



WORKING PAPER

**SEVENTH WORLDWIDE AIR TRANSPORT CONFERENCE
(ATCONF/7)**

Montréal, HQ, 16 to 20 November 2026

Agenda Item 3: Strengthening regulatory and institutional frameworks

**3.2: Enhancing air connectivity through progressive economic and regulatory aviation
frameworks for international air transport**

**MARKET DESIGN FOR A RESILIENT GROUND HANDLING SECTOR:
LICENSING, TENDERING AND COMMERCIAL FRAMEWORKS THAT
SUSTAIN SAFETY, SKILLS AND INVESTMENT**

Presented by the Aviation Services Association (ASA World), the International
Transport Workers' Federation (ITF), and the International Federation of Air
Line Pilots' Associations (IFALPA)

EXECUTIVE SUMMARY

Ground handling is the operational interface through which air connectivity is delivered: the sector generated USD 64 billion of turnover in 2024, represents some 7 per cent of the commercial aviation value chain and directly employs 1.1 million people. Its capacity to invest in safety, skills and equipment is determined largely by market design – the frameworks through which the right to provide ground handling services is allocated at an airport, and the terms on which those services are contracted. Independent analysis records economic losses across the aviation value chain in 2024, with the ground segment moving from an average economic profit of USD 982 million in 2012–2019 to a loss of USD 269 million in 2024. This paper proposes that States, airport operators and airlines which already hold the relevant instruments, apply licensing, tendering and contracting frameworks that secure the conditions on which safe, skilled and resilient ground operations depend, consistent with the conclusions of the Sixth Worldwide Air Transport Conference (ATCONF/6) and Assembly Resolution A42-26.

Action: The Conference is invited to note and adopt the actions outlined in section 5.

<i>Strategic Goal:</i>	This working paper relates to Strategic Goal: <i>The Economic Development of Air Transport Assures the Delivery of Economic Prosperity and Societal Well-Being for All.</i>
<i>Financial implications:</i>	None.
<i>References:</i>	ICAO Doc 9082, <i>Policies on Charges for Airports and Air Navigation Services</i> European Commission Council Directive 96/67/EC

¹ English, Arabic, Chinese, French, Russian and Spanish versions provided by ASA World.

1. INTRODUCTION

1.1 ICAO defines ground handling as the services necessary for an aircraft's arrival at, and departure from, an airport, other than air traffic services. The sector generated USD 64 billion of turnover in 2024, representing approximately 7 per cent of the commercial aviation value chain. It directly employs more than 1.1 million people worldwide – on average close to one fifth of the staff present at a given airport – and supports close to 3 million jobs once supply chains are included, generating USD 38 billion of direct gross value added and approximately USD 100 billion in total.

1.2 As ATConf/7-WP/5 observes, air connectivity is a system-level outcome produced by the interaction of regulatory, operational and market conditions rather than by any single measure. Market access establishes the right to serve a market; ground handling determines whether that right can be exercised reliably, punctually and safely. This paper therefore complements ATConf/7-WP/5 by addressing the ground-based conditions on which connectivity outcomes ultimately depend.

1.3 This paper concerns *market design*: the frameworks through which the right to provide ground handling services at an airport is allocated, and the terms on which those services are subsequently contracted and remunerated.

2. THE ECONOMIC POSITION OF THE GROUND HANDLING SEGMENT

2.1 **Value chain context.** Independent analysis of the aviation value chain records an economic loss of approximately USD 14 billion in 2024 across the eleven subsectors tracked, compared with USD 6 billion in 2023 and an average annual loss of approximately USD 10 billion over 2012–2019. Losses recorded by ground services reached USD 0.3 billion in 2024. Manufacturers, airports and airlines all reported losses in the same year. The pressure on the sector is therefore system-wide.

2.2 **Position of the ground segment.** Within that picture, the ground handling segment has moved from an average economic profit of USD 982 million over 2012–2019, equivalent to 3.4 per cent of subsector revenue, to losses of USD 374 million in 2023 and USD 269 million in 2024, in each case equivalent to –0.7 per cent of revenue. The deterioration against its own pre-pandemic baseline is approximately USD 1.3 billion. Unlike other participants in the value chain, ground handling organizations have limited ability to adjust price, capacity or network in response, that are determined by the carriers and by the terms of the authorisations under which they operate.

2.3 **Divergence between workload and remuneration.** In 2024, global air traffic was approximately 5 per cent higher than in 2019 measured by passengers handled, but essentially unchanged measured by flights performed. Ground handling is largely remunerated by aircraft turnaround. More passengers, baggage and cargo are therefore processed across a broadly constant number of remunerated events. Turnaround activity had recovered to 94 per cent of 2019 levels by 2023 while staffing stood at 88 per cent of 2014 levels. Productivity gains of this kind reflect increased burden carried by a reduced workforce rather than improvement in process or equipment.

2.4 **Consequences.** Labour is the single largest cost component in ground handling. Where revenue per turnaround declines while volume per turnaround rises, the adjustment is absorbed principally through the workforce and through deferred investment. The observable effects are elevated turnover, difficulty in recruitment and retention, impacts on health and safety, and constrained expenditure on training, equipment renewal and fleet electrification. Such workforce impacts are cumulative. High turnover, reduced experience, increasing workload and constrained investments combine to erode

organisational resilience over time, increasing operational vulnerability even where regulatory compliance is maintained.

3. MARKET DESIGN AS THE DETERMINING VARIABLE

3.1 At most airports, the number of ground handling providers authorised to operate, the duration of their authorisation, the criteria by which they are selected and the terms on which they contract are the result of decisions taken by States, airport operators and airlines. Four design variables are decisive, and each can be adjusted without new international obligations.

3.2 **Qualification and award criteria.** Where tenders are evaluated predominantly on price, the framework selects the lowest bid rather than the most sustainable one, and competitors are rewarded for reducing precisely the expenditure – training, supervision, equipment maintenance – on which safe operations depend. The design question is what weight should be given to demonstrated workforce competency, employment standards, recurrent training, employee retention, safety record and culture and compliance with applicable labour law, alongside price.

3.3 **Number of authorisations.** The number of providers authorised at an airport determines whether any of them can reach viable scale. Where authorisations are issued without reference to traffic volume or apron capacity, the result is fragmentation, unchecked competition, duplicated equipment and congestion, without corresponding benefit to users and consequent environmental efficiencies.

3.4 **Duration of authorisations.** Ground support equipment has a service life measured in years, and electrification requires both vehicles and fixed charging infrastructure. Where authorisation periods are shorter than the payback period of that equipment, the investment cannot be financed or recovered, and decarbonisation of the apron is deferred regardless of the ambition of environmental policy. Practice in jurisdictions that regulate selection indicates a workable range: European Commission Council Directive 96/67/EC sets a maximum selection period of seven years, and concessions at Brussels and Amsterdam Schiphol are let on that basis.

3.5 **Risk allocation and cost recovery.** The International Air Transport Association (IATA) Standard Ground Handling Agreement provides an established industry baseline for the allocation of risk between carriers and handling companies. Where commercial practice departs from that baseline– in payment periods, liability caps, force majeure provisions or the availability of price adjustment mechanisms – risk is transferred to the party least able to absorb it. Results of Aviation Services Association (ASA World) contracts survey indicate that the rate-adjustment mechanism does not properly function to recover cost increases over a typical contract term, with half the respondents falling eleven per cent or more behind. Labour represents the fastest-inflating category, so general price indices structurally under-compensate.

3.6 Design criteria of this kind are already being applied. In December 2025 Amsterdam Airport Schiphol launched a tender reducing the number of ground handling providers from six to three. Selected providers will operate under concession for seven years from early 2027, are required to share handling equipment to relieve apron congestion and reduce duplication and are selected against requirements on working conditions and service quality alongside price. Handling companies, the trade union and the airport signed a covenant securing employment and terms through the transition, building on the 2023 sector-wide collective labour agreement. Brussels Airport applies a comparable model, limiting passenger handling concessions and letting them for seven years.

4. EXISTING ICAO POLICY BASIS

4.1 The principles required are already established. The Sixth Worldwide Air Transport Conference (ATConf/6) concluded that the objective of regulatory evolution is to create a favourable environment in which international air transport may develop and flourish in an orderly, efficient, economical and sustainable manner, without compromising safety and security, while respecting social and labour standards (ATConf/6 – Sustainability of Air Transport: Report (Doc 10009, Conclusion 2.1.3.1-b)). Assembly Resolution A42-26, Appendix A, urges Member States to develop competition laws and policies applicable to air transport and to incorporate the principles of fair and equal opportunity to compete, non-discrimination and transparency into national legislation, rules and regulations.

4.2 While Assembly Resolution A42-26 encourages States to apply principles of fair competition, transparency and non-discrimination within the economic regulation of international air transport, these principles are not explicitly articulated in relation to ground handling services markets. The *Manual on Ground Handling* (Doc 10121) addresses operational and safety aspects of ground handling; no comparable ICAO guidance addresses the economic frameworks through which ground handling services are authorised and procured.

5. RECOMMENDATIONS

5.1 The Conference is invited to consider the following recommendations:

- a) ICAO to develop guidance on the economic and market-design dimensions of ground handling, complementing Doc 10121 and its guidance on economic regulation;
- b) States and airport operators to ensure that ground handling licensing and tendering frameworks apply qualification and award criteria through defined service level agreements that give explicit weight to demonstrated and sustained safety performance, competency-based training, employment conditions, equipment standards and compliance with applicable labour law, alongside price;
- c) States and airport operators to align the number and duration of ground handling authorisations with traffic volumes, apron capacity and the investment cycles of ground support equipment, so that safety-critical and decarbonisation investment can be financed and recovered;
- d) States to ensure the implementation of balanced commercial practice consistent with the industry standard agreements, including proportionate liability provisions, reasonable payment periods, clear force majeure provisions and price adjustment mechanisms;
- e) States to provide for continuity of employment and of trained personnel during transitions between ground handling providers, so that competitive re-tendering does not result in avoidable loss of safety-critical competence; and
- f) ICAO to continue supporting the progressive application of International Labour Organization (ILO) conventions, including core conventions and relevant international labour standards, and recognising that workforce stability, competence

and decent working conditions are important contributors to aviation safety, operational resilience and sustainable air transport.

6. CONCLUSION

6.1 Ground handling determines whether air connectivity is delivered reliably at the point where passengers and cargo meet the aircraft. The sector's capacity to sustain safety, skills and investment is shaped less by the conduct of individual participants than by the design of the frameworks through which it is authorised and contracted. Adjusting those frameworks so that award criteria, authorisation periods and risk allocation reflect the conditions required for safe and sustainable operation would strengthen the resilience of the wider system at limited cost.

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