

ARTICLE I

For the purpose of this Agreement:

- (1) "Civil aeronautical product" means any civil aircraft, aircraft engine, or propeller or subassembly, appliance, material, part, or component to be installed thereon;
- (2) "Airworthiness approval" means a finding that a civil aeronautical product conforms to an approved type design or to an approved change to a type design, and is in a condition for safe operation;
- (3) "Approved type design" means a design that has been the subject of a type design approval;
- (4) "Approved change to a type design" means a change to a type design that has been the subject of a type design approval;
- (5) "Type design approval" means a finding by Transport Canada Civil Aviation of the Department of Transport that the type design or change to a type design of a civil aeronautical product meets the standards established by Transport Canada Civil Aviation of the Department of Transport; and,
- (6) "Type design" means the description of all characteristics of a civil aeronautical product, including its design, manufacturing processes, limitations, continued airworthiness instructions, and all other data necessary to determine its airworthiness.

ARTICLE II

- (1) The Government of Canada, through its Department of Transport, shall discharge all of its regulatory responsibilities and functions with respect to the airworthiness approval of all Model 427 helicopters produced in the Republic of Korea. Canada is the State of Design as well as the State of Manufacture for all Model 427 helicopters, including those produced in the Republic of Korea. Accordingly, for the purpose of granting airworthiness approval to the Model 427 helicopters produced in the Republic of Korea, all related activities and premises in the Korean Aerospace Industries facilities shall be subject to compliance with the appropriate Canadian regulatory requirements.
- (2) The Government of Canada's officials shall exercise surveillance and oversight functions to verify that the production is made in continual compliance with an approved production system, that manufactured products and parts fully conform to the approved type design, and that each helicopter is in a condition for safe operation. Accordingly, airworthiness inspectors from Transport Canada Civil Aviation of the Department of Transport, shall work with Korean Aerospace Industries in the designated area for Bell Helicopter Textron Canada to:
 - (a) Carry out regulatory surveillance of the production;
 - (b) Exercise regulatory control of the production;