International Civil Aviation Organization

WORKING PAPER

A42-WP/552
EC/43
9/9/25
(Information paper)
English only

ASSEMBLY — 42ND SESSION

ECONOMIC COMMISSION

Agenda Item 26: Economic Development of Air Transport

STATE OF THE GROUND HANDLING INDUSTRY

(Presented by Aviation Services Association (ASA World))

EXECUTIVE SUMMARY

Ground handling encompasses a broad range of essential services, playing a critical role in the aviation ecosystem by facilitating safe and efficient aircraft, passenger, and cargo operations. The industry generated US$64 billion in revenue and supported nearly 3 million jobs globally in 2023. Despite its size, the sector faces financial fragility due to thin profit margins, labour shortages, and imbalanced airline contracts. Post-COVID recovery has been further hindered by destructive price competition, which restricts critical investments by the industry. Policy and commercial reforms are needed for the sector to modernize, decarbonize, and invest in workforce development. Enhancing economic resilience will depend on fairer contracting, optimized licensing, improved cost recovery mechanisms, and government incentives for sustainable investments. Prioritizing safety, standardization, and cross-sector collaboration is essential to reinforce the ground handling industry's long-term stability in an increasingly complex and environmentally driven global aviation environment.

Strategic Goals:	This working paper relates to Strategic Goal: *The Economic Development of Air Transport Assures the Delivery of Economic Prosperity and Societal Well-Being for All*
Financial implications:	Not applicable
References:	*ASA World Policy Handbook* *ASA World Study on The State of the Aviation Services Industry* *ICAO Manual on Ground Handling (Doc 10121)* *ICAO Strategic Goals*

1. INTRODUCTION

1.1 Ground handling operations is often used as an industry umbrella term to denote the array of activities by aviation service providers across the world. In fact, ICAO defines Ground Handling as "services necessary for an aircraft's arrival at, and departure from, an airport, other than air traffic services". Thus, it encompasses a large variety of activities that are an integral part of the aviation ecosystem – ensuring that passengers, freight or mail are taken to and from aircraft in a safe, timely and organized manner.

1.2 ASA World is the leading global voice for ground and cargo handling, focusing on reforming airport ground handling operations worldwide. In line with ICAO's Strategic Goals, ASA World is committed to promoting a culture of continuous safety improvement and advocating for a robust, globally standardized regulatory framework for the ground handling industry.

1.3 Sustainable commercial practices and stable economic frameworks are foundational to ensure the consistent delivery of safe ground handling operations worldwide through uninterrupted investments in safety-critical infrastructure, training, and technology.

1.4 The economic resilience of the ground handling sector – its ability to withstand, adapt to, and innovate amidst external shocks and disruptions – is fundamental to the stability and efficiency of the entire aviation value chain. Achieving resilience requires not only surviving shocks like the COVID-19 pandemic but also creating the capacity for sustainable growth.

2. CONTRIBUTION OF THE GROUND HANDLING INDUSTRY TO THE WIDER ECONOMY

2.1 The global ground handling industry generated US$ 64 billion of turnover in 2023. It is estimated to represent 7 per cent of the commercial aviation value chain as well as being one of the key components of a well-functioning, safe and performant aviation industry.

2.2 The sector directly employs 1.1 million staff across the world in a variety of jobs representing, on average, almost one-fifth of staff on a given airport site. When other jobs are included, through expenditures made by the ground handling industry through various supply chains, this amounted to close to 3 million people worldwide in 2023.

2.3 The economic contribution of the ground handling industry is measured in Gross Value Added (GVA) – the economic value added by ground handling companies to the economy less the cost of intermediate purchases to deliver its services. Globally the industry directly generated US$ 38 billion of GVA in 2023, whilst its total contribution through the broader supply chains amounted to near US$ 100 billion of GVA.

3. INDUSTRY ECONOMIC AND FINANCIAL PERFORMANCE

3.1 The ground handling industry, while a significant global market projected to reach over US$ 80 billion in revenues by the early 2030s, faces substantial economic challenges that hinder its resilience. Profitability is often constrained, with historical analyses indicating average profitability margins significantly lower than airport and aircraft operators.

3.2 The entire aviation industry has been challenged by the COVID-19 pandemic, but as of 2023, aircraft traffic had recovered to 94 per cent of the aircraft turnaround activity seen before the pandemic in 2019. Revenues are also recovering but continue to lag traffic, because of weakening revenue per aircraft turnaround. Ground Handling Organizations (GHO) operating margins remain thin in some markets and have not yet returned to pre-pandemic levels in others.

3.3 Since the pandemic, productivity in ground handling has appeared to increase due to reduced workforce levels, with staff recovering only to 88 per cent of 2014 levels by 2023. However, as procedures and work environments remain largely unchanged, these apparent gains mask operational pressures and, rather than reflecting true efficiency, pose risks to the industry's long-term viability.

3.4 Geopolitical uncertainty amidst shifting U.S. tariff policies could significantly disrupt supply chains, cost structures, and the profitability of ground and cargo handling organizations. Fluctuating tariffs increase the prices of imported equipment and supplies essential for operations, while broader economic volatility can reduce airline traffic and demand for ground handling services. These factors combine to heighten the risk of adverse impacts on operational costs and profit margins, challenging ground handlers' ability to maintain competitive pricing and investing in service quality improvements.

4. SELF-REGULATION, STRUCTURAL CHALLENGES AND FINANCIAL FRAGILITY

4.1 The reliance on self-regulation and industry-developed standards in ground handling has led to significant inconsistencies both across jurisdictions and between airports within the same jurisdiction. Without a globally mandated framework, aircraft operators often implement divergent procedures, resulting in deviations from established industry practices. The lack of uniformity introduces safety risks, operational shortfalls and inefficiencies. Additionally, varying accountability models—whether airport or aircraft operator-led—further fragment governance and weakens consistent safety oversight across the industry.

4.2 The industry faces other structural challenges represented by low entry barriers, high-fixed cost exposure, industry fragmentation and limited pricing power due to dominant airline customers. Ground handling organizations are also vulnerable to macroeconomic shocks and changes in the business cycle that impact air travel demand.

4.3 **Supply chain dependencies:** There remains a high level of dependency on airlines. GHO can only tailor their resources to meet customer supply-side decisions, whereas airlines have complete discretion to select routes, aircraft, frequencies, seat capacity and airfares.

4.4 **Cost structure:** The ground handling sector's cost structure is complex, heavily influenced by labour costs and significant capital expenditure requirements for specialized ground support equipment (GSE), facilities, and technology. These high capital costs can act as a barrier to modernization especially under intensely competitive markets.

4.5 **Ruinous competition:** ASA World supports healthy competition for its benefits in innovation and efficiency, but current market dynamics often lead to destructive competition. An intense focus by airlines on achieving the lowest possible contract price creates a persistent "race to the bottom." This financial pressure is amplified by pervasive airline commercial practices that often deviate from agreements like the International Air Transport Association (IATA) Standard Ground Handling Agreement (SGHA).

4.6 **Unfavourable contractual terms:** Airlines frequently leverage their bargaining power to impose onerous terms, such as extended payment periods, reduced liability caps, limited price escalation clauses, and restrictive termination clauses. Such practices directly weaken the financial viability of ground handling organizations.

4.7 **Licensing issues:** Ground handling licensing policies also critically impact economic resilience. An excessive number of licenses can intensify destructive competition, while short license durations, often misaligned with investment cycles, disincentivize essential long-term investment in ground support equipment and technology.

4.8 **Investment constraints:** The combination of low margins, high costs, and contractual pressures directly limits the ability to fund essential investments in safety, workforce development (recruitment, training, retention), technological innovation, and the transition to sustainable equipment. This financial fragility, driven by intense cost pressures and unbalanced contractual frameworks, undermines the sector's ability to invest and innovate, ultimately impacting safety, service quality, and long-term sustainability.

5. ENSURING ECONOMIC RESILIENCE AND INCENTIVIZING INVESTMENT

5.1 Ground handling is at a pivotal point, facing pressure to modernize, decarbonize, and enhance efficiency while navigating significant economic and workforce challenges. Success will depend on strategic investment in technology and sustainability, fostering a skilled and motivated workforce, achieving greater collaboration across the value chain (airlines, airports, handlers), and adapting to an evolving regulatory landscape. Companies that successfully navigate these complexities, potentially shifting towards more value-focused partnerships rather than purely cost-driven contracts, are best positioned for resilience and prosperity in the coming decade. However, important policy instruments and commercial practices need to evolve to ensure the economic resilience of industry.

5.2 **Combat the "Race to the Bottom" and unbalanced practices:** Procurement and commercial practices need to strike the right balance between cost with quality, safety, sustainability, and innovation. Policymakers should consider safeguards against unfair commercial practices imposed by airlines, potentially through economic regulation or inclusion of fair terms within “Airport Conditions of Use”, to address market imbalances and the documented onerous financial pressures on ground handlers.

5.3 **Promote fair contracting and value recognition:** Contract terms need to be more balanced within the IATA SGHA framework, which include reasonable payment periods, appropriate liability coverage and caps, clear force majeure clauses, and price adjustment mechanisms that allow for adequate return on investment and mitigation of financial risks. Greater collaboration is needed with airlines and airports to better recognize the critical role and value contribution of ground handling.

5.4 **Optimize licensing policies:** Robust and adaptable ground handling licensing policies tailored to evolving local airport needs must take precedence. Regulators and airports should carefully balance the number and duration of licenses. This requires an analysis of the negative impacts of destructive competition and short durations against the need to foster safe, efficient, economically resilient operations with significant capital investment. Longer licenses may be necessary incentives to support substantial investment requirements and cost recovery by ground handling organizations.

5.5 **Cost recovery frameworks:** To ensure the economic resilience of ground handlers, cost recovery frameworks need to be implemented potentially through airport conditions of use or regulated user fees. This permits a fair recovery of investments in mandated or essential sustainable ground support equipment from users (airlines), similar to how airport capital investments are often treated.

5.6 **Incentivizing investments in net zero pathways:** Governments have an important role to play in incentivizing capital investments in net zero infrastructure, technology and electric ground support equipment by airports and ground handlers. The electrification of airport infrastructure and the wider adoption of low carbon ground support equipment require governments to incentivize the uptake. Thus, policy makers should offer subsidies, grants, tax credits and other incentives to enable these costly capital investments.

5.7 Investments that support environmental sustainability should not be at the expense of safety and must be underpinned by standardized safety protocols and comprehensive workforce training to ensure a safe and effective environmental transition.

5.8 **Prioritize safety and standardization:** The standardization of global processes for ground and cargo handling is critical for safe and efficient aviation operations. Predictable and consistent processes reduce safety incidents and improve operational economics – aircraft turnaround times and passenger handling – allowing both airlines and ground handling organizations to reduce costs.

5.9 **Workforce development and training**: A stable, well-supported workforce is a cornerstone of operational safety, since high turnover, fatigue, and inadequate training can significantly elevate operational risks. Investing in decent working conditions and competency-based training not only strengthens the ground and cargo handling labour pool but also ensures safe and reliable delivery of ground handling services across the aviation ecosystem. Collaborative solutions and partnerships for social standards must be developed in close consultation between GHO, airlines and airports.

6. CONCLUSION

6.1 The ground handling industry is a vital pillar of the global aviation system, supporting safe, efficient, and timely operations. Despite its essential role, it faces persistent financial and structural challenges that threaten its resilience and growth. To secure the sector’s future, strategic reforms are necessary—emphasizing fairer contracts, sustainable investment, workforce development, and regulatory support. Governments, airlines, and airports must collaborate to enable innovation, decarbonization, and economic stability. With the right policies and partnerships, the ground handling industry can overcome current pressures, enhance safety and service quality, and contribute meaningfully to a more sustainable and resilient aviation ecosystem.

— END —