

# ADVISORY CIRCULAR

## CIVIL AVIATION ADMINISTRATION OF CHINA

No.: AC-21-04

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### SUPPLIER SURVEILLANCE

AIRCRAFT AIRWORTHINESS DEPARTMENT

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#### 1. General

#### 1. 1 Purpose

This advisory circular (AC) is to set forth instructive information concerning Civil Aviation Administration of China (here in after referred to as CAAC) surveillance of suppliers to holders of CAAC production approvals (here in after referred to as PAH in brief).

#### 1. 2 Authority

This AC is developed according to "Certification Procedures for Products and Parts" of Chinese Civil Aviation Regulations (CCAR-21)

- 1. 3 Reserved
- 1. 4 Related Documents
  - "Certification Procedures for Products and Parts" (CCAR-21)
  - "Production Certification and Surveillance Procedures" (AP-21-

04)

"Certification Procedures for Materials, Parts and Appliances for

Installation on Civil Aircraft" (AP-21-06)

#### 1. 5 Applicability

This AC is applicable to suppliers who furnish the parts or services to PAH, including those suppliers who directly deliver their goods to users with the holder's approval.

This AC is unapplicable to suppliers who furnish the parts or services to the following:

- (1) Components for prototype products required to conduct manufacture conformity inspection under the type certification program prescribed by an aircraft certification center.
- (2) Components used in completed products submitted for airworthiness certification or approval after a type certificate (TC) or design approval has been issued but before production approval has been granted; e.g. aircraft submitted for airworthiness certificates after the TC for the aircraft has been issued, but before the newly TC'd aircraft has been added to the Production Limitation Record for the Production Certificate. At the discretion of the principal inspector, for production under TC only, Such components may also require conformity inspection or verification by the airworthiness authority or its designated representatives, including foreign civil aviation authorities, unless the applicant for the TC provides assurance to the airworthiness authority that completed products will not be presented to the airworthiness authority for airworthiness certification or approval until

the production approval has been granted.

- 2. Definition
- 2.1 Production Approval: It means Production Certificate (PC),
  Approval of Production Inspection System (APIS), Technical Standard
  Order Approval (CTSOA) and Parts Manufacturer Approval (PMA).
  All are issued by the CAAC.
- 2. 2 Airworthiness Authority: It means Aircraft Airworthiness Department of CAAC (referred to as AAD), Aircraft Airworthiness Center (referred to as AAC), Airworthiness Division of Regional Administration (referred to as RAD) and Aircraft Certification Center (referred to as ACC).
- 2.3 Supplier: Any jurisdical person who provides the parts or services for the PAH.
- 2.4 Part: Any part, material, appliance installed on aircraft, assembly, component or system used in civil aviation products.
- 2.5 Priority Part: Any part which will bring about the aircraft, engine or propeller in unsafe operation if any requirement of approved design data or quality control system is not met.
- 2. 6 Subcontract: Any person who provides the parts or services for the supplier.
- 2.7 Third-party accreditation: It is a method whereby a supplier contracts with an appropriately recognized third party, for the purpose of obtaining a certification that the supplier has the capability to

provide specified processes, products, or services.

- 2.8 Third-party Supplier Surveillance: It is a method whereby a PAH contracts with an appropriately recognized third party, for the purpose of evaluating, approving and/or surveying a PAH's supplier.
- 3. General requirements and information.
- 3.1 "Certification Procedures for Civil Aviation Products and Parts ", CCAR-21, requires applicants to establish an inspection/quality control system as a prerequisite to the issuance of a production approval, and to maintain this system after the approval has been issued. The regulations require the established inspection/quality control system to provide, as a minimum, a means to determine that supplier-produced components (e.g., materials, parts and subassemblies) conform to the approved design data and are in condition for safe operation.
- 3.2 Airworthiness authority does not approve suppliers. However, a PAH may utilize suppliers when he has established a quality control/inspection system which provides assurance that all parts or services furnished by his suppliers (including subtier suppliers) are in compliance with his particular production approval and applicable CCARs. No matter suppliers are located in either the P.R. China or in other coutries, any supplier so utilized is considered to be an extension to the PAH's production facilities.
- 3.3 The PAH is ultimately responsible for ensuring that each completed product, including supplier-produced components, that leaves

the PAH's domestic production facility conforms to the CAAC approved design data and is in condition for safe operation without regard to where suppliers are located, whether suppliers have been evaluated / surveyed under airworthiness authorities (domestic or foreign). In the case of a supplier located in a country with which the P.R. China has a bilateral airworthiness agreement (BAA), or MOU provided the PAH an option to perform supplier surveillance or to use the BAA provisions or MOU for conformity certificates (export certificates) issued by the Civil Aviation Authority (CAA) of the country of manufacture for each component produced.

- 3.4 Emphasis must be placed on the manufacturer's control of his suppliers, since he is totally responsible for all of his supplier-furnished parts and services. The CAAC will not, however, relinquish the authority or responsibility for reinspection of suppliers, either foreign or domestic, at anytime for cause, using either CAAC inspectors or CAAC designees. Due to the large number of suppliers involved (first, second, third tier, etc.), it is not possible for the CAAC to conduct surveillance at all supplier facilities. Accordingly, CAAC supplier surveillance must necessarily be limited to only that activity deemed absolutely essential in the interest of safety.
- 3.5 This AC is not intended to influence or supersede in any manner the surveillance of suppliers in a foreign country by the FCAA of that country, as may be required under its own laws or

regulations.

3.6 Direct shipment may be authorized only for suppliers which come under the umbrella of the PAH's quality system, and at which the PAH has an approved system for the approval and release of supplier components.

#### 4. PAH's Responsibility

Responsible for ensuring that each product or part thereof conforms to the approved design, and is in a condition for safe operation. The manufacturer's responsibility remains the same whether he produces the entire product or parts thereof at his facility or utilizes supplier facilities to furnish related parts or services. The manufacturer's responsibilities relative to his suppliers include:

- (1) Advising his suppliers that they are subject to CAAC surveillance.
- (2) Providing orientation as necessary to his suppliers to ensure that they are knowledgeable with all applicable regulations and with quality/inspection and design requirements as related to the particular parts or services which the supplier will furnish to the manufacturer.
- (3) Making certain information readily available to the CAAC upon request in accordance with CCAR 21.45 for PAH. This information would include, as appropriate:
- (a) The name and address of each supplier to whom he has delegated major inspection authority and those who furnish parts /

services where a determination as to safety and conformance to the approved design cannot or will not be made upon receipt at the approved receiving facility.

- (b) A general description or classification of the part (e.g., fabricated sheet metal parts; forgings; machined parts; etc.) or service (e.g., heat treatment; welding; nondestructive testing; etc.)
- (c) Where and by whom the part or service will undergo inspection (e.g., by the manufacturer at his facility or by the manufacturer at a supplier's facility).
  - (d) Any delegations of any major inspections.
  - (e) Any delegation of materials review board authority.
- (f) The name and title of the person to contract at the supplier facility who can furnish purchase order(s), quality/inspection data, technical data, and other pertinent data/information to the CAAC.
- (g) Those quality control/inspection procedures which are required to be implemented at his suppliers.
- (h) The methods he employs for the evaluation, approval, and/ or surveillance of his suppliers
- (i) Any authority granted to his suppliers which permit them to ship directly to the user on behalf of the manufacturer. (In these instances, the manufacturer must authorize his suppliers in writing of any direct-ship authority, and establish procedures which will ensure that the shipped parts will conform to the type design and are safe for

installation. The procedures must also provide for the suppliers shipping documents to reflect the identity of the manufacturer who granted the authorization. This would not apply in the case of subordinate suppliers when the approved QC procedures provide adequate control for such direct shipment.)

- (j) The results of the manufacturer's evaluation, audit, and/or surveillance of his suppliers, as appropriate.
- (k) Copies of pertinent purchase/work order, or equivalent, including any revisions or amendments thereto.
- (1) Any feedback relative to service difficulties resulting from nonconforming supplier-furnished articles or services.
- 4.2 Although a manufacturer cannot delegate any responsibility to his suppliers, he may delegate inspection authority to them when he has determined that they are capable of performing such functions in continued compliance with his particular production approval and applicable CCARs. The manufacturer must accept the responsibility for all such delegations.
- 4.3 The manufacturer must use approved quality control/inspection procedures that provide for positive control over his suppliers and which ensure that all parts/services furnished by them are in continuous compliance with his particular production approval and applicable CCARs.
- 5. Airworthiness Authority's Responsibility

- 5.1 Evaluating the manufacturer's supplier control procedures (with special emphasis on incoming/receiving inspection) to ensure that the parts/services furnished by his suppliers are in compliance with his particular production approval and applicable CCARs.
- 5. 2 Ensuring that the QC/inspection procedures approved for use by the manufacturer are in fact being implemented by the manufacturer and his suppliers.
- 5.3 Determining the need for supplier surveillance. When supplier surveillance is indicated, the CAAC will:
  - (1) Determine the extent/type of surveillance necessary.
- (2) Conduct/request surveillance, as appropriate, when the supplier facility is located within the geographical boundary of the Aircraft Certification Center.
- (3) Request supplier surveillance, as appropriate, when the facility is located outside of the geographical boundaries of the ACC in accordance with the handoff procedures.
- 5. 4 Advising the manufacturer of any surveillance activity which is scheduled to take place at any of his supplier facilities.
- 5. 5 Initiating enforcement actions against the manufacturer for any violations which originated at any of his supplier facilities.
- 5.6 Notifying the manufacturer of all unsatisfactory conditions (and recommendations when applicable) noted at any of his supplier facilities, along with a request for corrective actions.

- 5.7 Using Designated Manufacturing Inspection Representatives (DMIRs) as necessary, in accordance with CCAR-183.
- 6. Determining Need for Supplier Surveillance

The Aircraft Certification Center having CM responsibility over the holder is responsible for determining which suppliers should be selected for surveillance.

- 6.1 The ACC will evaluate the information required to be made available to the CAAC by the manufacturer and any other pertinent information available (e.g., user complaints, malfunction or defect reports, etc.) This information should be evaluated on a continual basis to determine the need for initiating, retaining, or rescinding CAAC supplier surveillance. Prime consideration for requesting / conducting supplier surveillance should be given when:
- (1) The manufacturer has delegated to his supplier the authority to perform major inspections of priority parts;
- (2) It has been determined that the manufacturer has failed to control his supplies;
- (3) There is any question as to the suppliers capability to furnish the particular part or service in compliance with the manufacturer's quality/inspection procedures and/or the applicable CCARs;
- (4) There are any indications that the supplier is furnishing parts or services which may have an adverse affect on safety; or parts or services which may impair the safety.

- 6.2 Ongoing surveillance at supplier facilities is normally justified when they produce significant portions of a product.
- 6.3 It should not normally be necessary to conduct any surveillance at a supplier facility when the manufacturer can and does make all conformity and safety determinations in compliance with his quality/inspection procedures and applicable CCARs.
- 6.4 Supplier surveillance would normally be handled on a random basis. Ongoing/audit surveillance of supplier facilities should only be requested/conducted when surveillance can be justified in the interest of safety.
- 6.5 Any supplier who produces priority parts or furnishes services for such parts will be subjected to a QASAR audit at least once in every 3-year period in accordance with the criteria contained in Annex 1, AP-21-04 "Production Certification and Surveillance Procedure".

#### 7. Foreign Supplier

The PAH may use supplier located in either P.R. China or in other countries provided the PAH quality assurance system can ensure the parts or services furnished by his suppliers and subcontractors conform to approved design data. But the PAH should not use a supplier located in a country whose authorities would prohibit the entry of CAAC personnel or its representatives into the country, or inhibit in any manner a proposed CAAC evaluation of the supplier. It should be noticed that the CAAC would only evaluate the quality system

established by the PAH. Further, the CAA of the country in which the supplier is located would be invited by the CAAC either to participate in such evaluations, or as mutually agreed upon by the CAAC and the CAA when a BAA or MOU exists, to conduct the evaluation and submit findings or observations to the CAAC for review and disposition.

- 7.1 There are four acceptable methods for a P.R. China manufacturer to utilize the services of a foreign supplier. They are as follows:
- (1) The manufacturer may use the components provisions of bilateral airworthiness agreements or MOU, in the case, each component will have conformity certificates (export certificates) under the surveillance of FCAA.
- (2) The manufacturer will control the parts/services received from the foreign supplier in accordance with the procedures described in para 7.2;
- (3) The PAH may use third-party accreditation or third-party supplier surveillance to evaluate or control these supplier (See para · 10 for reference).
- (4) When the CAAC can conduct surveillance at the foreign suppliers facility. This, however, can only be accomplished when it has been determined that such surveillance would pose no undue burden on the CAAC. CAAC surveillance of materials, parts, and appliance 12—

is not considered to be an undue burden when:

- (a) The manufacturer completely inspects such articles for conformity and condition upon receipt and such inspections are programmed in his approved design and quality control data; or
- (b) An agreement is negotiated between CAAC, the foreign civil air authorities and the china/foreign manufacturers whereby the foreign civil air authority agrees to perform inspections and surveillance on behalf of the CAAC, and certifies to the CAAC that each article conforms to the CAAC approved design and is in a condition for safe operation; or
- (c) The foreign civil air authority at the country of manufacture certifies that the article meets requirements of CCAR-21.
  - (d) Any other manner accepted by airworthiness authority.
- 7.2 The manufacturer may utilize foreign suppliers when the CAAC has determined that parts/services being produced can be completely inspected at his facility. In these instances, the following criteria apply:
- (1) The parts / services must be completely inspected (all characteristics) at the manufacturer's  $P \cdot R \cdot$  China facility. These inspections may be accomplished upon receipt or, when characteristics remain accessible, at any time prior to the final acceptance of the end product/part thereof.
  - (2) The manufacturer must develop a control, through procedures

acceptable to the cognizant region, which will positively ensure that each part produced will be in conformity with the approved design and will be in a condition for safe operation.

- (3) These procedures would normally encompass a one-hundred percent inspection of each part at the P.R. China manufacturer's facility including, as appropriate for the particular part/service to be furnished, all dimensional characteristics, NDT, hardness checks, spectrographic analysis, functional tests, etc. In addition, when necessary to determine material integrity, the following methods would be acceptable:
- (a) Laboratory analysis for complete chemical and physical properties to be performed on each part/material when such tests can be performed without destroying the part/material (e.g., by coupon, small section of part, etc.); or
- (b) When laboratory analysis of each part/material cannot be performed without destroying the part/material, each part/material should be subjected to a spectrographic analysis which should be supplemented by an occasional destructive test for complete chemical and physical property analysis (e.g., one part in each lot of 100 or any portion thereof would normally be considered acceptable).
- (4) The product assurance provisions of national specifications and standards should be used, as appropriate, for guidance concerning acceptance of components such as resistors, transistors, capacitors, etc.

- (5) The procedures should also provide for the manufacturer to approve the foreign supplier (including subsequent surveillance as appropriate) in accordance with his approved supplier approval methods. In addition to the foregoing, the manufacturer should be encouraged to conduct source inspection at least to some degree, at the foreign supplier prior to shipment to the P.R.China.
- (6) Statistical sampling plans (lot control) would normally be unacceptable because there would be no assurance that the foreign supplier's production/process methods will consistently produce a conforming and airworthy part/service.

#### 8. PAH's Supplier Control

The holder of a production certificate is primarily responsible under the requirements of CCAR 21.45 for each article used in his product; therefore, he should establish a system to ensure conformity to the type design of all articles or services obtained from suppliers. Such a system would ensure that:

- (1) Inspections and tests are extended to include supplier's s inspection and tests of articles or services which cannot or will not be completely inspected upon receipt by the holder of a production certificate at his approved facilities.
- of suppliers (e.g. source inspectors or delegated representatives), by the holder of a production certificate when he relies to any degree upon a

supplier's quality control system, or has delegated inspection duties to the supplier. Minimal source surveillance by the production certificate holder or customarily an acceptable means of control when the supplier provides a certification of conformance that includes reports of quality measurement data which show objective evidence that quality standards have been met.

- (3) Effective control is exercised to ensure conformity to approved design data of all articles obtained from suppliers who hold an CAAC approval (PC, APIS, PMA, TSOA) for the article involved.
- (4) Suppliers to the holder of a production certificate would be formally advised that their facilities' system, data, equipment, personnel, and articles being supplied are subject to evaluation and inspection by the production certificate holder and the CAAC since, in effect, such supplier's facilities constitute extensions of the facilities of the holder of a production certificate.
- (5) Articles obtained from foreign suppliers are under the same degree of control that is exercised over domestic suppliers.
- (6) An effective purchasing and receiving inspection system precludes release to production of nonconforming or unsafe articles procured from outside sources. Such a system would ensure that:
- (a) Purchase orders provide specifications or other design data in the detail necessary to ensure procurement of articles or services which

meet the requirements of the approved type design.

- (b) All incoming articles conform to approved type design data prior to their acceptance and release to production.
- (c) Articles which are not designed or manufactured by the production certificate holder are of the same design configuration as specified in the approved type design data.
- (d) Records are maintained of all inspections and tests performed by or for the holder of a production certificate in controlling the design configuration and conformity of all supplier furnished articles.
- (e) Inspection / test records are utilized, as appropriate, to document, as evidence of accomplishment, all required inspections, tests, rework, or rejections.
- (7) Supervise and control suppliers evaluated and controlled by the third-party accreditation and third-party supplier surveillance.
- (8) Supervise and control suppliers evaluated and controlled by the Technical and Quality Supervision Bureau under the Aviation Industries of China or other associated industry quality control authorities.
  - (9) Procedural Requirements of the Production Approval Holder.

A PAH may use suppliers located in either the P.R. China or the other countries. Prior to using any supplier, the PAH should observe the following procedures:

(1) The PAH should establish and document in its CAAC

approved quality control manual, or other CAAC approved quality assurance policy material, the procedures by which suppliers, including sub-tier supplier, are qualified, controlled, and monitored. These procedures should also describe the quality system the PAH has in place to ensure conformity to CAAC approved design data and condition for safe operation of components produced by suppliers. The quality system and its implementation at a supplier facility are subject to evaluation by the CAAC and appropriats FCAA at any time.

(2) The quality system referenced in paragraph 9.1 (1) of this AC should include procedures whereby the first production configuration components are subjected to inspection and testing, as required, to verify that components conform to CAAC apporved design data and are in a condition for safe operation. More than one component may require such inspection, which at the CAAC's option may be witnessed by the CAAC, FCAA, or PAH, until production consistency of the supplier is verified. When components are purchased from an established source for which the PAH has a history of good experience, and the PAH can show the CAAC through historical data and records that current suppliers have previously supplied and continue to supply acceptable components, a decreased level of inspection may be placed into effect at these suppliers. These procedures should also provide for the PAH to plan and conduct on-site quality system and product audits of the supplier, including, sub-tier, suppliers, at

established intervels, of priority parts of such complexity and criticality that, in the event of failure, could have a significant impact on public safety.

- (3) The PAH should develop and maintain a current list of all suppliers located in the P.R. China and other countries for CAAC review, and should notify the responsible airworthiness authority of the receipt of the first production configuration components produced by new suppliers located in the P.R.China and other countries.
- (4) The design data, test requirements, and quality system procedures imposed on the supplier by the PAH should be available in the chinese language to the degree necessary for approval or evaluation by CAAC personnel. The extent that quality system procedures and design data are required in the English language will be determined by the CAAC, and agreed upon by the FCAA, if applicable, and the PAH.
- 10. Evaluation and control of suppliers under third-party accreditation and third-party supplier surveillance. A PAH may use third-party accreditation and third-party supplier surveillance to approve the suppliers.
- 10. 1 Third-party accreditation is a method whereby a supplier contracts with an appropriately recognized third-party normally a professional society, for the purpose of obtaining a certification that the supplier has the capability to provide specified processes, products, or services

that meet the requirements of the third-party on a continuing basis. This results in placing the supplier on the third party's list of accredited suppliers. Periodic follow-up audits are conducted by the third party to verify continued capability. A PAH may contract with the third party to take credit for the third party's supplier accreditation and audits, in support of the PAH's quality assurance requirements for supplier surveillance.

- 10.2 Third-party supplier surveillance is a method whereby a PAH contracts with a third party, such as a consulting firm or contract quality assurance company, for the purpose of evaluating, approving, and/or surveying a PAH's supplier. Standards to be used by the third party are agreed upon in writing in advance by the CAAC, PAH, and the third party.
- 10. 3 Use of either third-party accredited suppliers or contracted third-party supplier surveillance, if approved by the CAAC, does not exampt the PAH from its regulatory design and quality control responsibilities which cannot be delegated by contractual commitments or any other means.
- 10. 4 Production approval holders are required to establish an inspection /quality control system that includes requirements and procedures for ensuring that parts and components produced by suppliers conform to the approved design data and are in condition for safe operation.
- 10.5 Third-party accreditation and surveillance are currently most 20 -

common in commodity areas, e.g., nondestructive testing, processes, and services. The CAAC considers the use of third-party accredited suppliers and contracted third-party supplier surveillance to be viable concepts and will approve them as part of a PAH's quality system. provided CCAR-21, "Certification Procedures for Civil Aviation Products and Parts," Subparts D, F, I and the following minimum requirements are complied with: Production approval holders planning to implement the services of a third-party accreditation or surveillance program for the first time should provide a written proposal to the responsible airworthiness authority. The proposal should identify the third party which has or will accredit suppliers or conduct supplier surveillance or under surveillance by the third party, A list of third party accreditors/contractors and covered suppliers should be developed and maintained by the PAH and made accessible to the CAAC. The proposal should also include quality system data which delineatd the following:

- (a) Separate quality system procedures describing the use of thirdparty accreditation and supplier surveillance programs. These procedures should detail specific PAH and third party roles and responsibilities.
- (b) The method of evaluating the certification process of the third-party accreditation body which certified the supplier to ensure that the PAH retains its regulatory design and quality control responsibilities. This applies not only to a new supplier, but also to

any decision by the PAH to rely on third-party accreditation of current suppliers in lieu of approved PAH's procedures and audit criteria currently in place under the PAH's supplier surveillance program. The method should include:

- (I) Verification that audit standards and checklists used by the third-party accreditation body are equivalent to the approved PAH's procedures and audit criteria currently in place under the PAH's supplier surveillance program.
- (II) Verification that audit frequency is commensurate with the complexity of the product and with the audit frequency currently by the PAH's supplier surveillance program.
  - (III) Verification that the supplier audit was conducted on-site.
- (IV) Verification that the third-party accreditation body had access to proprietary data required for auditing any supplier any supplier function.
- (V) Verification that the audit report will be made available to the CAAC upon request.
- (c) Immediate notification to the PAH by a supplier whenever a quality system breakdown is detected at the supplier's facility while undergoing third-party accreditation and follow-up surveillance. The procedure will also ensure that the supplier continues to report quality system breakdowns to the PAH after accreditation has been granted.
  - (d) The general requirements to be levied upon a third-party 22 -

supplier surveillance firm contracted to evaluate, approve, and/or survey a supplier. The requirements should include:

- (I) Audit standards to be used by the contracted third-party supplier survaillance firm, which should be equivalent to the approved PAH's procedures and audit criteria currently in place under the PAH's supplier surveillance program.
- (II) Procedures for on-site performance of contracted third-party supplier surveillance at the supplier's facility, at the frequency established by the PAH's supplier surveillance program.
- (III) Procedures for access to proprietary data required to audit any supplier function.
- (IV) Immidiate notification to the PAH by the third-party supplier surveillance contractor whenever a quality system breakdown is detected while evaluating, approving, and/or surveying a supplier.
- (V) Procedures for the CAAC to accompany contracted thirdparty supplier surveillance available to the CAAC upon request.
- (VI) Procedures for making the results of contracted third-party supplier surveillance as elected.
- (e) All suppliers to remain subject to independent CAAC surveillance.
- (f) The PAH should maintain oversight of all supplier audits, corrective action, and appeals process activity conducted at any of its uppliers by third-party accreditation bodies or contracted third-party

supplier surveillance firms as part of the PAH's supplier control activity.

- 11. The production approval holder may coordinate with the Technical Quality Supervision Bureau under the Aviation Industries of China or pertinent industy quality authority for conducting co-evaluation and cosurveillance of certain suppliers. In this case, the PAH should present his evaluation and control program, including the list of suppliers to be evaluated and controled, the criteria, methods, frequency, and personnel qualification used in evaluation and control, to airworthiness authority for approval. Any change on the program should be reported to the airworthiness authority.
- 12. Authorized Supplier Shipping Components Directly to a User.

Supplier (at which the PAH has a system for the approval and release of supplier component) may be authorized by the PAH to direct-ship production components to a user (e.g., air carrier, commercial operator, maintenance organization without the components first being processed through the PAH's facilities. This does not include supplier facilities located outside of the P.R. China. Prior to authorizing direct shipment by a supplier, the PAH should observe the following procedures:

(1) Authorize in writing by component name and part number, all direct shipments, accepting full responsibility for the conformity to CAAC approved design data and condition for safe operation of the

components shipped.

- (2) Ensure that the first production configuration components are subjected to inspection and testing, as required, to verify that components conform to the type design and are in a condition for safe operation.
- (3) Ensure that each component shipped is accompanied by a shipping ticket, invoice, or other document containing a declaration that the individual component was produced under the terms of the production approval.
- 13. Using the Bilateral Airworthiness Agreement or Understanding Memo.

When a supplier is located in a country with which the P.R. China has a BAA or MOU, the CAAC may authorize the PAH to utilize the components provision of the BAA or MOU. This would conformity certificates provide for the issuance of Airworthiness Certificates) by the FCAA for components manufactured at the supplier facility in that country. Notification of the intention to utilize the components provision of the BAA or MOU should be made by the PAH to the Aircraft Certification Center that has jurisdiction over the PAH?'s domestic facilities. That Aircraft Certification Center that has jurisdiction over the PAH's domestic facilities will arrange for appropriate notification to the FCAA that their issuance of export certificates of airworthiness may be waived.

- 14. Appendix
- 14.1 The CAAC-AAD is responsible for the interpretion of this Advisory Circular.
- 14.2 This AC is effective from March lst, 1994.