



U.S. Department  
of Transportation  
**Federal Aviation  
Administration**

# Advisory Circular

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**Subject:** Extending a Production Certificate to a Facility Located in a Bilateral Airworthiness Agreement Country

**Date:** 08/06/2010

**AC No:** 21-24A

**Initiated by:** AIR-200

## 1. Purpose.

**a.** This advisory circular (AC) contains information and guidance concerning Federal Aviation Administration (FAA) production certificate (PC) holders located in the United States that plan to extend their PC to include a facility located in another country or jurisdiction.

**b.** This AC is not mandatory and does not constitute a regulation. This AC describes an acceptable means, but not the only means, to request an extension of a production certificate to a facility located in a country or jurisdiction that has a bilateral agreement with the United States. However, if you use the means described in the AC, you must follow it in all important respects.

**2. Audience.** This AC is intended for FAA PC holders located in the United States who wish to extend their PC to include a facility located in a country or jurisdiction that has a bilateral agreement with the United States.

**3. Effective Date.** This AC is effective April 16, 2011.

**4. Explanation of Changes.** This revision—

**a.** Updates all references to Title 14, Code of Federal Regulations (14 CFR) part 21, Certification Procedures for Products, Articles, and Parts (part 21), dated October 16, 2009.

**b.** Updates formatting to match the current AC formatting policy.

**c.** Replaces the term “co-production” with “joint-production and/or co-production business agreements.”

**d.** Removes Appendix 1, Decision Paper, Transport Airplane Directorate. For further information on developing undue burden and no undue burden decision papers, see FAA Order 8100.11, current revision.

**e.** Updates related reading material to reflect current policy.

**f.** Eliminates the provision for extending a Technical Standard Order Authorization for an auxiliary power unit to a facility located outside the United States.

**g.** Removes FAA internal guidance material.

**h.** Changes the title of this AC to include the different formats of bilateral agreements.

**5. Cancellation.** This AC cancels, as of its effective date, AC 21-24, Extending a Production Certificate to a Facility Located in a Bilateral Airworthiness Agreement Country, dated April 14, 1989.

## **6. Related Publications.**

**a.** Title 14, Code of Federal Regulations (14 CFR).

(1) Part 21, subpart G, Production Certificates.

(2) Part 21, subpart L, Export Airworthiness Approvals.

(3) Part 183, Representatives of the Administrator.

**b.** FAA Order 8100.8, Designee Management Handbook.

**c.** FAA Order 8100.11, Decision Paper Criteria for Undue Burden and No Undue Burden Determinations Under 14 CFR Part 21.

**d.** FAA Order 8100.14, Interim Procedures for Working with the European Community on Airworthiness Certification and Continued Airworthiness.

**e.** FAA Order 8100.15, Organization Designation Authorization Procedures.

**f.** FAA Order 8120.2, Production Approval and Certificate Management Procedures.

**g.** FAA Order 8120.13, International Cooperative Supplier Surveillance Program Procedures.

**h.** AC 21-2, Complying with the Requirements of Importing Countries or Jurisdictions When Exporting U.S. Products, Articles, or Parts.

**i.** AC 21-43, Production Under 14 CFR Part 21, subparts F, G, K, and O.

**7. Background.** In the past, a number of PC holders have entered into joint-production and/or co-production business agreements with partners located outside the United States. These agreements include contractual commitments involving the production of entire products (aircraft, engines, and propellers) or the installation of a design change into these products under a supplemental type certificate (STC) or an amended type certificate (TC) and any manufacture of associated parts for the STC/amended TC. As a result of these agreements, PC holders have requested that the FAA extend their PCs to include partner-company facilities located outside the

United States. The FAA will consider a PC extension when the conditions outlined below have been met.

## **8. Conditions required for the extension of a PC.**

**a. PC holder production operations in the United States.** PC holders must have established and continue to maintain a production operation located in the United States under an FAA PC. The production operation must include the complete manufacture of aircraft, aircraft engines, propellers, or the installation of a design change into these products under an STC or an amended TC. Organizations and multinational consortiums with U.S. addresses alone (for example, corporate headquarters, P.O. boxes) will not be considered for PC extension programs because the FAA does not have jurisdiction over manufacturers located in other countries or jurisdictions. Furthermore, the FAA would be unable to administer its certificate management or compliance and enforcement responsibilities.

**b. Bilateral agreements and Civil Aviation Authority (CAA) cooperation concerning surveillance.** PC holders must ensure that the production takes place in a country or jurisdiction with which the United States has a bilateral agreement with provisions for technical assistance. For a listing of countries and jurisdictions with which the U.S. has a bilateral agreement, please go to: [http://www.faa.gov/aircraft/air\\_cert/international/](http://www.faa.gov/aircraft/air_cert/international/). In addition, the CAA of that country or jurisdiction must agree to conduct the necessary surveillance at the local facilities on behalf of the FAA. PC holders should consider the following surveillance issues:

(1) Certain CAAs may charge a fee for surveillance performed on behalf of the FAA at a PC holder's facility located in their country or jurisdiction. A PC holder should be aware that any CAA surveillance fees incurred as a result of the joint-production and/or co-production business agreement program are solely the responsibility of the PC holder.

(2) PC holders planning to enter into joint-production and/or co-production business agreements should also be aware that, in some instances, manufacturing organizations must be approved by the CAA of that country or jurisdiction before such organizations are authorized to manufacture civil aviation products. Similarly, certain CAAs can only perform surveillance of manufacturing organizations that currently hold CAA approval.

### **c. Title 14 CFR, part 21, subpart G.**

(1) Notwithstanding any contractual commitments made by a PC holder, each PC holder is responsible for complying with pertinent regulations and ensuring that each completed product under its PC meets the type design and is in a condition for safe operation.

(2) Once the FAA extends a PC to include a facility located in another country or jurisdiction, the PC holder must not allow the alteration of any terms or conditions of the joint-production and/or co-production business agreement that would make the agreement inconsistent with its responsibility under 14 CFR.

(3) It is the PC holder's responsibility to ensure that the partner company's management does not alter any terms or conditions of the joint-production and/or co-production business agreement that would make the agreement inconsistent with the PC holder's responsibility under the CFR.

**d. Undue burden determination.**

(1) PC holders who plan to enter into a joint-production and/or co-production business agreement must present their proposal to the FAA as soon as practicable. This will allow time for an evaluation relative to the FAA's ability to administer Title 14 CFR, part 21, without incurring any undue burden. (See § 21.139, Location of or change to manufacturing facilities.) From a planning standpoint, the PC holder must give the FAA sufficient time to evaluate the proposed program. For example, it will be necessary for the FAA to notify the CAA of the proposed program to discuss the CAA's willingness and ability to assist the FAA in conducting any necessary surveillance. Time may also be needed for the FAA and PC holder to discuss terms and conditions of the joint-production and/or co-production business agreement as well as for further negotiations with the CAA.

(2) Before extending a PC outside the United States, the Directorate having certificate management responsibility for the PC holder must determine that there will be no undue burden on the FAA when conducting its surveillance activities at the PC holder's facility located in the other country or jurisdiction. The Directorate will document this determination in a decision paper, and may ask the PC holder to assist in this process by providing the necessary information for the FAA's analysis of the program. The FAA may mitigate the undue burden incurred during such programs by having the CAA of the country or jurisdiction in which the production is to take place assist the FAA by conducting surveillance at the local facility. The FAA will contact the CAA to discuss the PC holder's proposed extension to determine if the CAA is willing to conduct surveillance on behalf of the FAA. If the CAA is not able to provide surveillance assistance, generally the FAA will not extend the PC outside the United States.

(3) If a determination has been made that no undue burden exists for conducting surveillance activities, the FAA may extend a PC to include a facility located outside the United States when—

(a) The FAA retains jurisdiction over the joint-production and/or co-production business agreement or modification program, including enforcement capability against the PC holder in the United States.

(b) The PC holder remains fully accountable for control of the design and quality of all products and associated parts manufactured at the facility located in another country or jurisdiction under its PC.

(c) The proposal involves the manufacture or final assembly of an entire aircraft, aircraft engine, propeller, or the installation of a design change into these products under an STC or an amended TC and any manufacture of associated parts for the STC/amended TC.

(d) The FAA has unimpeded access to—

(i) Design and quality data the FAA determines necessary during approval of the facility; and

(ii) The PC holder's facilities located in another country or jurisdiction to conduct any special surveillance, or to perform any accident, incident, or occurrence investigations, as necessary.

(e) The FAA has determined that the PC holder has implemented a quality system under § 21.137 at its facility located in another country or jurisdiction. Existing quality system procedures at that manufacturing facility may be used, provided the PC holder has shown that the procedures are equivalent to those used at the PC holder's U.S. facility, and there is correlation with the PC holder's quality system data.

(f) The FAA can ensure that the PC holder's quality system data describes the manner in which the quality system at its facility located in another country or jurisdiction will be maintained for products manufactured under the joint-production and/or co-production business agreement. This is necessary because such agreements would constitute a change to the PC holder's quality system and could affect the inspection, conformity, or airworthiness of its products. (See § 21.137 for further information on quality system requirements.)

(g) The FAA can verify that the PC holder's quality system procedures and design data to be used at the facility located in another country or jurisdiction are available in the English language, in accordance with § 21.138, and sufficiently detailed to permit the FAA to perform surveillance functions. The extent to which quality system procedures and design data will be available in the English language will be determined by the FAA, and agreed upon by the CAA and the PC holder.

## 9. Other Considerations When Requesting Extension of a PC.

**a. Cultural considerations.** Extension of a PC to a facility located in another country or jurisdiction may require extra effort on the part of the PC holder to fulfill its regulatory compliance responsibilities, particularly in view of the potential for problems that may be associated with cultural and language differences.

**b. Bilateral agreement provisions.** PC holders should be aware that their products are produced pursuant to 14 CFR part 21, subpart G, as an extension of their domestic U.S. PC and are considered to be U.S.-manufactured or -modified products. PC holders who are considering extending their PC to include a facility located outside the United States should be cautioned that some bilateral agreements between the United States and certain other countries provide for the reciprocal acceptance of export airworthiness documentation for products that are produced within the territory of the "exporting state" (exporting country or jurisdiction). This means that third-party countries are under no obligation to honor FAA export airworthiness certifications or approvals for products that are not manufactured or modified within the United States or its territories (notwithstanding that the production that is to be accomplished at the PC holder's facility located in another country or jurisdiction is considered a U.S.-manufactured or -modified product). For example, the CAAs of certain countries are under no obligation to honor U.S. export airworthiness documentation for U.S.- manufactured products that are produced under a

joint-production and/or co-production business agreement with a U.S. production approval holder. Similarly, the FAA is not obligated to honor such airworthiness certifications or approvals if involved in a similar situation.

**c. Certificate management by the principal inspector.** The FAA pursues the same certificate management objectives for U.S. production in other countries as if the program were being administered domestically at the PC holder's facility in the United States. The FAA principal inspector (PI) is responsible for this certificate management and will meet with the PC holder to establish the program implementation schedule leading to the PC extension so that an effective surveillance program can be established. The PI will conduct all certificate management activities in accordance with FAA policy and procedures, and may be assisted in these activities by the CAA of the country or jurisdiction in which the PC holder's facility is located. The PI and the CAA may work together to establish a surveillance program and implementation agreement identifying the functions that the CAA will conduct on behalf of the FAA.

**d. Export airworthiness approvals for products and articles manufactured at a PC holder's facility located outside the United States.**

(1) Under 14 CFR part 21, the FAA or its designee will continue to issue FAA Form 8130-4, Export Certificate of Airworthiness, for aircraft manufactured outside the United States. For exporting aircraft engines, propellers, or articles, the PC holder may use its Representatives of the Administrator as authorized under part 183 to issue FAA Form 8130-3, Authorized Release Certificate, at its facility located outside of the United States.

(2) For further information on export airworthiness approvals, PC holders should see 14 CFR part 21 subpart L, Export Airworthiness Approvals, and AC 21-2, Complying with the Requirements of Importing Countries or Jurisdiction When Exporting U.S. Products, Articles, or Parts.

**10. Where to Find This AC.** You can find this AC at [http://www.faa.gov/regulations\\_policies/advisory\\_circulars/](http://www.faa.gov/regulations_policies/advisory_circulars/).

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