal shop consisted of about 10 bending, rolling, and shearing machines located on the mezzanine between two tail docks in one of the hangars, essentially on the floor. The emergency evacuation slide shop is an empty room! The composite repair area is much the same. Aeroman and its airline customers would have you believe that this is a first class MRO. That was not my observation. So the question begs to be asked—what else is an exaggeration? When the Aeroman representative was asked about drug testing the answer came back, absolutely. Where is the oversight? At Continental the specimen is collected on-site and FAA drug abatement protocol is followed to the letter. To what standards are foreign MRO's being held? On the subject of background checks, in a country that has very little infrastructure, how can you validate a background check? Again, where is the oversight and what procedures are followed?

The only security I saw was at the gate coming into the facility where we traded our ID for a visitor badge. There was a guard shack manned by armed guards. There was no electronic card reader to verify that even the escort badges were valid. In the United States, the escort must have a valid ID in order to bring visitors onto the facility. You must pass the background check to obtain this badge. In Houston, the background check to obtain your security clearance goes back to age 16. The airport is surrounded by a perimeter fence of chain link with barbed wire and/or razor wire topping it. It is, from the looks of it, rather dated. I could only see the fence in areas that I toured and along the highway. It does not appear to be patrolled, as there is no access area cut around the outside of the fence as you have in the United States. During my 2 days on the property, I never observed any perimeter patrols.

My concern is this. Aviation safety and security are built on layer upon layer of redundancy. We are seeing those layers being removed one by one. Is there real control over who is actually working on our aircraft in a developing economy? When the aircraft is stripped bare and there are literally thousands of places where explosives or other contraband can be hidden, are we willing to take that chance? The average wage in El Salvador is US\$350.00. An Aeroman mechanic can make as much as US\$1,200.00 per month. What will a man or woman do to keep this job? Witness the NPR report by Dan Zwerdling on Aeroman that ran in October 2009, where he reported that an Aeroman mechanic was forced by his supervisor to install the wrong fasteners in a critical part of the aircraft structure. These Hy-Shear fasteners are designed to fail under stress, thus protecting the actual structure from failure. This speaks volumes about how easily these workers can be manipulated. El Salvador is a country where the Mexican drug cartel can bug not only the presidential offices but also his personal residence. The U.S. Drug Enforcement Agency is woefully undermanned—only one agent for the entire country at the time of my visit. What kind of pressure can the cartel bring to bear on one of these workers if they decide to make a point to the United States by destroying an aircraft once it is back in service in U.S. airspace?

While touring the facility, the DEA and local police did a narcotics and explosives K-9 sweep of the Southwest Airlines aircraft that was our transportation back to the States. The dogs belonged to the local police force, and it was not stated what type of training the dogs or handlers received. Southwest officials advised me this would happen with all of their aircraft prior to those planes returning to the United States. Again, as is the case with representations that were made regarding background checks and drug testing, I have no way of verifying the accuracy of this statement as there is no rule in place to mandate it. It is significant to note that Aeroman claims that Southwest Airlines is the first of their customers to request such searches and tests. Even if this is true, Aeroman's comment underscores and validates the Teamsters Union's argument that maintenance work outsourced to foreign countries raises serious safety concerns because the work is not subject to the same stringent safety and security standards and oversight that apply in the United States. (It should be noted that at the time of my visit, US Airways had four aircraft in various stages of overhaul and Jet Blue had one). To my knowledge, none of those airlines conducts the drug and explosives sweep as Southwest Airlines had done, before returning planes to the United States.

Finally, the only way to ensure security is to raise the standard of any foreign repair station to that of the United States regardless of any trade agreements. Regulations to ensure the security of foreign repair stations, to every extent possible, should closely mirror the standards established in 49 CFR Chapter XII that govern air carriers and airports, regarding worker background checks, access to aircraft and facility perimeter security. Worker security awareness training should also be part of a required security plan submitted to the Department of Homeland Security and the Federal Aviation Administration for approval. Those agencies should work closely together to eliminate overlapping inspections, but should ensure that both safety and security inspections are carried out at least twice yearly without notice given to the facility. There must be "24/7/365" oversight available. That would require coordinated deployment of FAA/TSA/DEA manpower in such a way that inspections can be performed and records checked with the "no notice" capability.

At least 21 non-certificated repair stations in foreign countries have been identified by DOT's Inspector General as performing maintenance "critical to the airworthiness of the aircraft." Because of the level of work involved, those facilities should fall under the same security requirements as certificated foreign repair stations. Foreign repair stations receive work from both U.S. and other foreign-owned airlines. If regulations applying drug and alcohol testing and background checks would apply only to workers who service U.S. aircraft, then access rules need to be

developed within the facility to segregate those workers from others who may be on the property.

U.S. aviation safety is recognized as the best in the world. We should not allow any further degradation of that proud and expected record in a quest to shore up the bottom line or increase profits. Aviation security and safety is not about money; it is about preventing accidents, protecting the flying public, and saving lives.

Thank you again for the opportunity to express our views on this important issue of security of foreign repair stations. I am pleased to answer any questions you may have.

Ms. JACKSON LEE. Thank you very much.

Mr. Barimo, you are recognized for 5 minutes.

STATEMENT OF BASIL J. BARIMO, VICE PRESIDENT, OPERATIONS AND SAFETY, AIR TRANSPORT ASSOCIATION OF AMERICA, INC.

Mr. BARIMO. Good afternoon. I am Basil Barimo. I am the vice president of Operations and Safety for the Air Transport Association of America.

I appreciate the opportunity to join you this afternoon as we consider the role of aircraft repair stations in air carrier maintenance programs. Our experience confirms that contract maintenance can, in fact, be both safe and secure. This afternoon, I want to focus on three points.

First, that maintenance contracting does not compromise safety or security. Secondly, that maintenance contracting enables U.S. airlines to compete globally. Finally, that maintenance is good business for the United States and any nearsighted efforts to limit access to foreign repair stations will cost us jobs.

Safety is the constant overriding consideration of our members' activities. They understand their responsibilities and they act accordingly. The U.S. industry's stellar safety record demonstrates that unflagging commitment.

So, let us talk about facts. Maintenance contracting has increased over the last decade, but as the chart on page six of my written testimony clearly shows, the U.S. airline industry's maintenance safety record is the best it has ever been.

In fact, no ATA member airline has experienced a maintenance-related fatal accident in nearly a decade, and that is while operating over 100 million flights. If there were a systemic problem with contract maintenance, the data would have exposed it.

Contract maintenance is common and commonly accepted in the industry. Virtually every airline to some degree relies on contract maintenance.

Whether it is in the form of line maintenance, heavy maintenance, component, or engine maintenance, aircraft operators with demanding and highly sophisticated maintenance needs, including various branches of the U.S. military, contract for maintenance services. It is not an exotic practice regardless of where it is done.

That multilayered and continuous oversight of contract maintenance does more than ensure a safe aircraft, it enhances what is already a robust security system, a complex system with checks and balances originally designed with safety in mind, are interwoven with comprehensive security and asset protection systems to mitigate risks regardless of their nature.

Keep in mind that we are talking about assets worth hundreds of millions of dollars. It is clearly in the airline's and the repair station's interest to protect aircraft as they are being maintained.

I must also note that the ATA welcomes the NPRM issued Monday by the TSA. It will establish security regulations for repair stations, and we look forward to working closely with TSA to further enhance today's robust security system.

Continued access to high quality, cost-effective maintenance is one ingredient in airlines' efforts to remain competitive both here and abroad. Maintaining a competitive cost structure is critical to the health and sustainability of U.S. airlines.

For this reason, we oppose efforts to limit the ability of U.S. airlines to obtain necessary services consistent with the highest degree of safety and security as economically as possible.

Maintenance is good business for the United States. The search for quality, efficiency, and value has meant that some airlines have shifted where their maintenance is done. Some have consolidated in-house facilities.

Other times, it has meant contracting with a third party, sometimes overseas, to perform some of that airline's maintenance. Neither type of change is pleasant. Both can adversely affect employees, their families, and their communities.

It has, however, meant new job opportunities for some and new benefits for some communities. Far from resulting in the export of the majority of U.S. maintenance jobs overseas, it has meant that we have been able to retain them in the United States.

The United States is a major exporter of maintenance services and enjoys a \$2.4 billion positive balance of trade in this area. The over 4,000 FAA-certificated repair stations employ about 200,000 people, and keep in mind that 85 percent of those repair stations qualify as small businesses. Efforts to limit U.S. airline access to foreign repair stations will certainly trigger retaliatory actions by other countries.

In closing, let me reiterate that maintenance contracting is done safely and securely round the world. It is important to the health and viability of U.S. airlines, and finally it creates American jobs. Madame Chairwoman, thank you for allowing me to share our views, and I look forward to your questions.

[The statement of Mr. Barimo follows:]

PREPARED STATEMENT OF BASIL J. BARIMO

NOVEMBER 18, 2009

INTRODUCTION

The Air Transport Association of America, Inc. (ATA), the trade association of the principal U.S. passenger and cargo airlines,¹ appreciates the opportunity to submit these comments for the record on safety and other issues affecting the U.S. airline industry. ATA member airlines have a combined fleet of more than 4,000 airplanes and account for more than 90 percent of domestic passenger and cargo traffic carried annually by U.S. airlines.

¹ABX Air, Inc.; AirTran Airways; Alaska Airlines, Inc.; American Airlines, Inc.; ASTAR Air Cargo, Inc.; Atlas Air, Inc.; Continental Airlines, Inc.; Delta Air Lines, Inc.; Evergreen International Airlines, Inc.; Federal Express Corp.; Hawaiian Airlines; JetBlue Airways Corp.; Midwest Airlines; Southwest Airlines Co.; United Airlines, Inc.; UPS Airlines; and US Airways, Inc.

Safety is the constant, overriding imperative in our members' activities. They understand their responsibilities and they act accordingly. The U.S. airline industry's stellar safety record demonstrates that indisputable commitment.

AIRLINES FUEL OUR NATION'S ECONOMY

The U.S. airline industry is not simply an important sector of the National economy; its services fuel our entire economy. Air transportation is an indispensable element of America's infrastructure and our Nation's economic well-being. Individuals, businesses, and communities depend on the National air transportation system. U.S. airlines transport more than 2 million passengers on a typical day and directly employ 557,000 persons to do so; they provide just-in-time cargo services; they are the backbone of the travel and tourism industry; and airlines link communities throughout our Nation and to the world.

Moreover, the airline industry is the foundation of the commercial aviation sector, which comprises airlines, airports, manufacturers, and associated vendors. U.S. commercial aviation ultimately drives more than \$1.1 trillion in U.S. economic activity and 10.2 million U.S. jobs.² By any measure, the U.S. airline industry is a valuable National asset and its continued economic health should be a matter of National concern.

THE SAFEST AIRLINES IN THE WORLD

Despite the unprecedented travails of the U.S. airline industry throughout this decade, its safety record has continued to improve. The airlines' commitment to safety, even in the face of unprecedented financial adversity, has been unflagging and will remain so.

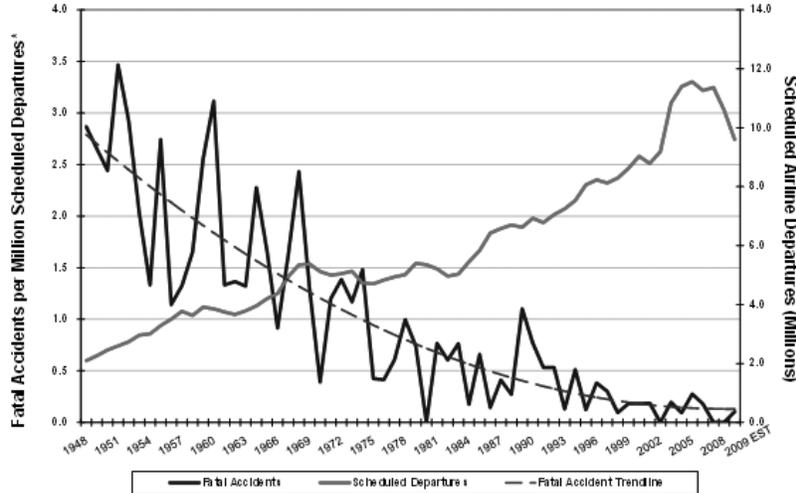
The U.S. airline industry continues to be confronted by a systemic inability to cover its cost of invested capital. From 2001 through 2008, U.S. passenger and cargo airlines reported a cumulative loss of \$55 billion. Debt levels remain high, leaving the airlines vulnerable to fuel spikes, recession, or exogenous shocks (e.g., terrorism, pandemics, natural disasters), let alone ill-advised public policy decisions. The challenge we face is to achieve meaningful and sustainable profits, and to improve credit ratings to the point where airlines can weather normal economic turbulence while simultaneously investing in the future.

Notwithstanding these financial challenges, airline safety has remained rock solid. While the Colgan Air tragedy earlier this year ended a 2-year period without a fatal accident, the United States continues to lead the world in airline safety. Without question, scheduled air service is incredibly safe and getting safer; maintenance certainly plays a role in that remarkable achievement.

²Federal Aviation Administration, "The Economic Impact of Civil Aviation on the U.S. Economy" (October 2008).

With Each Decade, U.S. Airline Safety Has Improved

Since Deregulation, < 0.5 Fatal Accidents per Million Departures



* Scheduled passenger and cargo operations of U.S. airlines operating under 14 CFR 121; NTSB accident rates exclude incidents resulting from illegal acts
Source: National Transportation Safety Board (NTSB)

The preceding chart clearly depicts the remarkable improvement in airline safety that has occurred over time. U.S. air carrier accidents are rare and random. A prominent reason for this is the extraordinary, long-standing collaboration among the Federal Aviation Administration (FAA), National Transportation Safety Board (NTSB), NASA, manufacturers, airlines and their unions, and of course, maintenance, repair, and overhaul service providers (MROs). That collaborative relationship is firmly entrenched in the aviation community; indeed, it has strengthened over the years. Programs such as the joint Government-industry Commercial Aviation Safety Team (CAST), Flight Operational Quality Assurance (FOQA) programs, Aviation Safety Action Programs (ASAP) and Line Operations Safety Audit (LOSA) programs are important, tangible results of that on-going collaboration. In fact, CAST was awarded the prestigious 2009 Collier Trophy for reducing the fatal accident risk by 83 percent since its creation in 1997.

These collaborative safety-improvement efforts have created a safety management system that is data-driven and based on risk analysis. That undistracted focus on data enables safety-related trends to be identified, often before they emerge as problems, and properly resolved. This objective and measurable approach means that we apply our resources where the needs actually are, not where conjecture or unverified assumptions might lead us. We can and do spot these trends, whether they are operational or maintenance-related. With respect to the long-standing practice in the airline industry of using the expertise of regulated contractors to perform maintenance services, the data quite clearly tell us that safety doesn't suffer.

MAINTENANCE CONTRACTING IS NOT A NEW CONCEPT

In simple terms, contract maintenance is the process explicitly allowed by FAR 121.363(b),³ where airlines hire experts to perform maintenance tasks. The type of

³ FAR 121.363 Responsibility for Airworthiness states that: (a) Each certificate holder is primarily responsible for: (1) The airworthiness of its aircraft, including airframes, aircraft engines, propellers, appliances, and parts thereof; and (2) The performance of the maintenance, preventive maintenance, and alteration of its aircraft, including airframes, aircraft engines, propellers, appliances, emergency equipment, and parts thereof, in accordance with its manual and the regulations of this chapter; (b) A certificate holder may make arrangements with another person for the performance of any maintenance, preventive maintenance, or alterations. However, this does not relieve the certificate holder of the responsibility specified in paragraph (a) of this section.

maintenance involved can range from minor servicing to major overhaul of components, engines, or the airframe itself.

Airlines exist to transport people and goods. In order to survive, they must do it safely, but to thrive in a fiercely competitive, global environment, they must also do it efficiently. Safety need not be compromised because of considerations of efficiency; in fact, it can be significantly advanced in an environment where a focus on efficiency spurs a willingness to reexamine time-worn practices and encourages innovation that embraces newer—and improved—practices.

The maintenance of commercial airliners is a complex, capital-intensive business requiring specialized equipment and facilities along with highly skilled personnel. One implication of this is that using a maintenance facility or facilities with specialized skills is likely to be considered. Complexity inevitably will lead a carrier to examine dividing maintenance functions; some airlines will elect to do so while others will not. Either way, examining alternative sources in this type of environment is entirely reasonable.

Moreover, current airline business models demand continual scrutiny of costs, commonly with a bias to shed non-core activities. In the case of maintenance, there are many incentives to utilize contract maintenance providers, including:

- Access to specialized repair facilities when and where they are needed;
- Avoidance of major capital investments (equipment and facilities);
- Increased utilization of existing facilities;
- Improved employee focus on core airline activities;
- Optimization of flight schedules around customer demand, instead of maintenance infrastructure availability;
- Exceptional quality at a reduced cost.

As expected, the level of contract maintenance utilized by individual airlines varies significantly based on factors such as the type(s) of aircraft used, geographic region of operation, business philosophy, labor agreement limitations, internal cost structure, and commercial relationships with airframe, engine, and component manufacturers. Without exception, all airlines rely to some extent on contract maintenance providers. This is a point that should not be obscured: Contract maintenance is a commonly accepted practice in this industry. The extent to which it is utilized may vary from airline to airline but there is nothing out of the ordinary about its use.

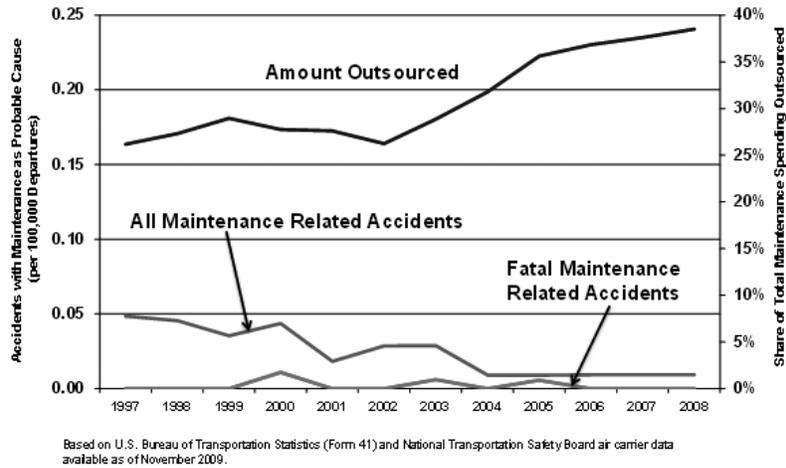
Further, airlines are by no means unique in their reliance on contract maintenance. In fact, many industries rely heavily on contract maintenance providers for a broad range of services. Trains, buses, and cruise ships are predominantly maintained by companies other than those who operate them. The United States Department of Defense contracts with private companies for the maintenance of aircraft, in many cases the same companies utilized by commercial airlines. As this widespread pattern of relying on contract maintenance suggests, operators with very demanding and sophisticated needs routinely and successfully outsource maintenance.

STATISTICS DON'T LIE

Commercial airlines have utilized contract maintenance for decades. The industry's reliance on contract maintenance providers increased since 2001 as airlines restructured their business models. The implications of this change have been misunderstood. It does not signal a diminution in safety or a "slippery slope." Critics of contract maintenance argue that "If airlines don't perform all of the maintenance themselves, then they can't be safe." Independent data from the National Transportation Safety Board (NTSB) proves them wrong.

Based on data compiled by the NTSB, maintenance-related accidents account for just 7 percent of all Part 121 accidents over the last decade. Furthermore, ATA member airlines have not had a fatal accident attributable to maintenance since 2000.

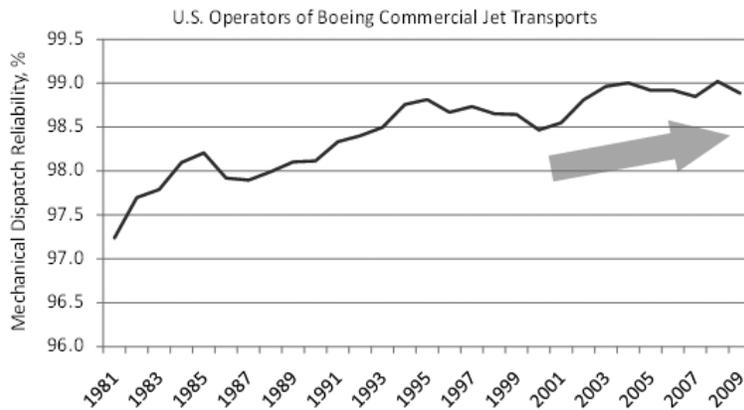
Safety Improves with Increased Outsourcing



The preceding chart clearly illustrates that U.S. airlines' use of contract maintenance has not been a detriment to safety. In fact, maintenance-related safety performance is the best it's ever been. It is simply not reasonable, based on the data available, to consider the practice of maintenance contracting to be unsafe.

Mechanical dispatch reliability is another indicator of the effectiveness of maintenance programs. It is important to note that the U.S. commercial airline fleet is maintained to impeccable standards, which are reflected in mechanical reliability performance. As shown in the chart below for Boeing models (and noting that Airbus and other models perform comparably), airline maintenance programs are yielding unprecedented levels of mechanical reliability, which in turn, contribute to overall safety performance.

Mechanical Dispatch Reliability



Source: Boeing

EFFECTIVE OVERSIGHT IS THE KEY

Air carriers understand that aircraft maintenance is vital to continued operational safety. Likewise, safe operations are essential to compliance with regulatory requirements and, ultimately, to an airline's existence. Over time, the industry has developed a comprehensive, multilayered approach to oversight that ensures the highest levels of quality and safety, regardless of who does the work or where that work is performed. This point cannot be overstated: Safety is what counts, first and foremost.

Initial levels of protection are contained in the FAA regulations, which provide a basic framework to ensure competence among those certificated to perform aircraft maintenance.⁴ Prior to granting certification, the FAA confirms that an entity or individual has fulfilled specific regulatory requirements.

Part of this approval process involves the issuance of Operations Specifications (OpSpecs) by the FAA. Air carrier OpSpecs contain a specific section to address aircraft maintenance, and repair station OpSpecs delineate the ratings and limitations of the maintenance that can be performed. In FAA Order 8300.10, Volume 2, Chapter 84, it is stated, in part, that:

“OpSpecs transform the general terms of applicable regulations into an understandable legal document tailored to the specific needs of an individual certificate holder. OpSpecs are as legally binding as the regulations . . .” (Citations omitted).

Once certificated, air carriers and repair stations are inspected and monitored by the FAA to verify their continued conformity with the rules. This on-going surveillance process can be viewed as the second layer of safety.

Additionally, certificated air carriers acquire the nondelegable responsibility for the airworthiness of the aircraft in their fleet.⁵ The backbone of any air carrier's airworthiness is its Continuing Analysis and Surveillance System (CASS). CASS is a quality-assurance system required by FAR 121.373, consisting of surveillance, controls, analysis, corrective action, and follow-up. Together, these functions form a closed-loop system that allows carriers to monitor the quality of their maintenance. In a structured and methodical manner, the CASS provides carriers with the necessary information to enhance their maintenance programs.

Aircraft maintenance is the primary ingredient of airworthiness and FAA regulations contain detailed maintenance program and manual requirements,⁶ which validate the related air-carrier processes and procedures. When work is sent to a repair station, it must follow the maintenance program of the air carrier with whom it has contracted.⁷ Combined, these duties comprise the third level of protection.

Apart from external FAA surveillance, and in line with their ultimate responsibility for airworthiness, airlines conduct in-depth initial and frequent follow-up maintenance vendor audits. As a rule, these audits are performed by air carrier quality, compliance, or inspection department employees, but oftentimes may include outside counsel and/or consulting firms who specialize in air-carrier maintenance. These audits create a robust fourth level of oversight.

Industry protocol for conducting and substantiating independent audits of air carriers and repair stations is established by the Coordinating Agency for Supplier Evaluation (C.A.S.E.). In addition, guidance materials and inspection checklists created for FAA inspectors are frequently used.

Typically, preliminary investigation of a potential repair station vendor by an air carrier would include:

- Review of repair station performance and quality metrics;
- Feedback from past and current repair station customers;
- Verification of repair station capabilities (OpSpecs);

⁴See, for example, 14 CFR parts 121, 145, and 65.

⁵See 14 CFR § 121.363, which provides that: (a) Each certificate holder is primarily responsible for: (1) The airworthiness of its aircraft, including airframes, aircraft engines, propellers, appliances, and parts thereof; and (2) The performance of the maintenance, preventive maintenance, and alteration of its aircraft, including airframes, aircraft engines, propellers, appliances, emergency equipment, and parts thereof, in accordance with its manual and the regulations of this chapter; (b) A certificate holder may make arrangements with another person for the performance of any maintenance, preventive maintenance, or alterations. However, this does not relieve the certificate holder of the responsibility specified in paragraph (a) of this section. (*Emphasis added.*)

⁶See 14 CFR §§ 121.365; 121.367; 121.369.

⁷See 14 CFR § 145.205 which states, in part, that: (a) A certificated repair station that performs maintenance, preventive maintenance, or alterations for an air carrier or commercial operator that has a continuous airworthiness maintenance program under part 121 or part 135 must follow the air carrier's or commercial operator's program and applicable sections of its maintenance manual. (*Emphasis added.*)

- Review of FAA-mandated Repair Station Manual, Quality Manual, and Training Manual.

If this repair station examination is satisfactory, it is normally followed by an on-site visit to verify compliance with applicable regulations, C.A.S.E. requirements and adherence to the repair station's own manuals. Some areas of investigation include:

- Validation of FAA certificates held by persons directly in charge of maintenance and/or those who perform maintenance;
- Inspection of training records of inspectors, technicians, and supervisors;
- Examination of procedures for technical data, documentation, and maintenance record control;
- Examination of procedures for work processing, disposal of scrap parts, tool calibration, and handling material with a limited shelf life;
- Review of repair station internal inspection, quality, and security programs;
- Review of previous inspection program results and corrective actions.

If the repair station is selected to perform maintenance for the air carrier, similar on-site audits would be conducted on a regular basis.

Finally, a fifth layer of oversight is provided by on-site air-carrier representatives. These individuals monitor the day-to-day operations and coordinate the activities of the repair station related to the air carrier's equipment. Final inspections and, ultimately, air carrier approval for service are normally accomplished by these on-site airline personnel.

In essence, there are two separate but mutually reinforcing oversight schemes, one regulatory and one independent, both effective in ensuring satisfaction of applicable FAA regulations. However, air carriers have further incentive to provide adequate oversight through the potential negative impact—real or perceived—of safety-related issues. Without question, air carriers continue to make safety their top priority. Safety is ingrained in our culture.

SAFETY AND SECURITY LAYERS ARE INTERWOVEN

Security of repair station activities is a constant consideration. As in other areas of civil aviation security, the response to this issue is a layered, risk-based approach.

The subject of foreign repair station security measures continues to attract attention. We wish to clarify a few points about those measures. As a preliminary matter, we support the Congressional instruction to the Transportation Security Administration to issue foreign repair station security regulations. It is imperative that those regulations recognize that repair stations vary in size, location, and scope of work performed, and tailor security measures commensurate with the level of risk they present. We plan to thoroughly review the TSA proposed rule, published Nov. 16, 2009, with our member airlines, and to submit detailed comments to the docket.

Mutually reinforcing U.S. and host-country regulatory requirements and carrier practices produce the layered security regime at foreign repair stations. This begins with a U.S. air carrier's evaluation of a potential service provider before it enters into a contract for maintenance, repair, or overhaul services. This is an important first step for the carrier; it is looking to entrust an aircraft or high-value components to a vendor. The carrier obviously wants to prevent unauthorized access to such equipment and to be confident that the potential vendor can do so. Beyond that very basic business concern, are the security requirements that the country's civil aviation authority and the airport authority impose. These are based on International Civil Aviation Organization (ICAO) standards contained in Annex 17 and mirror TSA regulations. They require National, airport, and operator-level security programs with continuous threat monitoring, background checks, and periodic ICAO audits. Those requirements are further reinforced by periodic TSA inspections. Coupled with those requirements, is the typical presence of representatives of the U.S. carrier at the foreign facility. Weaved into this array of measures is the FAA requirement that repaired or overhauled items be inspected when they are returned to the U.S. carrier, and before they are returned to service aboard an aircraft. This means that multiple sets of trained eyes inspect a part that has been at a foreign repair station. Finally, before an aircraft is returned to passenger service from a foreign location, it must complete the aircraft security inspection procedures.

These complementary procedures yield a layered approach, which is the hallmark of how aviation security is achieved today. We appreciate the issuance by TSA of the proposed rule and look forward to continuing to work with U.S. and foreign regulators on these measures.

GLOBAL COMPETITION, LOCAL POLITICS

U.S. airlines continually lead the world in virtually every performance metric, including safety. Their ability to compete effectively on a global scale is due, at least in part, to their ability to evolve with changing market conditions. Airlines across the United States and around the world have formed alliances that extend beyond their networks to many aspects of airline operations, including maintenance. These complex relationships involve airlines, aircraft manufacturers and a host of service providers.

The loss of some 150,000 airline jobs since 9/11 has been well-documented. As airlines downsized to meet a reduced demand for air travel, it became even more difficult for them to efficiently utilize their exhaustive maintenance infrastructure. Fleet reductions targeted older, maintenance-intensive aircraft, leaving too few aircraft being maintained at too many facilities, and airlines looked to contract maintenance providers as a way to secure quality maintenance while shedding the expensive infrastructure costs. It is the subsequent impact on maintenance employees that draws attention to the issue of maintenance contracting.

The debate surrounding the issue of contract maintenance is best understood when broken down into several key points:

- Most statistics relating to the amount of maintenance contracted are based on the amount an airline spends. The amount “outsourced” is derived by dividing the amount spent on contract maintenance by the total maintenance cost for the airline. These include all costs associated with the maintenance of airframes, engines, and components.
- Engine maintenance is much more expensive per event than airframe maintenance, due largely to the replacement of expensive parts within the engine. The fact that virtually all engine maintenance is performed outside the airline can skew the numbers.
- Even the largest engines are readily transportable, enabling access to repair centers around the world. Engine manufacturers such as GE, Pratt & Whitney, and Rolls-Royce rely on their subsidiaries worldwide for maintenance of their products, although much of that work is performed domestically. Large U.S. airline MROs also maintain engines for foreign and domestic customers.
- Heavy airframe maintenance performed by MROs outside of North America is limited primarily to wide-body aircraft. Regularly scheduled operations enable these long-range aircraft to routinely transit locations abroad that offer best-in-class maintenance for these aircraft types. Asia and Europe do much of this work.
- The majority of narrow-body aircraft maintenance work contracted out in the past few years has stayed within North America. MROs in Washington, North Carolina, Florida, New York, Georgia, Tennessee, Arizona, Texas, Alabama, and Indiana are among those now performing the work. Large airlines with available capacity have also captured a portion, and the remainder is performed by experts in Central/South America and Canada.

CONCLUSION

U.S. airlines have logged an exceptional safety record while steadily expanding their use of contract maintenance. And while critics charge that maintenance contracting undermines safety and security, independent Government figures simply do not support that conclusion. When considered objectively, it is evident that the practice helps U.S. airlines compete effectively with their global counterparts. The ability to optimize maintenance practices to produce safe, reliable, customer-worthy aircraft at a competitive cost is essential to airlines’ long-term health. Healthy airlines grow, adding service to new destinations and increasing service to existing ones. That growth requires new aircraft, creating new jobs within the airline for pilots, flight attendants, ramp, and customer-service personnel, and a wide range of support staff. Beyond the airline, the impact grows exponentially and is felt Nationwide by manufacturers, ATC service providers, airports, caterers, fuelers—the list goes on and on. Contract maintenance has played and continues to play an important role in improving the health and competitiveness of the U.S. airline industry—in a way that is entirely consistent with our fundamental commitment to safety.

Ms. JACKSON LEE. Thank you very much.
Mr. Klein, you are recognized for 5 minutes.

**STATEMENT OF CHRISTIAN A. KLEIN, EXECUTIVE VICE
PRESIDENT, AERONAUTICAL REPAIR STATION ASSOCIATION**

Mr. KLEIN. Thank you very much, Chairwoman Jackson Lee, and it is a pleasure to be with you today. I appreciate the opportunity to participate in this important discussion on behalf of ARSA's members around the country and around the world.

There are three major points I would like to make this afternoon. First, I want to start by answering the basic question posed by this hearing: Is the flying public safe?

The answer is yes. The use of contract maintenance facilities, whether they are in the United States or overseas do not add any additional security or safety risks for airline passengers. In fact, the increased use of contract maintenance has coincided both with a period of greatest of terrorism in the Nation's history and also with the safest period of U.S. civil aviation.

We believe this correlation suggests, at a minimum, that the increased use of repair stations has not negatively affected safety or security. There is a simple reason and, to be quite frank, it has nothing to do with Government. For repair stations, good safety and good security practices are good business.

Airlines simply will not risk the lives of passengers, nor will they risk losing aircraft which are multimillion-dollar business assets, by using maintenance providers that evidence a strong commitment to safety and security. So even in the absence of a long-awaited TSA repair station rules, maintenance companies already have security policies and procedures in place.

For example, as part of our model repair station manual, ARSA recommends a number of best security practices. A highly reliable ARSA member survey conducted just last week found that the majority of our members currently have the following measures in place, limited access to a single-locked entrance, criminal background checks on new employees, a prohibition on unescorted visitors, customer products are kept in segregated, locked, limited-access areas, locked doors, security alarm, a visitor sign-in log and perimeter fencing.

A large percentage of our member companies also use video surveillance and require employees to wear badges. In other words, a lot of the things that are contemplated by the TSA rule that came up last week are already being done by industry on its own.

Of course, all those practices are in addition to the existing TSA regulations regarding access to aircraft at airports, in addition to ICAO security standards, and in addition to laws requiring pre-employment citizenship verification. All the foregoing have combined to create a safe and secure system, even in the absence of the TSA repair station rules.

The second point that I have asked the Members of this committee to keep in mind is that although the public focus of the new TSA rules has been on foreign repair stations, thousands of small businesses throughout the United States are also going to have to comply with the TSA rules, and they could therefore, have enormous consequences for the U.S. economy.

When most people think of aviation maintenance, they probably think of a big airplane in a massive hanger with scores of mechanics swarming around it. While heavy air framework is certainly a

big part of the maintenance equation, most aviation maintenance work is done off the aircraft, away from airports, at smaller, specialized engine and component shops. In fact, of the 4,122 repair stations Nation-wide, 85 percent are small or medium-sized entities.

Just as an aside if you are curious about the industry's footprint in your State, we have attached a breakdown of the number of repair stations and total employment in each State as Appendix A of our written testimony. There are 419 FAA-certificated repair stations in Texas. They collectively employ more than 25,000 people.

Although industry in the United States is dominated by small companies, we have a massive economic footprint. The annual maintenance, repair, and overhaul market in North America is estimated at \$19.4 billion, and when induced and related economic effects are considered, the MRO industry's impact on the U.S. economy is \$39 billion per year.

Thanks to these small companies, the United States also has a strong and favorable annual balance of trade in the market for aviation maintenance services to the tune of \$2.4 billion.

My point is that it won't just be the HEICOs and Lufthansa Techniks of the world that will be affected by the new rules. Companies like High Tech Finishing, which a 65-employee company in Houston that does specialized plating work, is also going to have to comply.

So I caution the Members of the subcommittee to be careful what you wish for when it comes to the new security rules because you have got constituents who are going to have to divert time and resources away from serving customers to comply with yet another regulation.

You had asked your opening statement for our recommendations about what should be in the TSA rule, and I, you know, based on our initial read, they seem to have recognized the diverse nature of the industry which is a good thing. They seem to have allowed some flexibility for compliance. So, you know, based on the preamble, they seem to be headed in the right direction.

But of course, the devil will be in the details. We are certainly looking forward to TSA and crafting a good rule that going to work for the industry, because if TSA doesn't get it right, it is a good bet that you are going to hear about it when you are back home.

Madame Chairwoman, I see that my time is about to expire, and I wonder if I could have just 1 more minute to make a final point. Thank you.

My third point is that in mandating the new security rules, Congress has set a very dangerous precedent of punishing industry for the failings of Government. Because TSA hasn't completed the rulemaking on time, Congress has barred the FAA from issuing new foreign repair station certificates.

While Congress likely intended foreign companies to bear the brunt of this sanction, the reality is that it is putting U.S. companies at a competitive disadvantage because they can't open new facilities to service international customers in emerging markets. That means American companies risk losing market share to foreign competitors.

As one respondent to our recent survey commented, “We have been unable to support a market that was very heavily into our business plan, and the situation could likely cause a closure of the facility if the ban is lifted impacting employment both in our United States station and in Europe.”

ARSA therefore urges that since the TSA has demonstrated significant progress in crafting new security rules, and because of the security practices already in place in the industry, Congress should lift the ban on new foreign repair station certificates and remove this impediment to U.S. companies competing abroad.

Thank you, Chairwoman Jackson Lee, for the opportunity to participate. I look forward to answering any questions you may have. [The statement of Mr. Klein follows:]

PREPARED STATEMENT OF CHRISTIAN A. KLEIN

NOVEMBER 18, 2009

Thank you, Chairwoman Jackson Lee and Ranking Member Dent. It is a pleasure and privilege to appear before the subcommittee today on behalf of the Aeronautical Repair Station Association (ARSA) to discuss the question of foreign repair station security.

ARSA believes that the answer to the fundamental question posed by this hearing is that, yes, the flying public is protected and does not face any unusual or heightened security risk due to foreign or domestic repair stations. Even in the absence of the long-awaited Transportation Security Administration (TSA) repair station security rules, existing Government regulations, industry practices, and the strong interest repair stations have in ensuring the airworthiness of their work and protecting their customers' property create a high level of safety and security.

As the TSA rulemaking process moves forward, the subcommittee should work with the agency to ensure that the new rules do not take a “one size fits all” approach to repair station security. Additionally, the agency must not impose new and unnecessary costs on the thousands of small U.S. aviation maintenance companies and thereby undermine the competitiveness of a vibrant sector of the U.S. economy.

OVERVIEW

ARSA is a 500 member-strong international trade association with a distinguished 25-year record of representing certificated aviation maintenance facilities before Congress, the Federal Aviation Administration (FAA), the European Aviation Safety Agency (EASA), and other civil aviation authorities (CAAs).

ARSA's primary members are companies holding repair station certificates issued by the FAA under part 145 of Title 14 of the Code of Federal Regulations, informally referred to as the Federal Aviation Regulations (FARs). These certificates are our industry's “license to do business.” They authorize companies to perform maintenance and alterations on civil aviation articles, including aircraft, engines, and propellers, and on components installed on these products. Repair stations perform maintenance for airlines, as well as for general aviation owners and operators.

In addition to its advocacy efforts on behalf of the industry, ARSA has a strong commitment to regulatory compliance and industry education. Among other things, our association conducts regulatory training courses for aviation industry professionals, provides compliance materials (such as our Model Repair Station Manual), and staffs a hotline to answer member questions about aviation regulations.

The repair station industry is a vibrant part of the U.S. and world economies. A recent study by AeroStrategy for ARSA determined that spending in the global maintenance, repair, and overhaul (MRO) market exceeded \$50 billion in 2008, with North America (the United States and Canada) accounting for \$19.4 billion of the total. When induced and related economic effects are considered, the industry's impact on the U.S. economy is \$39 billion per year. The 4,122 repair stations in the United States—85 percent of which are small and medium-size companies—collectively employ more than 196,000 individuals.

The United States also has a strong and favorable balance of trade in the aviation maintenance services market. AeroStrategy determined that North America is a major net exporter of aviation maintenance services, enjoying a \$2.4 billion positive balance of trade in this arena. While North America is a slight net importer of heavy airframe maintenance services, it has \$1.4 billion and \$1.2 billion trade sur-

pluses in the engine and component maintenance services markets, respectively. The U.S. competitive advantage in these two areas has important economic benefits because \$1 of spending on airframe heavy maintenance generates just \$1.38 in additional monetary activity, while a dollar spent on engine and component maintenance services generates \$1.85 and \$1.67, respectively.

The following are the key themes of our testimony before the subcommittee today:

- Foreign repair stations are an essential element of the global aviation system. Without them there would be no international air travel or commerce.
- Despite the fact that TSA has yet to issue the repair station security regulations mandated by VISION 100, security standards do exist for repair stations based on their location. Such standards emanate from the FAA, TSA regulations, and the International Civil Aviation Organization (ICAO).
- Repair station security is not only dependent on Government oversight. In the aviation maintenance industry, “good security is good business.” Repair stations have a strong pecuniary interest (not to mention a legal responsibility) in protecting their customers’ property from theft and improper access, just as they have both a regulatory obligation and business interest to ensure the airworthiness of their maintenance work.
- A one-size-fits-all approach to repair station security is not the solution to perceived risks. Aviation maintenance is conducted in a wide variety of settings, ranging from heavy airframe work at large facilities on airports to component work in industrial parks many miles from airports. Risk may vary by location and the type of maintenance work being performed. As TSA works to develop the new regulations, the subcommittee must monitor the process and ensure that small businesses around the country are not unfairly burdened with new regulatory obligations that drive up costs with no added public benefit.
- Requiring TSA to artificially speed up the rulemaking process threatens to divert the agency’s limited oversight resources from areas where the threat is greatest and could result in a poorly-crafted rule.
- Punishing private companies for TSA’s inaction on the repair station security front sets a dangerous precedent and is unfair to the industry.

FOREIGN REPAIR STATIONS ARE CRITICAL TO INTERNATIONAL AVIATION COMMERCE

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

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

Regardless of the location of the repair facility, the regulatory requirements are the same. Each item goes through a series of checks required by FAA and other civil aviation authority regulation before being placed on an aircraft. (Indeed, this system of checks by the maintenance providers and airline customers itself acts as a further protection against security risks and ensures that it is highly unlikely that any intentional act of sabotage would go unnoticed.)

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

The International Convention on Civil Aviation (i.e., the Chicago Convention) of 1944 and ICAO standards require that the State of Registry (i.e., the country in which an aircraft is registered) oversee the maintenance performed on that aircraft and related components, regardless of where the work is performed. Consequently,

maintenance on a U.S. registered aircraft must be performed by an FAA-certificated maintenance provider. Similarly, when an aircraft of foreign registry requires maintenance (e.g., while in the United States), only a repair station certificated or validated by the aircraft's CAA of registry may perform the work. For example, only an EASA-certificated repair station may perform maintenance on an aircraft of French registry.

Limiting the use of appropriately certificated repair stations overseas would make international travel and commerce difficult because aircraft always need some level of maintenance when they land at their destination. In other words, if there were no foreign FAA-certificated repair stations, U.S. air carriers would effectively be unable to operate internationally. The economic ramifications of this prohibition on the U.S. aviation industry are too obvious and vast to discuss in this statement.

It is for all the foregoing practical, legal, and economic reasons that ARSA opposes any restrictions on the use of FAA-certificated foreign repair stations by U.S. operators and air carriers. If new restrictions are imposed, foreign authorities will retaliate against the U.S. industry. For example, the United States and the European Union (EU) are on the verge of concluding a new bilateral aviation safety agreement (BASA) that deals directly with the reciprocal certification of aviation maintenance facilities. Restrictions on the certification and use of foreign repair stations could cause the BASA to collapse and threaten years of work by FAA, State Department, and EASA negotiators to craft the new international agreement to allow U.S. companies easier access to European customers. The collapse of the U.S.-EU BASA would have devastating consequences for the 1,237 U.S. repair stations approved by EASA to perform maintenance on EU-registered aircraft and related components. Indeed, in response to a recent ARSA member survey, more than 60 percent of respondents said that the collapse of the BASA and resulting costs and complexities would have either a "major" or "devastating" impact on their companies, and 18 percent said it would threaten their ability to stay in business. This would significantly threaten the positive balance of trade (referenced above) that the United States enjoys in aviation maintenance services.

The past decade has seen an increase in the use of contract maintenance providers and maintenance facilities located abroad. This same period has also seen U.S. commercial aviation enjoy its safest period ever. At a minimum, this correlation suggests that the increased use of foreign and domestic repair stations is not negatively impacting aviation safety.

EVEN IN THE ABSENCE OF NEW TSA RULES, EXISTING STANDARDS ENSURE A HIGH
LEVEL OF SECURITY AT REPAIR STATIONS IN THE UNITED STATES AND ABROAD

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

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

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

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

However, many repair stations are located miles away from airports and perform specialized work on component parts. These companies may not be subject to SIDA requirements, but that does not mean they do not have security procedures in place to protect their customers' property and their employees. As part of its model regulatory compliance manual for repair stations, ARSA recommends the following as best security practices for the industry:

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

The results of an ARSA member survey conducted last week further illustrate the extent to which security practices are widely employed by U.S. and foreign repair stations even in the absence of TSA rules. A majority of the survey respondents reported having the following security practices in place:

- Limited access through a single locked entrance;
- Criminal background checks on new employees;
- Prohibition on unescorted visitors;
- Customer products kept in segregated, locked/limited access area;
- Security alarm;
- Visitor sign-in log;
- Perimeter fencing;
- Locked doors.

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

It is significant that none of the ARSA survey respondents reported having a security breach in the past 2 years that, if undetected, would have compromised the airworthiness of the products the company was working on at the time. The survey results are highly reliable and have a margin of error of just 8 percent for the entire population of U.S. FAA part 145 certificate holders. While this does not by itself prove that security is not a problem, at a minimum it suggests that the industry's current security practices are working.

In sum, aviation safety and security do not begin and end with the TSA, FAA, or any other regulatory body. Government inspectors will never be able to oversee every facility or employee all the time. The industry has clearly recognized that it has the ultimate obligation to ensure that the civil aviation system is secure. All evidence suggests that it is fulfilling that responsibility even in the absence of the long-awaited repair station security regulation.

TSA RULES MUST NOT TAKE "ONE SIZE FITS ALL" APPROACH TO SECURITY AND THE SMALL BUSINESS-DOMINATED AVIATION MAINTENANCE INDUSTRY MUST HAVE ADEQUATE TIME TO REVIEW AND COMMENT

The majority of entities that will be impacted by the TSA repair station security rule are small businesses. The laws adopted to govern the rulemaking process, namely the Administrative Procedure Act and the Regulatory Flexibility Act, are designed to protect the Nation's small businesses from onerous and excessively burdensome regulations. However, by rushing the rulemaking, Congress threatens to deny affected companies the opportunity to fully comment, which could have devastating consequences for repair stations and their employees. Additionally, as described above, the aviation maintenance industry is very diverse. A "one size fits all" rule would inevitably impose unnecessary regulatory burdens and costs on small businesses. Understanding the varying degrees of access to aircraft and sensitive areas, the location of facilities, and additional factors is essential to crafting a rule that targets the areas that pose the greatest security risk.

With the foregoing complexities of the repair station industry in mind, in order to ensure that the TSA's new security regulation achieves the goals intended by Congress, affected parties must have adequate time to comment. However, by mandating the August 3, 2008 "due date," the law effectively gave the TSA and industry two bad options: Support a hurried rulemaking to avoid penalty or ensure a deliberate rulemaking process but risk missing the mandated due date. This far-reaching rule requires adequate time for TSA deliberation, industry comment and agency response. It is better to do the process right rather than fast.

ARSA appreciates Congress' frustration with the fact that TSA has not yet issued its repair station security rule. However, we attribute this delay at least partially to the agency's desire to direct its scarce resources at the areas that pose the greatest risk to the traveling public. Forcing TSA to direct its attention to a segment of

the aviation industry where there is no demonstrated safety risk means that the agency has fewer resources to focus on high-risk areas. By forcing the reallocation of resources in this manner, Congress could inadvertently make travel less safe.

In testimony before the Senate Committee on Commerce, Science, and Transportation on Oct. 16, 2007, former TSA Administrator Kip Hawley discussed several of the initiatives TSA was pursuing to increase safety across transportation modes ranging from highways and rail to aviation and cargo shipments. During the hearing, Hawley testified that the TSA currently is committed to focusing its resources on “high priority items” facing National security interests and said that the agency must be allowed to act on its risk determinations. Administrator Hawley stated in his written testimony that:

“[M]any of the rulemaking requirements mandated in the 9/11 Act do not adequately recognize the obligations that TSA must give the many stakeholders affected by proposed regulations and the general public . . . These requirements are time consuming but are time well spent to assure that our regulations achieve their objective in a way that is transparent to stakeholders and the public and does not adversely affect travel and commerce.”

INDUSTRY SHOULD NOT BE PUNISHED FOR AGENCY INACTION

Despite the full cooperation of industry, the TSA has failed to promulgate a final rule in a timely manner. However, rather than punishing TSA, Congress is instead punishing the aviation maintenance industry with a “freeze” on initial certification of foreign repair stations. The ban is having a significant impact on the ability of American companies to expand and service international markets. As one respondent to ARSA’s recent member survey stated, “We were very close to complete with licensing our source and were just performing the demonstration phase of the EASA certificate at the time of the moratorium. We have been unable to support a market that was very heavily into our business plan and the situation could likely cause closure of the facility if the ban isn’t lifted impacting employment both in our United States Station and Europe.”

Punishing industry for the failure of an Executive agency to act sets a dangerous precedent. U.S. aviation industry companies and the thousands they employ do not have the power to compel TSA to issue the repair station security final rule, yet they pay the price for the agency’s inaction.

CONCLUSION

In sum, even without the new TSA repair station security rules, foreign and domestic repair stations are safe. Existing domestic and international laws and regulations, customer requirements, company policies, and industry best practices ensure that security is a priority at repair stations throughout the world.

ARSA looks forward to working with TSA and the members of this panel to craft new rules that improve repair station security. However, as the rulemaking process moves forward, both Congress and TSA must be mindful of the diverse nature of the aviation maintenance industry and the fact a “one size fits all” approach to security will not be successful. Congress must give TSA adequate time to consider the impact that the rules will have on the small business-dominated aviation maintenance industry and ensure that the regulations will not undermine the competitiveness of a thriving sector of the U.S. economy.

In the end, no Government or agency can by itself ensure aviation safety and security. Both depend on a commitment from aviation industry companies and their employees who are operating the system on a day-to-day basis. In the same way that ARSA works with civil aviation authorities around the world to improve the quality of regulation and oversight, so too will we continue to work with our domestic and foreign members to improve safety and security practices.

Chairwoman Jackson Lee, thank you again for the opportunity to participate in this hearing. I look forward to answering whatever questions you and the Members of your subcommittee have.

APPENDIX A.—FAA REPAIR STATIONS BY STATE (INCLUDING
TERRITORIES)

Prepared by the Aeronautical Repair Station Association (ARSA) Based on FAA Air Agency Data Dated 11/09/09

State	Number of Repair Stations	Number of Employees
AK	52	482
AL	57	5,760
AR	45	3,334
AZ	143	5,460
CA	651	30,597
CO	69	1,136
CT	99	7,330
DC	1	6
DE	7	952
FL	508	16,290
GA	118	10,599
GU	1	6
HI	13	141
IA	35	3,006
ID	29	484
IL	104	4,057
IN	67	2,976
KS	111	6,372
KY	37	728
LA	37	2,096
MA	56	1,743
MD	25	1,445
ME	13	864
MI	113	4,044
MN	55	2,091
MO	52	2,022
MS	20	834
MT	22	315
NC	70	2,930
ND	13	199
NE	13	1,365
NH	23	569
NJ	65	2,763
NM	20	465
NV	28	689
NY	121	5,781
OH	129	4,774
OK	140	12,989
OR	49	1,536
PA	93	2,702
PR	14	121
RI	7	294
SC	36	2,331
SD	15	66
TN	55	2,018
TX	419	25,688
UT	28	331
VA	45	1,191
VI	1	1
VT	11	154
WA	114	9,038
WI	48	1,648
WV	15	1,460
WY	10	82
Total	4,122	196,355

Ms. JACKSON LEE. Let me thank the witnesses for their thoughtful testimony and emphasize again the importance of Congress both being an entity for oversight, and as well, to correct what we see has a detrimental impact on securing of the homeland.

I might say in response to witnesses' testimony that the status of FAA certification was a bipartisan decision made in 2007 during the Bush administration. So I hope that we can establish that this is a bipartisan desire to ensure the security of this Nation.

With that, let me begin my questioning with Mr. Roach and Mr. Gless and Mr. Moore.

I would like your perspective on the overall differences between security protocols at foreign repair stations compared to security systems we have here in the United States, some of which you have heard from your fellow colleagues, or some you may have first-hand knowledge.

Mr. Roach, what is the difference security protocols you think are here versus in foreign repair stations?

Mr. ROACH. In the United States, the people that work with aircraft are subject to very strict background checks. There are—excuse me. They are treated—people who work with aircraft are treated just as an worker at an airport, background checks, drug and alcohol testing, so you will never have somebody who—a known terrorist to be working in a facility within the United States.

In addition, we believe that it is a security fact that they hire people that really don't have much knowledge about aircraft who can work on aircraft without being able to read logbooks or read the maintenance manuals.

So we think that there is a distinct difference between what happens here in the United States versus what happens every place else and without the inspections that we are subject to, surprise inspections, one really does not know what happens over there because when you have an inspection that you have to tell somebody 60 days ahead of time that you are coming, then a lot of things can happen and for a short period of time and though once the inspectors leave, if and when they can get there, then they go back to business as usual.

Ms. JACKSON LEE. Thank you, Mr. Roach.

Mr. GLESS. On any given day on our largest maintenance base being the one in Tulsa, Oklahoma, we could turn around and have a fleet of FAA inspectors show up, come in and dig through everything from a simple piece of paperwork to the actual work being done.

On any given day, my individuals working on the fields and on the airports and in the hangers are confronted by Customs, TSA, Homeland Security, any of the different individuals checking security. They must wear their badges. Their background checks go in some locations until their 16th birthday.

Those checks are not being accomplished in other places. There may be a few out there that are now looking into it. Some of the airlines that are contracting out are starting to mandate it as, you know, some of the brothers have said, but it is not the norm that takes place here every day.

The individuals are required to have these credentials. They are required to have the knowledge and understanding to read the manuals like has been stated, and they are watched daily.

The individual overseas in these other locations, as was said, they have to notify them prior to inspection, and we know how that

goes. When someone tells you they are coming to look at something, you prepare for it. We are treated differently here in this county than they are treated overseas, and you know, just the security and the background and the covering of the employees is not equal.

Ms. JACKSON LEE. So workers that you represent are those that are working for one particular airline?

Mr. GLESS. The large bulk of my employees, we have them in multiples but the large bulk of them are at American Airlines. We are the last larger major in-sourcing airline left.

Ms. JACKSON LEE. So even on domestic soil, American Airlines at this point is not using contractual repair shops?

Mr. GLESS. We use for certain items, of course, you know, not everything is built inside. There are things that have to be sent out. We have a joint venture with Rolls Royce where my mechanics work on the Rolls Royce engines of other aircraft.

That is shown as contracting out. They are my mechanics, Rolls Royce's facility, but it is still viewed as a contracting out. So as it was said by another panelist that everybody does some level of contracting out, yes, everybody has to send something out at some point. But we primarily do all of our heavy maintenance in-house.

Ms. JACKSON LEE. The contracting out that is done and most of the people you are—not your workers?

Mr. GLESS. The contracting outside of our joint ventures, yes, they are done with other facilities in other locations and other companies.

Ms. JACKSON LEE. Mr. Moore. Do you remember the question, what is the difference between the security protocols in domestically and then overseas to your knowledge?

Mr. MOORE. Yes, and I concur with both of the gentlemen here and I won't repeat their testimony. I will speak to the facility itself.

I can do a compare and contrast as I read in my testimony about what I saw in El Salvador. You fly out of IAH, I am sure, occasionally. When I talked about the electronic badge readers, if you swipe a badge to get on the property at IAH and your badge is not active at that time or it has been suspended for any reason, and you will have the Houston Airport Authority at that gate within minutes.

You have a huge visibility with Homeland Security and TSA all over the facility no matter where you go, whether they are—if you are driving across the airport you are going to see Homeland Security. You are going to see TSA.

I go back to the perimeter fencing as there is a—I believe it is 10-foot rule—and don't quote me on that, but I believe at one point we were told we had to move all of our equipment that far back from either side of the fence, so those are some of the things that I see along with what these gentlemen spoke to.

But again, I mean, you have much more stringent controls in the United States. Another good example, just for a mechanic to go upstairs for lunch, TSA may have a random checkpoint set up at the top of the elevator on what you are bringing into the terminal even you are on duty. So those are the kinds of security protocols and measures that we have in place.

Ms. JACKSON LEE. Thank you.

Mr. Barimo, you can sense the line of my questioning is with the full recognition of the asset that this industry represents, repair stations, domestic repair stations, foreign repair stations and the attentiveness in which airlines address these crucial issues.

However, the issue of security and securing the homeland is not a predictable job. Incidences of terrorism, unfortunately, are not predictable and it causes one to have to be prepared all the time.

So the question goes to you in terms of the distinction in the security protocols that you may have or your companies, your members, may have in the United States versus in the foreign repair. Comment on the fact that there has to be notice given for, if you will, inspections versus the spot checks that are going on here in the United States.

Mr. BARIMO. Thank you, Madame Chairwoman. I—let me first say that we support surprise inspections. We think they are very effective, and we believe that there is a way to conduct those inspections in a way that doesn't compromise security. We are looking forward to having TSA and FAA work together to develop ways to do that.

It is certainly a great idea. We understand some of the challenges in conducting some of those surprise audits. We think those challenges can certainly be overcome, and we think as part of the rulemaking process we will see that happen.

Regarding the security aspect and the differences domestically versus foreign facilities, we have to keep in mind that we are talking about facilities—at least when we are talking about ATA member airlines using facilities abroad, we are talking about large airports that have security requirements that conform to ICAO, the international standards.

So there is a standard out there for security. It is driven by an ICAO guideline and these MROs, these repair stations, that are located on an airport are subject to the same requirements. So there are, in fact, background checks and other requirements in place for facilities that, in fact, are located at an airport.

Ms. JACKSON LEE. You are talking about foreign repair stations?

Mr. BARIMO. Yes.

Ms. JACKSON LEE. That are located at an airport?

Mr. BARIMO. Yes.

Ms. JACKSON LEE. What protocol are you speaking of? Is it based on the foreign country's protocol or based on TSA's or U.S. protocol?

Mr. BARIMO. It is based in the international standard protocol that is driven by ICAO up to the individual countries to implement those protocols and—

Ms. JACKSON LEE. It is optional.

Mr. BARIMO. No, it is not optional and I will—if I may, let me defer to Christian. He is well-versed in this area.

Mr. KLEIN. Or between the two of us, right? The answer is that I believe it is any signatory to the Chicago Convention which is the international treaty that created ICAO—would have to—if they didn't accept Annex 17, which was the one that implements or mandates these security standards at international airports, they would have to file an exemption with ICAO. So we would be on notice who doesn't have the higher security regulations.

Also if I can just go back to one point, this question of the surprise inspections, to try to alleviate some of your concern there. You know, when you can—if you have notice of an inspection, you can certainly sweep the floors. You maybe put a fresh coat of paint up on the walls, but the reality is if the FAA is going in and looking at systematic deficiencies at an organization, systematic security deficiencies, systematic safety deficiencies. That is not something you can cover up in, you know, 30 days.

That is something that is going to be evident in the way the work is being done. Also, again, just a reminder here, it is not just the FAA that is overseeing these foreign facilities. There are literally scores of audits happening every year at foreign Part 145 certificate holders.

It is not just the FAA. It is the other civil aviation authorities that supervise the other repair station certificates that facilities might have. It is the airlines that are going in and actually conducting audits, and it is third-party audit organizations.

Then any repair station that is doing work air carrier aircraft also has to have a quality assurance system in place that has to have its own auditors in place. So again, it is not just a matter of the FAA coming in and conducting surprise inspections. It is also, again, there are multiple layers of inspection happening at these foreign facilities.

Ms. JACKSON LEE. Included in the international agreement, are there requirements for background checks? Can you detail what occurs?

Mr. KLEIN. I am not an expert, unfortunately, on ICAO Annex 17. It is my understanding that they are, but I can't absolutely confirm that, unfortunately.

Ms. JACKSON LEE. Do you not think it is important for the United States to have a framework that has a consistent approach to reviewing the backgrounds of individuals who are working on airplanes that American passengers, and others, are utilizing to travel to the United States?

Mr. KLEIN. You mean, the TSA, what the TSA is basically proposing as a design here? Or beyond what the TSA is talking about doing?

Ms. JACKSON LEE. Just leave out agencies and should we, the United States, have a security scheme that addresses the questions of foreign repair stations to protect Americans who are traveling on these airplanes?

Mr. KLEIN. I certainly think that there is, you know, that consistency from place is an important goal. You know, one of the things you get into obviously are issues of sovereignty, but to the extent that, you know, we can coordinate internationally and have common standards, absolutely, I think that should be a goal.

Ms. JACKSON LEE. Well, when you finally gave a yes, which is that we do need to have a structure on security that is consistent which is what I think—

Mr. KLEIN. Well, absolutely.

Ms. JACKSON LEE [continuing]. We are attempting to secure during this hearing. Outsourcing of foreign repair stations has increased over the decade. To the witnesses do they think this trend is going to increase or level off? What is the trend for our domestic

repair stations? Can they maintain their presence and volume of work in the face of increasing outsourcing trend?

Mr. Roach.

Mr. ROACH. Well, if nothing else changed, yes, more work will be going overseas. Like I indicated previously, the most modern, efficient facility in the United States in Indianapolis, was closed. Then United Airlines fly 777 aircraft to China to be repaired.

So these trends, because they can cut the cost of maintaining these aircraft, they are going to continue to fly those planes. Now, United Airlines used to employ some 14,000 mechanics. They employ now 4,000 or 5,000 mechanics. The numbers keep going down.

The same thing with Continental Airlines, the mechanic numbers were once twice as high as they are today. US Airways, a lot of work is being subcontracted out and the level of employment in this country has gone down.

The people who used to fix and maintain aircraft in this country are decreasing while more work is going overseas to people, again, who cannot read and write English, who cannot read the maintenance manuals. That is a safety and security hazard within itself that somebody is working on an aircraft that can't read or write English, and therefore, somebody else has interpret what they are supposed to do.

In terms of security, nobody cares, and that is the bottom line. They keep saying, well, it is for this reason and that reason, there is no uniform policy or background checks. There are no uniform policies on drug and alcohol testing. There are no uniform policies on anything and anything that happens.

Let me just say one other point, is that aircraft today are built much better than they were years ago. What happens is these aircraft come back with a little defect here, a little defect there, and they can continue to fly because these aircraft were built in such a high-tech way that they are okay.

There comes a point in time that as these aircraft with these defects, these small items continue to build up, we are headed for a catastrophe because as these aircraft get older and they continue to fly these planes overseas without the safeguards that we have been talking about this afternoon, little defects keep creeping up on these aircraft.

Luckily, because some of them have been detected by mechanics when these planes are back in service—such as US Air—US Airlines aircraft that were back in service when our mechanics were able to detect these defaults, but it cannot continue to go in the long term. Sooner or later, we will pay the price.

Ms. JACKSON LEE. Mr. Gless.

Thank you, Mr. Roach.

Mr. GLESS. Could you repeat the question again?

Ms. JACKSON LEE. The question is regarding the utilization of domestic repair places and foreign repair. Do you think they are going to increase? Is there going to be continued outsourcing? How do you see the future?

Mr. GLESS. Well, the future, I mean, we speaking from where I come from, you know, we are on an in-sourcing kick. We are trying to show that we can do it in-house. We have a better product that we are able to keep control of. We don't have to wait for somebody

else to give us our aircraft back. We have efficiencies in place, and we have actually jointly together figured out ways to do it faster and better than the outsourcers.

Right now, unfortunately, there is a trend of all of the airlines—as we race to the bottom, as we call it—to outsource. It is a cheaper way for people to not worry and it comes down to people. They are removing their people problem. They are going to a pay problem. They are just going to take their aircraft, ship it overseas and pay someone else and not worry about it.

We would like to see more in-house. With the constricting of the airline industry right now, I believe there is more facilities than aircrafts to be repaired so there is a race to the bottom again for cheaper maintenance.

That is even within this county. There are companies out there who are looking to do it cheaper and cheaper to get the work in. As long as somebody offers a product for cheaper and gives a product that will make their flight from A to B, it doesn't matter if there is as Mr. Roach says, you know, some small flaws as it comes out of check. There are redundancies in the systems to make sure the aircraft can continue on.

So as long as, you know, the outsourcing continues and the cheaper fare is more important than the quality, the outsourcing will continue.

Ms. JACKSON LEE. Do your employees go overseas to work on planes on behalf of your company or the company that you work for?

Mr. GLESS. There are locations where we would ferry aircraft, where there is an aircraft down where there is not people. We have unionized workers in Europe who work for American Airlines who work on the aircraft. We have workers in South America and locations—

Ms. JACKSON LEE. But they are American Airlines employees.

Mr. GLESS. They are American Airlines employees. They are—

Ms. JACKSON LEE. So it is not outsourced, so they have a—

Mr. GLESS [continuing]. But there are some locations where there is contract maintenance as it was stated. You can't have people in every location of the world. But primarily they are American Airlines employees in these locations.

Ms. JACKSON LEE. Are they background-checked?

Mr. GLESS. They are through the company.

Ms. JACKSON LEE. Mr. Moore.

Mr. MOORE. The simple answer is yes. I believe, as long as this is a bottom-line driven industry, the race to reduce costs will continue. Unfortunately, and my feeling, and I have said this before is until we dig a big smoking hole in the ground, it is going to continue. Unless it is directly attributed to something that happened at an outstation, or excuse me, at a foreign repair station or a repair station, again, the statistics will hold as Mr. Barimo said.

But think of this. Mr. Roach brought a point up about the facility up there in Indianapolis. So you have outsourcing, right? So now you have a repair station in there where United used to work—same guys working on United's airplanes.

But because they can't find enough skilled labor, they actually contract again. So you have got airline contracting to a vendor who

is now contracting to a labor supplier. So the chain keeps getting diluted.

If you understand what I said earlier about the layer upon layer being taken away, this is what I am talking about. You keep looking for ways to go even further or closer to the edge and that is the fear.

But yes, as long as this industry is bottom-line driven, they will continue to find ways to outsource more maintenance.

Ms. JACKSON LEE. Mr. Barimo, why don't you comment and Mr. Klein on this increasing inclination to outsource repair both domestically but in particular this hearing is on foreign repair. Is that what is the bulk of the structure for airlines is the outsourcing on foreign soil?

Mr. BARIMO. Madame Chairwoman, what I would say is that the domestic trend has been increasing. It has been centered around aircraft heavy maintenance checks and it has stabilized in the—depending on how you measure it, in the 40 percent to 50 percent range.

We think it will continue to creep up slowly but will remain in the 40 percent to 60 percent range for the foreseeable future. Regarding jobs—

Ms. JACKSON LEE. Wait—a 60 percent outsource?

Mr. BARIMO. Yes, based on total dollars spent. We are around 40 percent, 45 percent today. Regarding jobs going overseas, I would point out that other countries have recognized the value of the MRO business to their economy.

We believe that there is an opportunity here in the United States to reinvigorate the MRO industry. We have no shortage of skilled people across the United States, many displaced auto workers that would love to enter into a thriving industry that in fact attracts more work to the United States and grow that industry.

There are opportunities. There are facilities that could be modernized. We can retrain individuals. We can invest in some new technologies that would make us more competitive in that industry. So there are opportunities to in fact to grow that positive balance of trade beyond where it is today.

Then finally I would just, you know, I feel obligated to counter something that Mr. Roach said and it was about small defects being tolerated on airplanes and it will eventually bite us.

What I would point to is another chart in my testimony, and again, I want to take us back to data, if we look at mechanical reliability for airplanes, and I acknowledge that they are complex pieces of machinery. They are much more reliable than they historically were decades ago.

But today we see reliability levels, mechanical reliability levels at the highest level we have ever seen. So something is happening that is right in the maintenance world and it is indicated not just by the absence of accidents, but by the reliability data.

Ms. JACKSON LEE. Let me ask the question. Are you, Mr. Klein, do you see outsourcing increasing and particularly with respect to the foreign repair stations?

Mr. KLEIN. I think it will. A couple points, first of all, you know, the way we look at contract maintenance is that contract maintenance is helping airlines become more competitive. Airlines—the

contract maintenance companies, quite frankly, get better returns on their investment in training and equipment and facilities et cetera than airlines can get because these repair stations are specialized companies that do specialized types of work.

So the way we look at it is that these airlines are contracting out work that is helping the airlines reduce costs so they can be more efficient. Yes, it is cheaper but cheaper doesn't necessarily mean it is worse.

They are able to see efficiency gains, reduce costs, and make themselves more competitive which means that there are going to be pilot jobs, flight attendant jobs, mechanic jobs in the future at those airlines because those airlines will survive as they become more competitive.

I would also point out that, I mean, we hope that the outsourcing trend is consistent because contract maintenance makes a huge contribution to the U.S. economy. As I said earlier, we have a \$2.4 billion balance, positive balance of trade in the market for contract maintenance services.

So for, you know, for Air France, a U.S. repair station in Houston is a foreign repair station. So, you know, again, yes, we are sending some work overseas but the reality is that we are keeping a lot more here, and we are getting a lot more here from the rest of the world and it is a positive balance of trade.

It is an industry thing—a really positive contribution to the U.S. economy and growing jobs in small businesses all around the country. So again, I think that it is a trend that is here to stay, again, because we are helping airlines we do serve to improve their efficiency.

Ms. JACKSON LEE. Let me ask these final questions and thank the witnesses and try to frame again that this is homeland security and the key is securing the Nation. I have listened to Mr. Barimo and Mr. Klein on the economic aspect and the goodwill of the airlines, and I agree.

But I started out by saying that terrorism is unpredictable. Being able to secure a Nation requires this Nation to be at the top of its game. In the report that I am looking at, and you listened to the testimony before, it specifically notes "FAA needs to improve its system for determining how much and where outsource maintenance is performed."

That is probably a domestic issue but certainly it is an international issue. That gives me reason for concern that we have a Federal agency that cannot get their hands around what is being outsourced.

When we talk about the economy, I think the economy also deals with how many Americans we can hire. I didn't hear anything from my two friends indicating that we transport American workers over to these foreign repair stations, individuals who have been vetted, who have security clearances, because that is the question.

The announcement that the senator made about an al Qaeda person being on site at a Singapore repair station is the kind of unpredictable action that could be occurring around the world. So I would indicate and ask for your comment on the FAA needs to insure carriers and repair stations and have a strong oversight system—two points—make it clear FAA needs to ensure carriers and

repair stations have strong oversight systems, and FAA needs to improve the system for determining how much and where outsource maintenance is.

In your answer—and that is, of course, in the backdrop of TSA in the midst of its rulemaking. I am prepared to discuss with TSA as to whether or not they need to narrow the focus on repair stations that are overseas because Mr. Ellis made a point—Mr. Klein, excuse me, made a point concerning the impact it might have on domestic U.S. companies if they had to subject themselves to burdensome rulemaking.

But the key here is to intertwine the utilization of already checked American workers with clearances and who we know have an understanding of the concept of what we are doing to be working in this field for security purposes versus what I sense is an unchecked system of foreign repair stations.

So Mr. Roach, would you answer that long question please? You can summarize in however you desire to do. This is the last question.

Mr. ROACH. Okay. I think you are right on target. I think that from all the discussions that we have had more work is going to be sent overseas. Again, we are flying very expensive aircraft, the Boeing 777 to Red China, so there is no restriction on where planes go and they could be being maintained any place in the world.

Anybody can work on them, and I think we briefly read the rulemaking that was posted in the registry today, and we think that goes a long way in correcting the problems. But the FAA needs to have a better control on where maintenance is done. They need to have a better control on inspections. Do we need the inspections? We need to know who is working on these aircraft.

We don't need aircraft that could—things can be put on these aircraft and flown back to the United States to destroy the lives of people. We don't need aircraft that is being maintained in places where they are smuggling cocaine and heroin back into this country.

So we think they need to know who is working on the plane. We need to know where they are working on this plane. We need the background checks that we are required to do. The majority of the mechanics that are working on aircraft for the United States airframe and power plant licensed mechanics.

The mechanics or the people that are working on these aircrafts from foreign countries are just anybody that can get to work on aircraft. They only need one person to sign the logbook and everybody else—they can get anybody wandering down the street to work on aircraft, no background checks.

So I think yes, that we need better oversight, and we need better control on where these planes go, especially those that are going to be flown back into the United States and carry thousands and thousands of people.

Ms. JACKSON LEE. Would you be comfortable if the rulemaking was limited or directed at foreign repair stations in particular? It is the broad rulemaking now for all stations.

Mr. ROACH. We, again, I haven't been able to read it and we are reading, in the process, and we will comment on that and at the appropriate time we will take your comments into consideration.

Ms. JACKSON LEE. Mr. Gless.

Mr. GLESS. Well, let me start by saying that the workers here in the United States are monitored. The locations and the larger facilities outside the small little mom-and-pop shops that may be working on a coating or something of specific value to a covering of a table or something like that are monitored.

They are on facilities that are certified by the FAA. They are on facilities that are inspected regularly by certain, you know, FAA inspectors. I believe it was Mr. Dalbey from the FAA stated that they are up to 709 foreign certified stations right now, 709.

Ms. JACKSON LEE. So would you welcome the rulemaking to be focused on the security conditions in foreign repair stations?

Mr. GLESS. Yes, it would be a great start.

Ms. JACKSON LEE. Thank you.

Mr. Moore.

Mr. MOORE. Yes. Simply, yes. The single standard—

Ms. JACKSON LEE. Yes, that the rulemaking focus on foreign repair stations?

Mr. MOORE. Yes.

Ms. JACKSON LEE. Thank you.

Mr. MOORE. I say that simply because you should have the same standard. If you work in the United States at registered aircraft in the United States, why would you expect any different standards if you were working outside the United States and it is still the same aircraft. It is still the same people.

Ms. JACKSON LEE. Thank you very much.

Mr. Barimo, excuse me.

Mr. BARIMO. Thank you.

Ms. JACKSON LEE. I want to call you Barrymore, but I will not do that again.

Mr. BARIMO. You had it right the first time with Barimo.

Ms. JACKSON LEE. Okay.

Mr. BARIMO. Let me just say, airlines are willing to provide information about where work is performed to the FAA. We provide data today. If that needs to change, if the format of that, if the scope of that needs to change, we are absolutely willing to support that effort because we agree that they need to know. We believe that people know within FAA today. I think it is a matter of them being able to take advantage of that information.

Regarding the TSA rulemaking, I would say no. I don't think it is too broad. I think if it is a risk-based rule, that the risk analysis will focus us where we need to look. If that focus turns out to be foreign repair stations, then by all means we focus on foreign repair stations.

But I think it is premature to jump there, and I think we need to let the experts do the analysis. It is great to have TSA on board now, and we look forward to working with them to develop a rule that is effective and does address your concerns.

Ms. JACKSON LEE. So you take some issue with the fact that it will be too much of a burden to put a general rule out that impact the domestic and foreign repair stations?

Mr. BARIMO. Yes. I think it skips a step and that step is the risk analysis. I think that has been so critical for us on the safety side and it has helped us channel our resources to where they could

really be effective and they have been. I think we need to take the same approach with the security side and not skip that all-important risk analysis step. We may end up at the same place, but I think we need to follow the path.

Ms. JACKSON LEE. It has come to my attention that not all countries have signed the international agreement so let me pose this question: Do you recognize the importance of having security background checks for individuals in foreign repairs shops that work on airlines that are headed toward the United States?

Mr. BARIMO. Absolutely.

Ms. JACKSON LEE. Mr. Klein, your comment on the idea of narrowing the focus of the rulemaking and the importance of the FAA having greater oversight and responsibility for the security of these foreign—not just the security but the oversight joined with TSA on the securing of these foreign repair stations and domestic repair stations.

Mr. KLEIN. Yes, thank you. A couple of points, first of all, ARSA has a long history of working very, very closely with the FAA on regulatory compliance and to try to push out regulatory compliance information to our members, so we take this very, very seriously.

In fact, we have been on the record for years as coming to Congress to beg for more oversight resources for the FAA because when the FAA doesn't have the money to do its job from an oversight standpoint, that directly impacts our members' bottom line.

In fact I reference a survey that we conducted last week. Thirty percent of our members reported losing business opportunities because the FAA didn't have the resources to approve applications and changes to operation specifications and things like that. So again, FAA resource is absolutely critical again, and we would certainly support that. On the question of the extending or limiting the scope of the TSA rulemaking to small companies, I think—

Ms. JACKSON LEE. No, you didn't hear me. Not limiting to small companies.

Mr. KLEIN. All right, so foreign repair stations.

Ms. JACKSON LEE. Foreign repair.

Mr. KLEIN. I think if you go back and check Vision 100, as I recall it was drafted to apply to both foreign and domestic repair stations. So I don't think it is a question necessarily for the TSA. I think it is a question that Congress has already mandated this, that they be applicable to both U.S. and foreign companies.

I can—I will double—that is my understanding of the law. I am sorry.

Ms. JACKSON LEE. You are now speaking to Congress, so I am asking your input on whether or not you believe it should be narrowed to foreign repair stations?

Mr. KLEIN. Yes, I would—

Ms. JACKSON LEE. You are absolutely right. I am just asking a question, do you think it should be narrowed?

Mr. KLEIN. I would agree with Basil's comment that if you have, you know, again, we have to do some risk analysis and see where the risk is greatest. I mean, I certainly, you know, I am not saying that we want to impose a bunch of new regulatory burdens on our small member companies around the country.

I think if the rule is drafted in such a way that it reflects the realities of the industry, the fact that many of these are small companies where you have two or three employees, you know, maybe you don't need to have badging at a company with two or three employees, that we can craft a rule that is going to work for everybody.

Ms. JACKSON LEE. Do you believe that it is important and imperative to have background checks for all individuals in foreign repair stations that are working on airplanes destined for the United States?

Mr. KLEIN. I think that it is appropriate to have rules that are equivalent to the background investigations that we have here. Again, I mean, it is not every airline employee in the United States gets background investigations.

As I understand the rule, the STA rules, it is if you require unescorted access to the aircraft at the ramp, you have a criminal background investigation through TSA so again, equivalency, absolutely.

Ms. JACKSON LEE. Well, that is why we are in the midst of a rulemaking. Obviously, if you were in the midst of working on a aircraft that could be carrying passengers, whether you are in the area that is on the ramp or near the ramp, you could be in the repair shop and have the ability to undermine the viability of an aircraft.

So my question is do you think it is important when airplanes are repaired on foreign soil, to have those who have access to that airplane have a background check?

Mr. KLEIN. If they are doing safety sensitive work and have unescorted access to the aircraft or the ramp, sure. Are you—I guess I am not understanding the question. Are you saying should every single person working at a foreign repair station have a background check?

Ms. JACKSON LEE. That is working on the aircraft.

Mr. KLEIN. On the aircraft, again, if it is consistent with the U.S. rules, absolutely.

Ms. JACKSON LEE. Well, let me thank you for all of your testimony and your patience in the questioning. I think this has been instructive and constructive as it relates to the FAA and TSA moving forward on, I think, an important loophole that is growing.

I hope as we have had this discussion with our fine members from America's workforce and also of the business community that we find an opportunity to come together. I think it is important again that we look a second time around about the utilization of American workers to continue to ensure the security of this Nation.

So let me thank you again for your testimony and the value of your testimony is most important, and I believe that this hearing will help to inform the final rule for the security of foreign repair stations. The Members of the subcommittee may have additional questions for the witnesses, and we ask that you respond to them expeditiously in writing.

Hearing no further business, the subcommittee stands adjourned.
Thank you.
[Whereupon, at 5:07 p.m., the subcommittee was adjourned.]

