

Management Plan

The Federal Aviation Administration (FAA) and the Civil Aviation Administration of China (CAAC) have agreed to a process for sharing regulatory authority responsibilities for managing the airworthiness responsibilities associated with Schweizer RSG LLC (“Schweizer”) products for which the United States of America (U.S.) is the State of Design and the People’s Republic of China (P.R.C.) is the State of Manufacture. This agreement relies upon the existence of a valid licensing agreement of the type design of certain aircraft between Schweizer, the U.S. type design holder, and Changhe Aircraft Industries (Group) Co., Ltd., (“CAIG”), the P.R.C. manufacturer.

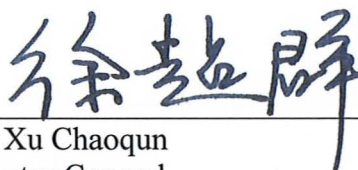
Attached is the Management Plan detailing this process.

Any further clarifications or revisions to this document will be made only after consultation and agreement between both Authorities.

The FAA and the CAAC agree to the provisions of this Management Plan as indicated by the signature of their duly authorized representative.



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Executive Director
Aircraft Certification Service
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Mr. Xu Chaoqun
Director General
Aircraft Airworthiness Certification
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Civil Aviation Administration of China

Date: *October 9, 2019*

Date: *10.17-2019*

MANAGEMENT PLAN

**Cooperation in Design, Manufacture, and Continued Airworthiness
Responsibilities Between the FAA as the Authority for the State of Design
(U.S.) and the CAAC as the Authority for the State of Manufacture
(P.R.C.) for The Schweizer RSG LLC's ("Schweizer") Designs Licensed to
Changhe Aircraft Industries (Group) Co. Ltd. ("CAIG") For Production**

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1. INTRODUCTION

1.1 AUTHORIZATION

This Management Plan is established in accordance with Section IX, “Special Arrangement and Management Plans” of the Implementations Procedures for Airworthiness (IPA), Revision 0, dated October 17, 2017, between the Federal Aviation Administration (FAA) and the Civil Aviation Administration of China (CAAC).

The procedures in this Management Plan are further authorized by section 6.3 of the IPA: “Production Approvals Based on Licensing Agreement.”

This Management Plan is required by the Twelfth Edition of Annex 8, dated July 2018, to the Convention on International Civil Aviation, Airworthiness of Aircraft; Part II, Section 4.2 Responsibilities of Contracting States in respect of continuing airworthiness.

Specifically, per Paragraph 4.2.1.4, State of Design:

“Where, for a given aircraft, engine or propeller, the State of Manufacture is not the State of Design, then the State of Design shall ensure that there is an agreement acceptable to both States to ensure that the manufacturing organization cooperates with the organization responsible for the type design in assessing information on the design, manufacture and operation of the aircraft, engine or propeller.”

Specifically, per Paragraph 4.2.2, State of Manufacture:

“The State of Manufacture shall ensure that where it is not the State of Design there is an agreement acceptable to both States to ensure that the manufacturing organization cooperates with the organization responsible for the type design in assessing information on the design, manufacture and operation of the aircraft, engine or propeller.”

1.2 PURPOSE

This Management Plan has the following purposes:

- 1.2.1. To clearly define the State of Design (SoD) and State of Manufacture (SoM) responsibilities for the U.S. and the P.R.C. for Schweizer designs licensed to CAIG for production for which one State is the SoD and the other is the SoM. It defines the process for managing production approval based on licensing agreements, and each Authority’s responsibilities when acting as the SoD and the SoM, including design changes, conformity to the approved design data, and continued operational safety.
- 1.2.2. To document the specific products authorized under this agreement.

The provisions of this Management Plan do not substitute for what is required by either FAA or CAAC regulations.

1.3 BACKGROUND

Schweizer is located at 3901 North Main Street, Fort Worth, Texas, USA, and CAIG is based at 539, Chaoyang Road, Jingdezhen, Jiangxi Province, PRC. Both companies have entered into a Licensing Agreement for the production of the Models 269C and 269C-1 aircraft in China.

This Management Plan exercises the CAAC's discretion to allow CAIG to produce certain Schweizer aircraft under a Chinese Production Certificate pursuant to an approved type design that is regulated and overseen by the FAA.

Both Authorities recognize that certain Schweizer aircraft may be produced simultaneously under two separate production approvals. The Production Certificate issued by and regulated by the FAA is separate from the Production Certificate issued by and regulated by the CAAC.

Safety assurance of these certain Schweizer aircraft requires close collaboration between the FAA and the CAAC, and the clear understanding and execution of each Authority's distinct responsibilities under ICAO Annex 8 of the Chicago Convention.

The Management Plan applies only to the aircraft identified herein, and is contingent upon the licensing agreement established between Schweizer as the Type Certificate holder and CAIG as the Production Certificate holder. Any modification to the licensing agreement will require notification to the FAA and the CAAC. The Authorities will review, assess, and revise this Management plan as necessary.

1.4 SCOPE

- 1.4.1 This Management Plan covers the following aspects of airworthiness for the Schweizer civil helicopter model(s) listed in Table 1:
- a. The oversight of Schweizer as the type design approval holder by the FAA; and,
 - b. The surveillance of production activities associated with CAIG, Chinese Production Certificate by the CAAC; and,

c. The collaboration required between the FAA and the CAAC for continued airworthiness; and.

1.4.2 For those Schweizer civil helicopters manufactured in P.R.C., the CAAC is responsible for ensuring that CAIG produces aircraft that conform to the FAA-approved type design and that CAIG complies with all other relevant CAAC regulatory requirements when determining original airworthiness.

****Note****

“CS” noted as prefix of the Serial Number denotes CAIG production with CAAC airworthiness approval.

“S” only noted as prefix of the Serial Number denotes Schweizer production with FAA airworthiness approval.

Table 1

Schweizer Civil Helicopter Model	Type Certificate Holder	State of Design	State of Manufacture
269C S/N CS1973 and subsequent	Schweizer	USA	PRC

2. GENERAL RESPONSIBILITIES

2.1 EACH AUTHORITY'S GENERAL RESPONSIBILITIES

- 2.1.1 Notify the other authority of any changes in regulations, policy, personnel, and resources, as well as the capabilities of those resources, relevant to the activity performed under this Management Plan.
- 2.1.2 As appropriate, provide information to the other Authority on any significant facility or organizational changes for either Schweizer or CAIG.
- 2.1.3 Provide all documents and correspondence relating to this Management Plan in the English language.
- 2.1.4 Ensure that their respective approval holders comply with all applicable regulatory requirements.

2.2 AS THE STATE OF DESIGN, THE FAA WILL

- 2.2.1 Update the Type Certificate Data Sheet to indicate the Chinese Production Certificate and associated serial numbers in the production basis.
- 2.2.2 Require that the written licensing agreement between Schweizer as the type design holder and CAIG as the manufacturer is current and acceptable to the FAA (in accordance with 14 CFR 21.55).
- 2.2.3 Ensure that changes to the type design are approved in accordance with 14 CFR 21, including changes initiated by material review board determinations.
- 2.2.4 Require the identification dataplate for aircraft manufactured by CAIG to clearly show CAIG as the builder, the aircraft model as a Schweizer Model, "FAA TC No. 4H12", "CAAC PC No. PC0044A-HD", and the distinctive serial number assigned in accordance with the Schweizer/CAIG Licensing Agreement and this document (in accordance with 14 CFR 45.13).
- 2.2.5 Ensure that Schweizer monitors the continued airworthiness of the type design.
- 2.2.6 Act as the focal point coordinating all activities and defining accountability for the correction of all service difficulties.
- 2.2.7 Share Airworthiness Directives (AD) with the CAAC.

2.3 AS THE STATE OF MANUFACTURE, THE CAAC WILL

- 2.3.1. Require that the written licensing agreement between Schweizer as the design holder and CAIG as the manufacturer, is current and acceptable to the CAAC.
- 2.3.2. Ensure CAIG has established adequate manufacturing processes and quality control procedures to assure that each completed product conforms to the FAA approved Type Design data obtained through the licensing agreement, and is in a condition for safe operation.
- 2.3.3. Require CAIG to have procedures in place to ensure that any changes introduced into the design before the original airworthiness is established and conferred, are approved by Schweizer as the Type Design holder, and the FAA as the SoD.
- 2.3.4. Have the responsible CAAC office conduct an audit using their respective procedures to verify compliance with the above sections 2.3.1 to 2.3.3. This audit is to determine whether the quality system is adequate or has been appropriately changed to ensure positive control of the design and airworthiness of the product manufactured.
- 2.3.5. Have the responsible CAAC office ensure continued compliance to the above sections 2.3.1 to 2.3.3 through oversight of CAIG in accordance with CAAC's procedures.
- 2.3.6. Inform the FAA of any changes to the CAIG Production Certificate or corresponding Production Limitation Record (PLR) associated with the production activities covered by this Management Plan.
- 2.3.7. Investigate suspected regulatory violations in accordance with CAAC procedures, and notify the FAA.
- 2.3.8. Take appropriate compliance and enforcement action against CAIG for any noncompliance detected at CAIG or at their approved suppliers, as applicable, and notify the FAA.
- 2.3.9. Require CAIG to ensure that Schweizer's type design configuration, produced under the CAIG Production Certificate, is approved by the FAA, including any changes initiated by material review board determinations.

3. CONTINUED AIRWORTHINESS RESPONSIBILITY

3.1 CAAC RESPONSIBILITIES FOR CONTINUED AIRWORTHINESS

- 3.1.1 Ensure CAIG communicates and cooperates with Schweizer in assessing information received on experience with operating the aircraft.
- 3.1.2 Publish corresponding mandatory continued airworthiness instructions when notified by the FAA of its own airworthiness directive issuance.
- 3.1.3 Conduct surveillance activities of CAIG in accordance with CAAC regulations, and take mandatory and other remedial action as necessary to execute its responsibility relative to the continued airworthiness of the type design.
- 3.1.4 Maintain accountability for the corrective action arising from service difficulties or accidents attributed to manufacturing problems within CAIG.

3.2 FAA RESPONSIBILITIES FOR CONTINUED AIRWORTHINESS

- 3.2.1 Review service difficulty information and take mandatory and other remedial action as necessary in order to execute its responsibility relative to the continued airworthiness of the type design.
- 3.2.2 Notify the CAAC of mandatory action taken on service difficulties.
- 3.2.3 Maintain accountability for the corrective action arising from service difficulties or accidents attributed to design problems.
- 3.2.4 Maintain accountability for the corrective action arising from service difficulties or accidents attributed to manufacturing problems within Schweizer that may impact CAIG.

4. EXPORTING AND IMPORTING REQUIREMENTS

4.1 FOLLOW-UP PRODUCTION RESPONSIBILITIES

- 4.1.1 If CAIG is to export these aircraft or aircraft parts outside the P.R.C., they will need to follow the specific importing/exporting requirements for that country.
- 4.1.2 Special provisions may be required for third party countries which do not allow for separate State of Design and State of Manufacture aircraft. CAIG should consult with the CAAC and the Importing Authority.

5. PROGRAM REVIEW & CHANGES TO THIS MANAGEMENT PLAN

5.1 PROGRAM REVIEW

- 5.1.1. The FAA and CAAC will conduct a periodic review to assess the effectiveness of the activities performed under this Management Plan. The review will be conducted as agreed upon by the FAA and the CAAC, at regular intervals or following any issue that may arise.

5.2 CHANGES

- 5.2.1. This Management Plan may be revised as necessary when mutually agreed upon by each Authority. Any revisions will only be made after consultation between the FAA and CAAC, and are made effective by signature of the duly authorized representatives of the FAA and the CAAC.
- 5.2.2. This Management Plan is specific to Schweizer licensing the Type Design of certain TC Number 4H12 aircraft to CAIG for manufacturing in the P.R.C. (location/s to be specified on the CAIG Production Certificate as issued by the CAAC, and on the Schweizer TC Data Sheet No. 4H12 as issued by the FAA.) under a Chinese Production Approval. If at any point the licensing agreement or business relationship changes between the two companies, the FAA and the CAAC agree to notify the other, reevaluate the continued applicability of this Management Plan, and revise it or void it as appropriate.

5.3 TERMINATION

- 5.3.1 Either the FAA or the CAAC may, at any time, give written notice to the other Authority of its decision to terminate or suspend this Management Plan. The Management Plan will terminate three months following the date of receipt of the notice by the FAA or the CAAC, unless the said notice of termination has been withdrawn by mutual agreement before the expiry of this period.

6. REFERENCES

1. ICAO Annex 8; Airworthiness of Aircraft; Twelfth Edition, dated July 2018.
2. Implementation Procedures for Airworthiness, under Agreement between The Government of the United States of America and The Government of the People's Republic of China, Revision 0 approved on October 17, 2017.

APPENDIX A. POINTS OF CONTACT

FOR FAA

Federal Aviation Administration
Compliance & Airworthiness Division
Fort Worth ACO Branch
Attn: Mr. Jim Grigg
10101 Hillwood Parkway
Fort Worth, TX 76177
USA

Phone: 00-1-817-222-5140
Fax: 00-1-817-XXX
Email: Jim.Grigg@faa.gov

FOR CAAC

Civil Aviation Administration of China
Jiangxi Safety Oversight Administration
Aircraft Production Oversight Division Attn: Mr. Zhu Kai
No. 2 Road West, Changbei International Airport
Nanchang, Jiangxi 330114

P.R.C.

Phone: +86 791 83960179
Fax: +86 791 83960192
Email: zhukai_hd@caac.gov.cn

APPENDIX B. SUPPORTING DOCUMENTATION

1. Project initiation letter from Schweizer RSG LLC to FAA
2. Licensing agreement and any subsequent supplement(s) between Schweizer and CAIG
3. CAIG's Production Certificate Approval of certain Schweizer parts and assemblies as issued by CAAC.