

# Unmatched in the industry

## **OEM vs. PMA Background**

For decades, OEMs monopolized the replacement parts market from both a product and, consequently, economic standpoint. In the early 1990s PMA usage became more widespread, creating unwelcome competition for OEMs. To try to counteract the surge in PMA usage, OEMs often focused their advertising to disparage the technical aspects of PMA parts and imply using such parts would jeopardize aircraft safety - a tactic which was always unjustified.

## **FAA Approval of PMA Parts**

The FAA thoroughly examined the PMA safety record and concluded, "...the team did not find any substantial evidence of failures or unsafe conditions arising from non-TC/PC holder developed data..." as stated in the

Aviation Safety, (AVS) Repair, Alteration and Fabrication (RAF) Study published on May 22, 2009. Among many other conclusions, the report went on to state: "Some TC/PC holders have mis-represented a few random isolated events involving aftermarket parts as implying there is a systemic breakdown in FAA compliance oversight..."

Given the preponderance of evidence that PMA parts are indeed safe and do not present technical risk, the OEM tactics changed. Now, OEMs find ways to make it more difficult for customers to embody and maintain PMA parts. Throughout the industry, customers report that OEMs prevent OEM authorized shops from installing non-OEM parts, refuse to honor warranties when non-OEM parts are installed, and remove and scrap all non-OEM parts found in engines, among many other anti-competitive practices. The legality of these tactics has caused much concern for both the industry and regulatory organizations.

# Under Pressure, CFM Agrees to Curtail Anti-Competitive Aftermarket Practices

The International Air Transport Association (IATA) filed an unfair competition complaint against CFM, a joint venture between GE and Snecma and OEM manufacturer of the CFM56 engine, with the Competition Directorate of the European Commission.



Prior to a ruling, CFM entered into a settlement and has agreed to:



License its Engine Shop Manual to an MRO facility even if it uses non-CFM parts



Permit the use of non-CFM parts or repairs



Honor warranty coverage of the CFM components and repairs on a CFM engine even when the engine contains non-CFM parts or repairs



Grant airlines and third-party overhaul facilities the right to use the CFM Engine-Shop Manual without a fee



Sell CFM parts and perform all parts repairs even when non-CFM parts or repairs are present in the engine

## What This Means for PMA

The agreement between IATA and CFM marks a milestone in both the progression of PMA and the industry as a whole; a large OEM engine manufacturer has recognized its use of unfair restrictive practices and is taking concrete steps to change its anti-competitive policies regarding the use of PMA. While this agreement is not binding on other companies, it serves as an example for other manufacturers that still embrace anti-competitive practices. Please take the opportunity to remind your Authorized Maintenance Centers or Designated Overhaul Facilities of this landmark agreement.

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