



What's an OEM?

Words and phrases are so important. When used in commercial relationships or for regulatory compliance, understanding a term's meaning is vital.

From the myriad manufacturers that contribute to the design and production of an aircraft, which one is the original equipment manufacturer or the euphemistic "OEM"?

For over forty years, the acronym "OEM" has been tossed around in aviation with various meanings, none of which carry any legal or regulatory meaning (without context) or provide for a singular definition.

I have never found the term defined in any regulatory context within my area of knowledge and it shouldn't mean anything to a civil aviation regulator. Under the aviation safety rules, one must be a design and/or production holder with an approval (of some sort) to manufacture products or articles for sale for installation on civil aircraft. In the case of aircraft, there are many manufacturers that contribute to the design and construction of the product. Each may have commercial "rights" to aspects of the design or production, but none are "OEMs" under civil aviation regulations.

If a word or phrase is neither defined nor understood, communication is problematic. For example, the supposed controversy over using PMA parts. Many, in fact the majority, of PMAs issued by the FAA are held by "OEMs"— in this context

meaning the production approval holder's chosen supplier that may also own the "proprietary" rights to the design.

So, when an airline or leasing company states it does not "use PMA parts," I don't believe it. The disbelief comes from the fact that if the same company was asked if it only bought from "OEMs," the answer would certainly be yes. How could that be? Those contradictory responses are evidence that there is a misunderstanding of the use of that acronym in the context of civil aviation.

In civil aviation there are no "OEMs", only design and production approval holders. Commercially, the acronym has little impact without a contractual definition that both parties understand. Signing a contract to be a supplier to a production approval holder doesn't make a designer or manufacturer an "OEM" under the civil aviation regulations either.

The answer to the core question of "What is an OEM" really is "You better find out if you see the term in a contract." In general, using "OEM" in civil aviation is dangerous and misleading. **AM**

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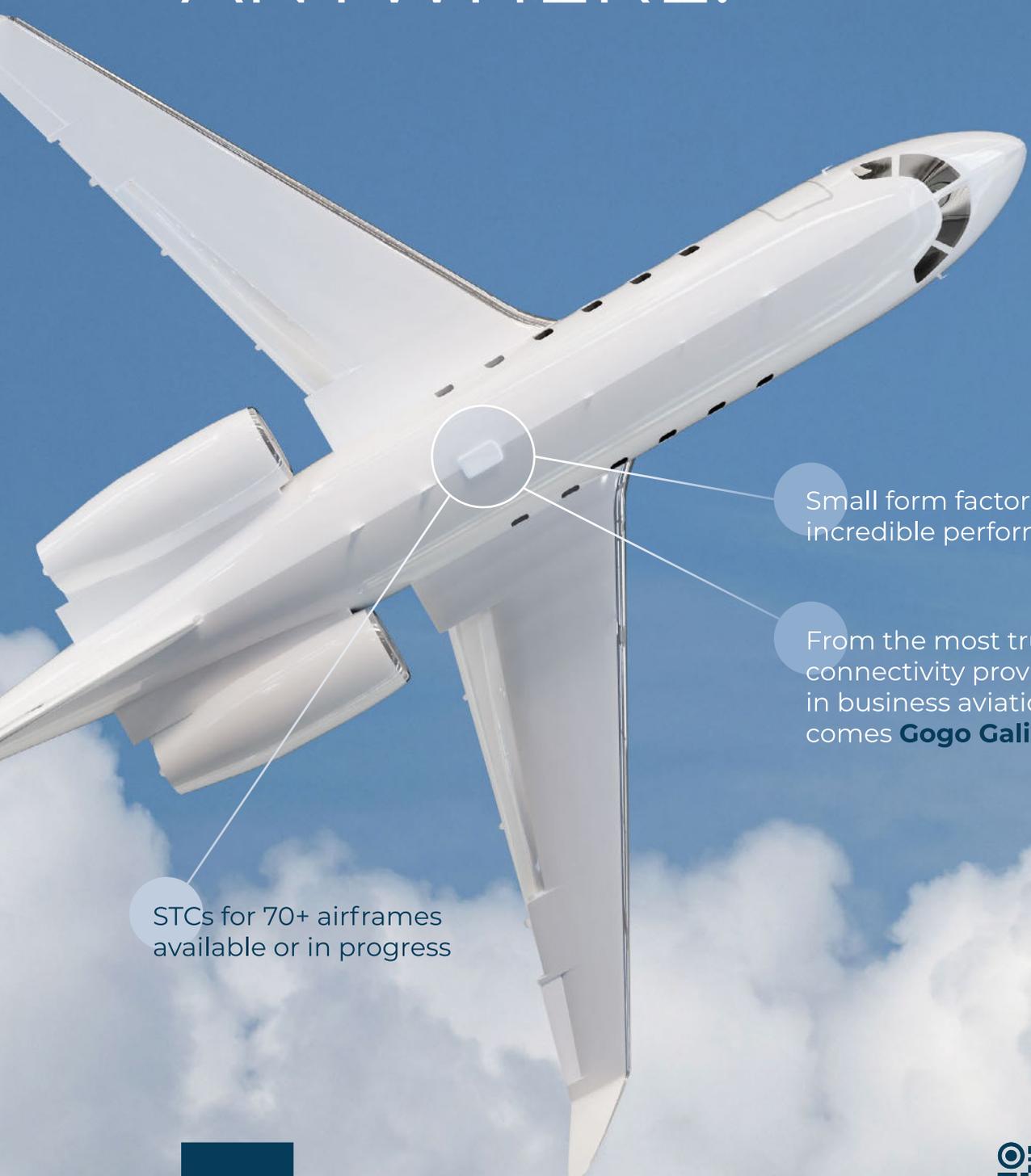


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