



*To the Attention of the EU-27 Ministries of Transport/Depts of Civil Aviation and Finance*

## **COLLAPSE OF THE EUROPEAN AIR TRANSPORT SECTOR**

Brussels, 17 March 2020

TO WHOM IT MAY CONCERN,

Dear Madam, Sir,

ASA and ACA represent the ground handlers and the airline caterers, with a workforce of around 400,000 and 150,000 employees respectively throughout the world. These two sectors are absolutely essential for the good functioning of the air transport industry, and it is no exaggeration to say that without us, there would simply be no commercial flights or cargo operations. We provide such central services as the handling and security processing of cargo, passengers, baggage, aircraft cleaning, aircraft fuelling, catering and many other services that are required for the normal operation of an aircraft at any airport.

In Europe our numbers are very significant as well, with many of the major companies having their headquarters, and most significant operations, in the EU. Put together, we employ around 180,000 workers.

We are today taking the unprecedented step of writing to you to highlight our deepest concerns about the impact of COVID-19 on our businesses. We are providing warning that without urgent financial support our Members won't be able to continue their operations throughout the crisis and will very soon have to resort to extreme measures, such as mass lay-offs and unpaid leaves.

We are all very competitive businesses, but this period of disruption is leading to a cash-flow crisis which poses a direct threat to our very survival. Our industry operates a low-margin model. We are generally paid on a per-service basis or tonnage, so where flights are grounded, our provision is cancelled and our revenue cut off. Our main overheads are our labour force (70% of expenditure). We have already been forced to pursue aggressive headcount reduction in recent weeks and days, which we deeply regret. We have collectively been able to weather previous crises, whether 9/11, SARS or the Icelandic volcanic eruption, but COVID-19 is different, as it is both global and longer term.

Looking forward, the more staff we lay off, the greater the challenge we will face in servicing the bounce-back and economic recovery once this crisis is over. On average we estimate it takes around 3 months to hire, train and badge new staff, and there is very low transferability between stations. There is therefore a strong business interest in maintaining the existing workforce.

Any relief measures Governments propose to the industry are welcome. But these measures shouldn't solely consider the airlines in isolation. This is a highly interconnected industry, with high dependency on service providers such as our companies. It cannot be taken for granted that any support provided to airlines will necessarily trickle down to the rest of the value chain, including ourselves.

In concrete terms, the support we are desperately looking for is ensuring cashflow to allow us to maintain as much of our existing workforce as possible during this period, and hence that you:



1. Take over the social costs incumbent to employers at least until September 2020;
2. Defer tax payments until 2021;
3. Provide access to an emergency fund which we can use to continue to pay salaries;
4. Provide a guarantee to banks and financial institutions so that they maintain financing of the aviation sector, and ours in particular.

This is quite simply the biggest and most challenging crisis ever faced by our industry. On behalf of our companies' 180,000 European employees, we appreciate your continued support and commitment to urgent action.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Fabio Gamba', with a long horizontal stroke extending to the right.

Fabio Gamba  
Director General  
ACA & ASA