

# ECONOMIC REGULATIONS

## Ground Handling and Air Cargo Services

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Chapter 1:

# Introductory Provisions



## Chapter 1: Introductory Provisions

### Article 1: Definition

The following terms, as used in these regulations, shall have the assigned meanings unless the context indicates otherwise:

1. **'Kingdom'** means the Kingdom of Saudi Arabia.
2. **'Authority'** means the General Authority of Civil Aviation in the Kingdom of Saudi Arabia.
3. **'ICAO'** means the International Civil Aviation Organization.
4. **'IATA'** means the International Air Transport Association.
5. **'Law'** means the Civil Aviation Law of Saudi Arabia.
6. **'Regulations'** means the Ground Handling and Air Cargo Services Economic Regulations.
7. **'Economic License'** means an accreditation issued by the Authority that grants permission to conduct a civil aviation-related activity falling within its jurisdiction and regulated by one or more economic regulations.
8. **'Provisional Economic License'** means an accreditation issued by the Authority for a defined period of time to an entity seeking to provide one or more services. The provisional economic license is required to participate in the selection process at one of the Kingdom's airports where they aim to offer ground handling services, or to an entity seeking to provide air cargo service with the exception of regulated agent and self regulated agent, in order to contract with an airport in accordance with these Regulations.
9. **'Service Provider'** means an entity which offers one or more categories of ground handling or air cargo services to third parties, as stipulated in their economic license and specified in these Regulations.
10. **'Ground Handling Services'** means the services provided to airport users at airports, as described in the Annex 1.
11. **'Air Cargo Services'** means all air cargo logistics services provided at the Kingdom's airports, as detailed in Annex 2.
12. **'Airside Services'** means the following categories of ground handling services, as defined in Annex 1:
  - a. baggage handling;
  - b. air cargo handling;
  - c. into-stance fuel services.
  - d. ramp handling.



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13. **'Airport'** means area of land or water; including any buildings, installations and equipment designated, wholly or partly, for the arrival, movement or departure of aircraft. Airports in the Kingdom are classified as follows:
- 'Category A Airport'** means an airport whose annual traffic is not less than 10 million passenger movements or 125,000 tons of freight;
  - 'Category B Airport'** means an airport whose annual traffic is at or greater than 3 million passenger movements but less than 10 million passenger movements or at or greater than 25,000 tons of freight but less than 125,000 tons of freight;
  - 'Category C Airport'** means an airport whose annual traffic is less than 3 million passenger movements or 25,000 tons of freight.
14. **'Airport Cluster'** means two or more airports grouped together to serve the same city or conurbation.
15. **'Airport User'** means any air carrier that operates at, utilizes the facilities of, or engages in activities in connection with the airport.
16. **'Airport User Committee'** means a committee composed of air carrier representatives or organizations representing air carriers utilizing airport facilities in compliance with these regulations.
17. **'Airport operator'** means an entity which administers and manages the airport infrastructure, and coordinates and controls activities of the different operators present in the airport or airport cluster concerned.
18. **'Cargo Village'** means an integrated zone designed to house independent buildings for each air cargo service provider, built to the highest specifications, enabling the completion of all operations in a single location.
19. **'Aircraft Unit Load Device'** meaning a device for grouping and restraining cargo, mail and baggage for air transport. It is either an aircraft container or a combination of an aircraft pallet and an aircraft pallet net.
20. **'Aircraft'** means any machine that can derive support in the atmosphere from the reactions of the air, other than the reactions of the air against the earth's surface.
- 'Passenger Aircraft'** means an aircraft intended for the transport of passengers, freight, parcels and postal items.
  - 'Cargo Aircraft'** means an aircraft intended exclusively for the transport of freight parcels and postal items.
21. **'Commercial Air Transport'** refers to an air transport flight or series of flights performed by civil aircraft for the transport of passengers, freight, parcels and postal items. Services may be either scheduled or charter.
22. **'Force Majeure'** means any event beyond the reasonable control of either party to a contractual agreement, which could not have been reasonably foreseen at the date of the agreement being signed.
23. **'Key Performance Indicators'** means quantifiable measures that represent the effectiveness of performance in meeting key service quality objectives.

## Chapter 1: Introductory Provisions

24. **'Risk Matrix'** means a strategic tool utilized during risk assessment, which graphically displays the perception of risks and includes a table detailing the sources and levels of risk, thus assisting in a comprehensive risk evaluation.
25. **'Independent Examiner'** means a qualified professional who reviews and evaluates financial statements of an organization.
26. **'Entity'** means any natural or legal person, whether profit-making or not, or any official body whether having its own legal personality or not.
27. **'Beneficiary'** means an entity which derives a benefit from the services rendered by the service provider.
28. **'Key Personnel'** include the directors, president, chief executive officer, chief operating officer, all vice presidents, the directors or supervisors of operations, maintenance, sales and marketing, and finance.
29. **'Third Country'** means a State other than Saudi Arabia.
30. **'Committee for the Consideration of Violations of Civil Aviation Law Provisions'** or **'Committee'** refers the committee who's role is to investigate any acts or omissions in contravention to the Civil Aviation Law, and which is responsible for deciding the appropriate penalties for any such acts or omissions.
31. **'Self-Handling'** means a situation in which an airport user directly provides for itself one or more categories of ground handling services; for the purposes of this definition, among themselves airport users shall not be deemed to be third parties where:
  - a. one holds a majority holding in the other; or
  - b. a single body has a majority holding in each.
32. **'Freight Forwarder'** means an entity which provides integrated logistics services associated with the transportation of freight and mail from the exporter's country to the final destination. The broker contracts with the air carrier under their own name or that of their appointee, for the transportation, handling, storage, and sorting of shipments in their warehouses.
33. **'Cargo Handling'** means the process of loading and unloading freights, parcels, postal items and the like from cargo aircraft. It also includes the transportation of freights, parcels and postal items from the aircraft parking area to designated warehouses and vice versa, alongside providing cargo handling services in warehouses and temporary storage.
34. **'Express Integrator for the transport of parcels and postal items'** means the provision of logistical services, focused on the swift transportation, management, and completion of all procedures related to parcels, postal items and the like according to postal law from their origin to their final destination under the name of the service provider or their appointed representative with doing handling, storing and sorting parcels and postal items within its warehouses.
35. **'Regulated Agent'** means an entity that receives and inspects third-party freights, parcels and postal items using specific security equipment and controls to ensure safety. Following inspection, the regulated agent sends the inspected items directly to the airports via the air carrier.
36. **'Self Regulated Agent'** means an entity that inspects its own freights, parcels and postal items belonging to the service provider using specific security equipment and controls to ensure safety. Upon inspection, the freight is dispatched directly to airports via the air carrier.

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37. **'Bonded Zones'** means the provision of services in warehouses situated at the airport under customs supervision. Here, freights, parcels and postal items stored in a suspended state, subject to customs duties and restrictions, and special customs procedures. Additional services on products may also be included.
38. **'Export'** means the process of shipping goods that are wholly or partially manufactured in the Kingdom to other countries.
39. **'Re-export'** means the act of shipping imported products to other countries.
40. **'Source'** means any entity that exports products from the Kingdom.
41. **'Import'** means the act of bringing products into the Kingdom from abroad.
42. **'Importer'** means any entity which imports products into the Kingdom.
43. **'Transit Shipment'** means freights, parcels and postal items that are transported by an aircraft transiting the airport en-route to a third country. These freights, parcels and postal items are not unloaded or handled.
44. **'Transit Shipment (Transferred)'** means freight, parcels and postal items that is handled and moved between two transiting aircraft at the airport. The freights, parcels and postal items enter the cargo handling warehouses without being subject to customs duties.
45. **'Transit Shipment (Tail-to-Tail)'** means freights, parcels and postal items that is handled and moved directly between two aircraft passing through the airport, without entering the cargo handling warehouses and without being subjected to customs duties.
46. **'Consolidation and Deconsolidation Services'** Service enables the process of shipping freights, parcels and postal items under one main policy from the exporting country. Upon arrival in the receiving country, the items are split, and customs procedures are completed separately.
47. **'Transit Road Feeder Services (RFS)'** means a service utilized by the aircraft operator to facilitate and complete the transport of freights, parcels and postal items from one type of port (air, land, or sea) to another by land transport.
48. **'Short Shipment'** means imported freights, parcels and postal items of which only a portion arrives at the destination.
49. **'General Cargo'** means items that do not necessitate any additional procedures or special handling during air transport. Typically, these include retail goods, dry goods, appliances, textiles, and the majority of consumer goods, excluding mobile phones, tablets, and laptops.
50. **'Special Cargo'** means freights, parcels, postal items and the like according to Kingdom of Saudi Arabia's postal law, which may have special requirements.



## Chapter 1: Introductory Provisions

### Article 2: Scope of application

This regulation is entrusted with the oversight all activities performed under those economic licenses issued by the Authority for the provision of the following services at airports in the Kingdom:

- a. ground handling services;
- b. air cargo services.

### Article 3: General provisions

1. Any entity seeking to provide ground handling services or air cargo services at any airport within the Kingdom may apply for an economic license from the Authority, in accordance with the provisions outlined in Article 6.
2. Save as otherwise provided in these regulations or any other relevant decisions by the Authority, the Airport Operator shall ensure free market access to third parties for the provision of ground handling services, freedom to self-handle and ensure uninterrupted provision of ground handling services at the airport under its management.
3. The Authority may, on an application made to it by the Airport Operator, determine that, at the airport, the number of suppliers authorized to provide one or more airside services to third parties shall be limited. A determination shall specify:
  - a. the airport and, where appropriate, the part of the airport to which it applies;
  - b. the airside services to which it relates; and
  - c. the number of suppliers authorized to provide those services, which shall be no fewer than three for category A airports, and no fewer than two for category B airports for each category of such services.
4. The Authority retains the right to amend or revoke any decision made under Paragraph 3 above in such cases where it deems it necessary or upon request from the Airport operator concerned, a ground handling service provider, or an airport user, and after consulting with the concerned Airport operator.
5. On an application made to it by the Airport Operator, the Authority may determine that the right to self-handle shall be limited in relation to one or more airside services for such period as the Authority deems fit. A determination shall specify:
  - a. the airport and, where appropriate, the part of the airport to which it applies;
  - b. the airside services to which it relates;
  - c. the number of airport users who may exercise the right to self-handle in relation to those services, which shall be no fewer than two for each category of such services;
  - d. the airport users who may exercise that right; and
  - e. the period for which it shall apply.

## Chapter 1: Introductory Provisions

### Article 4: Procedure for ground handling and self-handling restrictions

1. Where there are specific airport space or capacity constraints, arising in particular from congestion and poor area utilization, making it difficult to open up the market for the supply of ground handling services for third parties to the degree provided for in this regulation, the Authority may, on an application made to it by the Airport operator concerned, determine to:
  - a. limit the number of suppliers of one or more categories of ground handling services, other than airside services, to no fewer than three suppliers at category A airports, and no fewer than two suppliers at category B airports; or
  - b. reserve the provision of one or more categories of airside ground handling services to two or less suppliers at category A airports, or to a single supplier at category B airports.
2. Where there are specific airport space or capacity constraints, arising in particular from congestion and poor area utilization, making it difficult to implement self-handling to the degree provided for in this regulation, the Authority may, on an application made to it by the Airport operator concerned, determine to:
  - a. reserve self-handling to a limited number of airport users for one or more categories of ground handling services other than airside services; or
  - b. ban self-handling or restrict it to a single airport user for one or more airside services at the airport.
3. In both cases detailed in Paragraph 1 and 2 above, the determination shall specify:
  - a. the airport and, where appropriate, the part of the airport to which it applies;
  - b. the ground handling services to which it relates;
  - c. the number of suppliers of ground handling services authorized to provide those services or, as the case may be, the number of airport users who may exercise the right to self-handle in relation to those services;
  - d. in the case of a determination made regarding Paragraph 3 above, the airport users who may exercise that right;
  - e. the specific constraints of available space or capacity which justify the determination;
  - f. the period for which it shall apply and the date on which it takes effect.
4. The Airport operator shall select the airport users who may exercise the right to self-handle on the basis of relevant, objective, transparent and non-discriminatory criteria.
5. If the Authority has reasonable ground to believe that the Airport operator has failed to make the selection of airport users who may exercise the right to self-handle on the basis of the criteria outlined in Paragraph 4 above, it may decide to vary the decision taken by the Airport operator.
6. The duration of the decision shall be three years, except for the cases provided for in Paragraph 1 (b) and 2 (b) above, where it will be for a period of two years. The Authority may renew this decision within 90 days before its expiration.
7. The Airport operator concerned with any of the determinations detailed in Paragraphs 3 and 4 above must provide the Authority with sufficient information regarding plans to resolve space or capacity constraints.

Chapter 2:

# Economic Licenses



## Chapter 2: Economic Licenses

### Article 5: General provisions for issuing economic licenses

1. The Authority is responsible for issuing economic licenses to applicants who fulfill and ensure compliance with the requirements set forth in these regulations.
2. The service provider is required to adhere to the rules, regulations, and instructions issued by government agencies pertinent to the activity, along with the Authority-approved instructions issued by the IATA and ICAO.
3. It is prohibited to commence the provision of ground handling services or air cargo services at any of the Kingdom's airports without possessing a valid economic license issued by the Authority.
4. The applicant is obligated to fulfill the security and operational requirements within 90 days from the date of the economic license issuance.
5. The license holder is expected to commence the licensed activity within a period not exceeding 90 days from the date of satisfying the requirements mentioned in Paragraph 4 above.
6. The Authority may, at any time during the validity period of the economic license, request the service provider to supply evidence demonstrating compliance with all the requirements set forth in these regulations.

### Article 6: Procedure for applying for economic licenses

1. Entities seeking to obtain an economic license to provide ground handling services at one or more airports in the Kingdom shall:
  - a. submit an application to the Authority for a provisional license;
  - b. participate in the selection process conducted by the Airport operator where they wish to provide services and sign a contract with it;
  - c. fulfill the requirements set by the Authority to obtain an economic license to provide ground handling services.
2. Entities seeking to obtain an economic license to offer air cargo services with the exception of regulated agent and self regulated agent services shall:
  - a. submit an application to the Authority for a temporary license;
  - b. sign a contract with the Airport operator where they wish to provide services;
  - c. fulfill the requirements from the Authority to obtain an economic license to provide air cargo services.
3. Entities seeking to obtain an economic license to provide regulated agent or self regulated agent services shall:
  - a. submit an application to the electronic platform approved by the Authority;
  - b. fulfill the requirements set by the Authority to obtain an economic license.

## Chapter 2: Economic Licenses

### Article 7: Provisional license

1. A provisional economic license is a prerequisite for any entity:
  - a. entering the selection process for ground handling services at any of the airports in the Kingdom;
  - b. seeking to sign a contract with the Airport Operator in the Kingdom for the provision of air cargo services, with the exception of regulated agent and self regulated agent services.
2. The provision in Paragraph 1 above does not apply to applicants holding a valid economic license authorizing the provision of ground handling services or air cargo services at any airport in the Kingdom.
3. An entity seeking to supply ground handling or air cargo services with the exception of regulated agent and self regulated agent services at an airport in Saudi Arabia shall be granted a provisional economic license by the Authority provided that:
  - a. it provides proof of incorporation in the Kingdom;
  - b. holds a valid Saudi commercial registration;
  - c. it provides proof of at least three years of relevant proven experience operating at either one of the Kingdom's airports or in any other country or that the applicant demonstrates its ability to provide the expertise to the proposed services in Saudi Arabia through the appointment of key personnel with significant relevant experience.
  - d. it provides financial statements for the last two fiscal years or, for new applicants, submits a certificate of solvency;
  - e. it submits a business plan covering the first two years of operations;
  - f. A license from the Transport Public Authority shall be submitted if the applicant wants to provide freight services or express shipping services;
  - g. A license from the Zakat, Tax, and Customs Authority shall be submitted if the applicant wants to provide handling services in a bonded zones.
4. The Authority shall take a decision on an application not later than one 15 days after all the necessary information has been submitted. A refusal shall indicate the reasons thereof.
5. The validity of the provisional economic license shall be 180 days, or until the completion of the selection process at the airports where the applicant wishes to provide ground handling services or until it signs a contract with the Airport operator for the provision of air freight services (except for regulated agent or regulated agent-own shipments), whichever comes first. The applicant shall inform the Authority of the selection process outcome within 5 days from the date of conclusion.
6. In such cases where it might be necessary, and on an application made to it by the provisional license holder, the Authority may decide to extend the validity of the provisional economic license to permit the conclusion of the selection process in which it might be engaged.
7. The provisional license alone does not permit the provision of services at any of the Kingdom's airports. If the holder of the provisional license is selected by the airport operator to provide ground handling services or signs a contract with the airport to provide air cargo services (except for regulated agent or regulated agent-own shipments), it must fulfill the economic license requirements in order for them to provide these services.

## Chapter 2: Economic Licenses

### Article 8: Airport operator selection process for ground handling service providers

1. The process for selecting a ground handling service provider will follow the provisions in Clause 1 of this Article in such cases where there is no determination made by the Authority with respect to a limitation on the number of service providers. If the number of ground handling service providers is limited through a determination made by the Authority in accordance with Article 3 or 4 of these Regulations, the process will follow the provisions in Clause 2 of this Article.
2. The Airport operator shall enter into an agreement with selected suppliers of ground handling services.
3. The Airport operator may suspend or cancel a contract if the supplier of ground handling services or self-handling airport user does not meet the selection requirements due to reasons of his doing.
4. The Airport operator shall notify the Authority, the ground handling service provider, or the concerned airport user of the reasons for the suspension or cancellation of the contract at least 30 days before the suspension or cancellation date.
5. If the Authority has reasonable grounds to believe that the Airport operator has failed to apply the selection requirements in line with the provisions of these Regulations, it may decide to vary the decision taken by the Airport operator or initiate enforcement proceedings.

#### Clause 1: Airport operator selection process If the number of ground handling service providers is not specified

1. The Airport operator is responsible for defining additional requirements over and above those defined in the economic license process, based on which it will approve or reject a prospective supplier of ground handling services seeking to perform ground handling activities at that airport. The selection requirements set by the Airport operator must comply with the following principles:
  - a. they must be relevant to the activity provided;
  - b. they must be applied in a fair and non-discriminatory manner to all suppliers of ground handling services and airport users; and
  - c. they may not, in practice, reduce market access or the freedom to self-handle to a level below that provided for in this regulation.
2. The Airport operator shall ensure that the selection requirements are published, and the supplier of ground handling services or self-handling airport user are informed in advance of the procedure for obtaining approval.

#### Clause 2: Airport operator selection process If the number of ground handling service providers is specified

1. In such cases where the Authority has issued a determination in accordance with Articles 3 or 4, the Airport operator is required to publicly announce the necessary requirements for entering the selection process, the procedure for obtaining approval, and inviting a call for proposals.
2. The Request for Proposal (RFP) from the Airport operator for the selection of ground handling service providers must include:
  - a. The duration of the selection process.
  - b. The deadline for submission of proposals.



## Chapter 2: Economic Licenses

3. Ground handling service providers are selected via one of the following methods:
  - a. Through the Airport operator, in consultation with the Airport Users Committee, provided the following conditions are met:
    - i. The Airport operator does not provide similar ground handling services.
    - ii. The Airport operator does not have direct or indirect control over any ground handling service provider offering such services.
    - iii. The Airport operator does not partner with any ground handling service provider in any of the services; or
  - b. Through the Authority, in consultation with the Airport Users Committee and the Airport operator.
4. The Airport operator may provide ground handling services independently without undergoing the selection procedures referred to in this Article, or appoint another entity to provide ground handling services at the airport in question without subjecting it to the selection process, where the Airport operator:
  - a. directly or indirectly controls this entity; or
  - b. under direct or indirect control by this party.
5. If the Airport operator or another entity is authorized to provide ground handling services according to Paragraph 4, it shall represent one of the number of ground handling service providers designated as part of the Authority's decision set forth in Article 3 of these Regulations.
6. The relevant Airport operator shall take necessary measures in accordance with these Regulations to regulate the selection procedures for authorized ground handling service providers.
7. If the decision to limit the number of ground handling service providers is rescinded, any decision previously taken in accordance with Paragraph 6 above regarding such services shall be null and void.
8. The selection process for a ground handling service provider must ensure that at least one of these service providers is not under the direct or indirect control of the Airport operator, a controlling entity, or any other user who has transported more than 25% of the passengers or freights, parcels and postal items registered at the airport during the previous year.
9. A ground handling service provider is replaced if it ceases operations before the end of the specified downtime period.

### Article 9: Economic licensing of third-party ground handling and air cargo services

1. The Authority is responsible for issuing an economic license for ground handling services and air cargo services, with the exception of regulated agent and self regulated agent services to an applicant, provided it meets the following requirements:
  - a. it provides a contract signed with one or more airports in the Kingdom for the provision of one or more such services;
  - b. it provides proof of adequate insurance to cover liability in respect of employees, passengers, luggage, freights, parcels, postal items and third parties, in line with requirements set by the Airport operator and/or by airport users, as the case may be;

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- c. it provides proof of payment for the economic license fees.
2. The Authority is responsible for issuing an economic license for regulated agent and self regulated agent services to an applicant, provided it meets the following requirements:
  - a. fulfills the requirements included in the electronic platform approved by the Authority;
  - b. it provides proof of payment for the economic license fees.
3. The Authority may issue an economic license to provide one or more categories of ground handling services at one or several airports in the Kingdom. The license will specify:
  - a. the categories of ground handling services;
  - b. the airports where these services are to be provided.
4. It is prohibited to provide any category of ground handling services or air cargo services or to operate at airports that are not specified in the economic license.
5. The ground handling service provider is obligated to notify the Authority in advance of any plans for substantial changes in the scale and scope of its activities.

### Article 10: Economic license validity and renewal

1. Economic licenses shall be valid for a duration of five years from the date of issuance and may be renewed.
2. An economic license holder wishing to renew their economic license may submit a renewal application to the Authority at least 90 days prior the expiry date of their license.
3. The economic license of a ground handling service provider or an air cargo service provider may be renewed for a period of five years provided the following conditions are met:
  - a. it provides the financial statements for the last two fiscal years;
  - b. all ground handling and air cargo service providers with the exception of a regulated agent and self regulated agent - provide proof of adequate insurance to cover liability in respect of employees, passengers, luggage, freights, parcels, postal items and third parties, in line with requirements set by the Airport operator and/or by airport users, as the case may be; a regulated agent and self regulated agent service provider shall provide proof of adequate insurance to cover the liability resulting from the licensee's activities related to facilities, shipments, and mail.
  - c. all service providers, with the exception of regulated agent and self regulated agent services, shall submit a valid contract with one or more airports in the Kingdom for the provision of ground handling services or air cargo services;
  - d. it provides proof of payment of the economic license renewal fees.
4. The Authority shall issue a decision on the renewal application within a period not exceeding 15 days from the date complete information has been made available. The applicant will be notified of the decision and provided with reasons in case of rejection.

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### Article 11: Economic license amendments

1. An economic license holder may submit a request for the amendment of their economic license, using the approved form for this purpose. The application shall include a justification for the amendment request.
2. If the license holder wishes to amend their economic license by adding a new airport to the same category of ground handling services or air cargo service stipulated in their economic license, the licensee shall:
  - a. provide a signed contract with the concerned airport to offer these services;
  - b. provide a valid Saudi commercial registration;
  - c. provide proof of adequate insurance coverage to cover liability concerning employees, passengers, baggage, freights, parcels, postal items and other parties;
  - d. provide proof of payment for the fees associated with amending the economic license.
3. If the license holder wishes to amend their economic license by adding a new category of ground handling or air cargo service, the licensee shall:
  - a. obtain a provisional license from the Authority to provide this service;
  - b. sign a contract with the airport to offer this service;
  - c. provide proof of payment for the fees related to amending the economic license.
4. The Authority shall issue a decision on the amendment application within a period not exceeding 15 days from the date complete information has been made available. The applicant will be notified of the decision and provided with reasons in case of rejection.
5. Amending the economic license by adding or amending any data in it does not affect the duration of the economic license.

### Article 12: Economic license expiration, suspension and cancellation

1. If a ground handling service provider wishes to suspend operations at any of the Kingdom's airports, it shall notify the Airport operator and airport users at least 180 days prior to the intended date of operation suspension at airports with multiple service providers, and at least 12 months prior to the intended date of operation suspension at airports where it is the only service provider.
2. The economic license shall be cancelled if any of the following conditions are met:
  - a. the license term expires without renewal;
  - b. the Authority approves the licensee's request to suspend or cancel the license;
  - c. the service provider's legal entity ceases to exist;
  - d. the service provider ceases operations at the airport for a period exceeding 180 days, except in such cases classified as force majeure;

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3. The Authority may suspend or revoke the economic license if any of the following conditions are met:
  - a. it breaches any of the General Authority for Competition regulations;
  - b. any of the standards and/or safety licenses issued by the Authority have been suspended or cancelled;
  - c. if the service provider is classified as a heavily indebted debtor or is found to have financial problems and cannot meet its current or potential obligations for the next 12 months, the Authority may conduct a detailed evaluation of the financial performance. Based on the evaluation results, the status of the economic license will be reviewed and decided upon within 90 days;
  - d. if the Authority requests the service provider to submit audited financial statements for any of the previous financial years and they are not delivered within 30 days from the date of the request;
  - e. if the service provider intentionally or negligently provides the Authority with false or misleading information.
  - f. in such cases deemed in the public interest.
4. The Authority may suspend the license if the service provider fails to meet all security and operational requirements within 90 days from the date of obtaining the license, or if the provider fails to commence operations within 90 days from the date of fulfilling the security and operational requirements. The service provider may reapply for the license at such a point when they wish to resume operations.
5. Upon a request submitted to it by the Airport operator, the Authority may suspend the license for a period it deems appropriate in such cases where the service provider fails to comply with any terms or conditions imposed by the Airport operator. Such terms or conditions shall be:
  - a. applied in a non-discriminatory manner to all applicable service providers and airport users;
  - b. aimed at creating a competitive and unrestricted environment for the free delivery of services.

Chapter 3:

# Requirements for the Airport operator



## Chapter 3: Requirements for the Airport operator

### Article 13: Obligations of the Airport operator

1. The Airport operator shall ensure that the applicant fulfills one of the following requirements when participating in any selection process for the provision of ground handling services at any of the airports in the Kingdom:
  - a. it holds a valid provisional economic license issued by the Authority for the relevant categories of ground handling services and at the airports where the services are to be provided;
  - b. it holds valid economic license issued by the Authority and the applicant provides ground handling services of that specific category at other airports in the Kingdom.
2. The Airport operator shall be responsible for defining a procedure for the allocation of operational space to all relevant government agencies at the airport.
3. The Airport operator shall be responsible for providing infrastructure at the leased sites and addressing the resulting financial implications and maintenance responsibilities.
4. In the process of preparing the airport master plan, the Airport operator shall accommodate all required public facilities for the provision of services.
5. The Airport operator shall be responsible with the coordination between relevant government agencies and service providers operating within the airport.
6. The Airport operator shall be responsible for the automation of all operational approval processes associated with the airport and relevant government entities.
7. The Airport operator shall ensure that those wishing to provide private civil guard activities at any of the airports in the Kingdom first obtain the necessary approval from the Authority.

### Article 14: Consultation of airport users and service providers

1. The Airport Operator shall set up a committee of representatives of ground handling service providers and air cargo service providers in accordance with these Regulations.
2. The Airport Operator shall ensure that, at least once a year, a consultation relating to the application of these regulations takes place between itself, the airport user committee and the airport service provider committee. The consultations shall cover, as a minimum:
  - a. quality and service levels;
  - b. the organization of the provision of those services.
3. The Airport operator must submit to the Authority the written minutes of this consultation process no later than 30 days after it has taken place.
4. A ground handling service provider intending to make changes to charges or service levels, it shall give notice to all airport users affected and the Authority, at least 90 days before the changes take effect. This provision is applicable all airports where:
  - a. a single ground handling service provider exists for one or more categories of ground handling services; or
  - b. where a determination has been made pursuant to Article 3 or 4.



## Chapter 3: Requirements for the Airport operator

5. The obligation to give a notice no later than 90 days before making a change does not arise where there are exceptional circumstances such as force majeure.
6. After giving notices under the provisions of Paragraph 4 above, the ground handling service provider shall hold consultations with its users on the intended changes and shall submit to the Authority written minutes of the consultation process.
7. Where, as a result of its analysis, the Authority concludes that proposed changes are not reasonable or justifiable, the Authority may:
  - a. request justification from the ground handling service provider;
  - b. request remedy from the ground handling service provider;
  - c. refer the matter to the General Authority for Competition;
  - d. implement price regulation for one or multiple ground handling service categories and at one or multiple airports.

### Article 15: Service level agreements

1. To ensure service quality assurance, the Airport operator shall enter into an agreement with each service providers operating at the airport, through which it sets forth the terms and conditions for the provision of services to airport users, including but not limited to quality of service, key performance areas and indicators as per the format provided in Annex 4.
2. The Airport operator is responsible for providing the Authority with the agreement signed with each ground handling service providers no later than 10 days after its signature.
3. The Authority shall establish the general rules that govern the relationship between service providers and beneficiaries. Moreover, the Authority may delegate tasks related to the development and enforcement of procedures to the Airport operator.

### Article 16: Management of centralized infrastructure

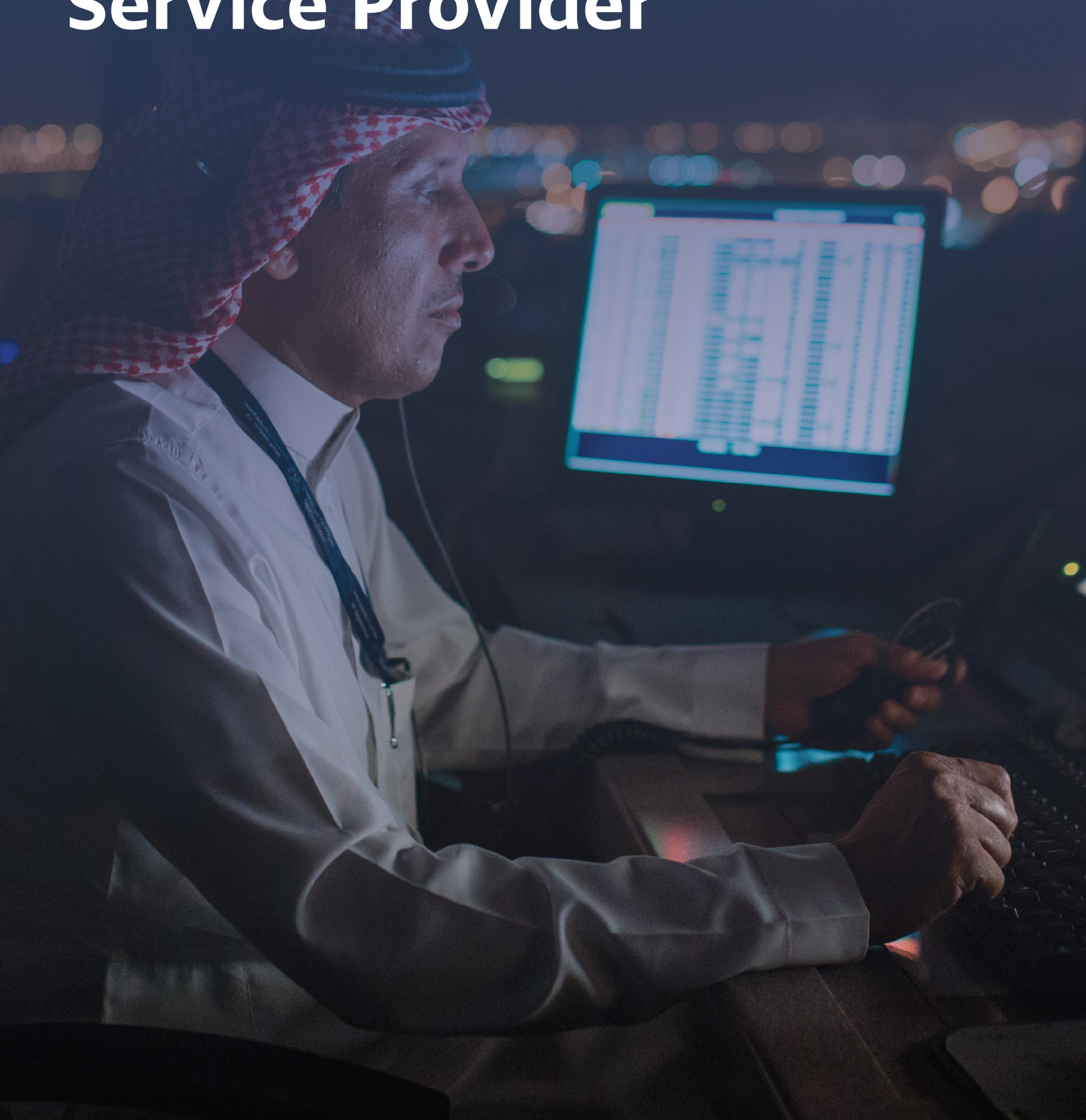
1. The Authority may determine, on an application from the Airport Operator to reserve for that Airport Operator or for another entity the Operator nominates, the management of the centralized infrastructures used for the supply of ground handling services whose complexity, cost or environmental impact does not allow for division or duplication, such as baggage sorting, water purification and fuel-distribution systems.
2. Where the management of a centralized infrastructure has been reserved as a result of a determination made by the Authority, a supplier of ground handling services or a self-handling airport user at that airport shall not use any apparatus, equipment, system or other thing for the supply of the ground handling services concerned as an alternative to that centralized infrastructure.
3. The entity for which the management of a centralized infrastructure has been reserved shall ensure that the management of that infrastructure is transparent, objective and non-discriminatory and, in particular, that it does not hinder the access of suppliers of ground handling services or self-handling airport users within the limits provided for in these regulations.

## Chapter 3: Requirements for the Airport operator

4. Airport Operator or, where appropriate, the public authority or any other body which controls the airport shall take the necessary measures to ensure that:
  - a. suppliers of ground handling services and airport users wishing to self-handle have access to airport installations to the extent necessary for them to carry out their activities;
  - b. any conditions it places upon such access are relevant, objective, transparent and non-discriminatory;
  - c. the operational space available for ground handling at the airport is divided among the various suppliers of ground handling services and self-handling airport users, including new entrants in the field, to the extent necessary for the exercise of their rights and to allow effective and fair competition.

Chapter 4:

# Requirements for the Service Provider





## Chapter 4: Requirements for the Service Provider

### Article 17: Subcontracting

1. The service provider may contract with third parties to perform some of their licensed activities, provided the following conditions are met:
  - a. the approval of the Airport operator is obtained;
  - b. the subcontractor is demonstrated to meet the operating standards imposed by the Airport operator;
  - c. the service provider ensures that the subcontractor complies with all applicable laws, regulations, and related requirements in force within the Kingdom, including meeting the same safety certification requirements as the service provider. The service provider shall be held liable for any breaches or non-compliance resulting from the subcontract;
  - d. the necessary conditions for providing services are present in the subcontractor;
  - e. the contract is limited to some services provided by the service provider.
  - f. the duration of the contract is clearly defined.
2. The Airport operator shall inform the Authority of its decision concerning a service provider's request to subcontract some of its licensed activities to third parties. If the request is denied, the Airport operator shall also explain the reasons for the rejection.

### Article 18: Obligations of the service provider

1. The service provider shall fulfill all its contractual and statutory duties and shall be liable for compensating all parties affected by any resulting damages.
2. The service provider shall handle and store freights, parcels, postal items and baggage appropriately.
3. The service provider shall be required to comply with the implementing regulation for handling abandoned items at airports issued by the Authority.
4. The service provider shall be responsible for any delay or error in the delivery, loss, or damage of freights, parcels, postal items and baggage from the time of receipt until delivery or deposit in the designated place. The service provider shall be responsible in such cases the delivery or deposit takes place in a location not designated for them.
5. The service provider shall deliver freights, parcels, postal items and baggage to the designated person or consignee in full and on time. They shall be liable for compensating all those affected in cases of incomplete transportation or delays in delivery, provided that the shipment owner has recorded in writing the requirement to have the goods delivered on a specific date and this has been approved by the service provider.
6. The service provider may attribute the responsibility to any ground handling service provider or air cargo service providers in such cases where any loss or delay of the freights, parcels, postal items and baggage is a result of their conduct or actions.
7. The freight forwarder service provider must deliver the goods within 7 days from the agreed delivery date. If the goods are not delivered within that period, they will be treated as lost, and the service provider shall be deemed responsible.

## Chapter 4: Requirements for the Service Provider

8. The service provider is obligated to provide the air carrier with the correct information regarding freights, parcels, postal items, baggage, and passengers.
9. The service provider shall not be liable in any of the following cases:
  - a. self-damage to freights, parcels, postal items or baggage due to their contents' nature without any negligence;
  - b. damages due to force majeure;
  - c. if the contents of freights, parcels, postal items prevent their delivery in accordance with international regulations or agreements to which the Kingdom is a party.
  - d. damages resulting from poor packaging by the sender;
  - e. damages resulting from any legal actions taken by the competent authorities regarding the entry, transit, or exit of freights, parcels, postal items or luggage;
  - f. lack of freight or baggage information provided by the air carrier.

### Article 19: Charges for ground handling services

1. When setting Charges for the services it provides, the ground handling service provider shall consider:
  - a. setting Charges at levels deemed reasonable and which contribute to creating an attractive environment for investment in the sector;
  - b. the current market conditions and fair competition;
  - c. international best practices.
2. All ground handling service providers shall submit to the Authority copies of all user agreements clearly showing all Charges, within 60 days of the signature or the commencement of the service, whichever is sooner.
3. Ground handling service providers must notify the Authority of any changes to the aforementioned agreements, including cancellations, at least 60 days before the changes or cancellations come into effect.
4. The Authority may request or conduct annual audits and reviews on invoices issued to airport users to ensure their conformity with signed agreements.
5. The Authority may analyze user agreements submitted for reasonableness. Where, as a result of the analysis, the Authority concludes that Charges and variations cannot be explained by normal market variations, the Authority may:
  - a. request justification from the service provider;
  - b. request remedy from the service provider;
  - c. refer the matter to the General Authority for Competition;
  - d. implement price regulation for one or multiple service categories, service providers, and/or airports.

## Chapter 4: Requirements for the Service Provider

### Article 20: Competition

1. The service provider is prohibited from engaging in any practices or arrangements direct or indirect, written or oral, explicit or implied, that may result in a violation of provisions of the Civil Aviation Law or the Competition Law, such as but not limited to:
  - a. imposing unfair Charges, or any other commercial terms. For example, imposing Charges lower than the usual average long-term standard costs as determined by the competent department;
  - b. applying different commercial terms to similar agreements with different providers, which might place certain providers at a competitive disadvantage;
  - c. engaging in practices that lead to an unfair distribution, division, or allocation of market shares among service providers;
  - d. making the acceptance of supplementary obligations, which are unrelated to the contract's main subject matter, a condition for the conclusion of a contract. These obligations might be unrelated by their nature or according to commercial customs;
  - e. obstructing a service provider from expanding their business or creating barriers to entry or expansion within the market;
  - f. encouraging or requesting another service provider not to provide specific services to a different service provider, potentially limiting competition and customer choice;
  - g. engaging in any other conduct that might diminish competition.
2. The Authority shall be notified of any planned merger or acquisition by a ground handling service provider at least 30 days prior to implementing such plans.
3. In the event of a change in the ownership of individual shares, representing 10% of the total shares of the service provider, the parent company, or the holding company owned by the service provider, the Authority shall be notified.
4. If there are any changes affecting the legal status and ownership of the service provider, the Authority may amend the economic license or refer the matter to the General Authority for Competition for further decision.
5. If the Authority considers that the reported changes to ownership significantly affect the financial position of the service provider, the service provider shall be required to submit an updated business plan covering at least 24 months from the date of implementation and including the relevant changes. The Authority shall make a decision within 90 days from the date complete information has been made available regarding the service provider's ability to meet its potential obligations within the next 24 months.



## Chapter 4: Requirements for the Service Provider

### Article 21: Separation of accounts

1. The provisions in this Article apply to suppliers of ground handling services where they are also the Airport Operator or an airport user.
2. An entity to which this regulation applies shall rigorously separate the accounts of his ground handling activities from the accounts of his other activities in accordance with current commercial practice, and in order to allow the Authority to ensure no conflict of interest is present.
3. The Airport Operator shall not cause or permit its ground handling activities to be subsidized from the revenue it derives from its role as an airport authority.
4. Where the Airport Operator, an airport user or a supplier of ground handling services is required to separate its accounts, the Authority shall appoint an entity to undertake the duties of the independent examiner as follows:
  - a. it shall check that the required separation of accounts is carried out;
  - b. it shall check whether there are or have been any financial flows between the activity of the Operator as airport authority and its ground handling activity;
  - c. it shall prepare a written statement containing the results of the checks he has carried out on the separation of accounts, which shall be shared with the Authority within 15 months from the date of its appointment and at least once per year thereafter.

### Article 22: Operational data records

All ground handling and air cargo service providers are required to maintain a specialized register. This register should document operational data in accordance with the stipulations set forth in Annex 6, the requirements of the international agreements to which the Kingdom is a party, and the recognized standards in the air cargo sector as established by the Authority.

Chapter 5:

# Final Provisions



## Chapter 5: Final Provisions

### Article 23: Control and inspection

1. The Authority is responsible with the implementation of these regulations, as well as the identification and sanctioning of any acts or omissions in contravention of any provision or requirements of these regulations.
2. The Airport operator, service providers, and their staff shall facilitate the inspection duties of the Authority's representatives. They shall cooperate and provide all required data, documents, or any other necessary information.
3. The Authority shall issue a directive appointing inspectors to monitor, inspect, and address any acts or omissions in contravention of any provision or requirements of these regulations.
4. Inspectors shall present their official identification when exercising their duties, along with a statement specifying the purpose of the inspection. They shall not abuse their powers or use them for personal gain.
5. The Authority shall issue the protocols for inspection and contravention management. The protocol shall include:
  - a. detailed procedures for the inspection process and management of contraventions;
  - b. the operating procedures for inspectors;
  - c. templates for documentation, such as but not limited to seizure reports and inspection logs.

### Article 24: Procedure for violations and penalties

1. Any individual or entity may file a complaint with the Authority with respect to any act or omission in contravention of any provision or requirements of these regulations.
2. The Authority shall notify the concerned party of the complaint, which is obliged to provide a response within the timeframe stipulated in the notice.
3. Upon the Authority's reception of the response to the complaint, it may pursue one of the following courses of action:
  - a. issue a notice directing the violator to apply corrective measures.
  - b. render a decision to reject the complaint, provided with appropriate justification.
  - c. refer the matter to the Committee for consideration of breaches under the Civil Aviation Law.
4. If the relevant party fails to respond within the designated timeframe, the Authority will make a decision based on the information currently available.
5. The Committee has the responsibility to examine infringements of the provisions contained within these regulations and to determine any appropriate penalties.
6. The decision made by the Committee will be forwarded to the person in authority for approval.
7. The Committee's decisions may be appealed to the Board of Grievances within the specified period of time from the date of notification to the concerned parties.



# Annexes

### Annex 1 – Categories of ground handling services

Ground handling service categories:

1. Ramp handling includes:
  - a. marshaling the aircraft on the ground at arrival and departure, assistance to aircraft parking and securing including the provision of suitable devices;
  - b. the loading and unloading of the aircraft including the provision and operation of suitable means;
  - c. the boarding and deplaning of passengers and crew including the provision of suitable means or the operation of boarding bridges, where provided;
  - d. the transport of crew, passengers and baggage between the aircraft and the terminal, including the provision of suitable means;
  - e. the provision and operation of suitable ramp equipment for assistance to passengers with reduced mobility;
  - f. the provision and operation of appropriate units for aircraft engine starting;
  - g. the provision and operation of appropriate units for the supply of electrical ground power to aircraft; or
  - h. the provision and operation of suitable equipment for the towing/push-back of aircraft and the communication with flight crew.
2. Passenger handling includes:
  - a. any kind of assistance to arriving, departing, transfer or transit passengers, the operation of a departure control system, checking tickets and travel documents, registering baggage and carrying it to the designated area(s), escorting passengers for operational reasons;
  - b. the provision and operation of suitable means at the airport terminal for assistance to passengers with reduced mobility;
3. Baggage handling includes:
  - a. handling and sorting baggage in the designated area(s), loading it on to and unloading it from the relevant devices with the purpose of moving it from the aircraft to the designated area(s) and vice versa, as well as the transfer of baggage from the designated area(s) to the reclaim area, including the provision and operation of suitable means; or
  - b. loading and unloading of freights, parcels, postal items to and from the passenger aircraft;
  - c. the operation/handling of the baggage reconciliation system.

### Annex 1 – Categories of ground handling services

4. Load control and dispatch includes:
  - a. load planning;
  - b. aircraft weight & balance calculations;
  - c. issuing loading instruction reports, notification to captain and load sheet;
  - d. loading supervision or/and aircraft turnaround coordination;
  - e. preparation of the flight at the departure airport or at any other point;
  - f. messaging and telecommunications, including communication with the flight crew via means of radio; or
  - g. crew administration.
5. Unit load device control includes:
  - a. unit load device serviceability inspection, handling and storage; or
  - b. the provision of adequate and sufficient infrastructure for proper storing, transporting, moving, transferring, build-up and break down of unit load devices.
6. Aircraft servicing includes:
  - a. the external and internal cleaning of the aircraft including the provision and operation of appropriate units or equipment;
  - b. the waste and potable water servicing, including the control of the quality of potable water and the provision and operation of appropriate units and equipment;
  - c. the cooling and heating of the aircraft cabin including the provision and operation of appropriate units or equipment; or
  - d. the removal of snow and ice, the de-icing or anti-icing of the aircraft including the provision and operation of appropriate units or equipment.
7. Into-plane fuel services include aircraft fueling and defueling operations, incorporating the control of the quality and quantity of fuel deliveries and the provision and operation of suitable means and equipment.
8. Representation and supervision include:
  - a. representation and liaison services with local authorities or any other entity, disbursements on behalf of the customer and provision of office space for its representatives;
  - b. any other supervision service before, during or after the flight and any other administrative service requested by the customer.



### Annex 1 – Categories of ground handling services

9. Surface transport includes:
  - a. the provision and operation of suitable means for the transport of crew, passenger, baggage, freights, parcels, postal items between different terminals of the same aerodrome, but excluding the transport between the aircraft and any other point within the perimeter of the same aerodrome; or
  - b. any special transport requested by the customer.
10. In-flight catering services include the transport, loading on to and unloading from the aircraft of catering supplies (food, beverage or other relevant supplies) including the provision and operation of suitable means.
11. Air cargo handling includes:
  - a. loading and unloading freights, parcels, postal items to and from cargo aircraft;
  - b. conducting all activities related to the entry, exit, and transit of various types of freights, parcels, postal items (inbound, outbound, transit);
  - c. sorting freights, parcels, postal items.
  - d. storing freights, parcels, postal items in designated facilities until they are transported for customs clearance, responsibility transfer, or delivery to the final customer;
  - e. timely transportation and receipt of freights, parcels, postal items from cargo handling warehouses to cargo aircraft and vice versa;
  - f. timely transportation of freights, parcels, postal items after sorting, from the external sorting area of the cargo handling company to the warehouses of the cargo village;
  - g. handling all types of freights, parcels, postal items including dangerous goods, subject to obtaining approval to handle dangerous goods as detailed in the regulatory guide;
  - h. balancing and coordinating the cargo aircraft payload;
  - i. management of control loading units for freights, parcels, postal items;
  - j. provision of cargo aircraft services in the freighter yard;
  - k. monitoring transit shipments that are transported without being handled or unloaded from the aircraft;
  - l. consolidation and deconsolidation for freights, parcels, postal items, automating the process, and linking it to the airport;
  - m. providing security escort for high-value goods, freights, parcels, postal items, or diplomatic consignments;
  - n. accompanying freights, parcels and postal items in accordance with relevant laws and regulations;
  - o. receiving freights, parcels and postal items from various modes of transport, including sea, air and land transportation.

### Annex 2 - Categories of air cargo services

#### Air cargo service categories:

1. Freight forwarder services (for cargo facilities) include:
  - a. receiving, handling and completing all customs clearance procedures for goods and shipments within a timeframe specified by the service provider or their authorized representative, except freights, parcels, postal items and the like according to postal law.
  - b. completion of all customs clearance procedures for freights, parcels, postal items as stated above, paragraph (a), by the service provider or his authorized representative.
  - c. handling and storing shipments in warehouses located at the airport including handling dangerous goods, in accordance with the regulation (after obtaining dangerous goods handling approval);
  - d. consolidation and deconsolidation service;
  - e. receiving freights, parcels and postal items from various modes of transport (sea, air, land transport).
2. Express integrated services for transporting parcels and postal items (Shipping facilities):
  - a. receiving, handling and completing all customs clearance procedures for goods and shipments within a timeframe specified by the service provider or their authorized representative, except freights, parcels, postal items and the like according to postal law.
  - b. conducting all import, export, and transit activities.
  - c. consolidation and deconsolidation services.
  - d. handling parcels and postal items including dangerous goods in accordance with the regulation (after obtaining dangerous goods handling approval);
  - e. receiving parcels and postal items from various modes of transport (sea, air, land transport).
3. Regulated agent services and self regulated agent services include:
  - a. providing security checks for all export freights, parcels and postal items and delivering them to airport after the security check.
  - b. preparing documents and requirements for all export freights, parcels and postal items and coordinating all operations related to them;
  - c. consolidation and deconsolidation services.
  - d. pallet construction service (ULD) and sending it to the cargo handling company.

### Annex 2 - Categories of air cargo services

#### Air cargo service categories:

4. Handling freights, parcels and postal items in the bonded zones area (shipping facilities) include:
  - a. receiving, handling and storing all types of freights, parcels and postal items that are in a customs suspension and completing all customs clearance procedures (import-export and re-export)
  - b. receiving, handling all types of freights, parcels and postal items at its stations including dangerous goods that require special approval;
  - c. receiving freights, parcels and postal items from various modes of transport (sea, air, land transport);
  - d. processing and pallet construction service (ULD);
  - e. providing value-added services (packaging, repackaging, refilling).

### Annex 3 – Supporting information required for issuing of economic licenses

#### Ground handling for third parties - license filing requirements

1. An applicant demonstrates compliance with the above requirements by completing the Authority's application form. An explanation of the information required under each section of the application form is outlined below:
  - a. Ownership and Control - applicant is required to state whether it is a sole trader, partnership or an incorporated company. Details on the ownership of the company, names of Directors and Company Secretary also required. Company Legal documents are supplied- i.e., copy of Constitution of the company, Certificate of Incorporation, Certificate of Registration of any trading/business names;
  - b. Nature of Business - applicant states the type of ground handling service to be provided. Schedules to the form are completed and applicant confirms at which airports they intend to operate. In addition, applicants are also required to provide details of any ground handling services to be provided by a subcontractor;
  - c. Operational Experience – number of years of experience providing each of the ground handling services listed under the economic license application, along with the airports where they were conducted and supporting evidence; number of years of relevant experience of key personnel;
  - d. Insurance – proof of insurance with respect to employees, passengers, luggage, freights, parcels, postal items and third parties;
  - e. Agreement with Airport – signed agreement or letter of intent with airport, proving that the ground handling service provider has successfully passed the airport selection process and that it meets the requirements set by the airport;
  - f. Annual Accounts - audited annual accounts for the two most recent financial years are required (if existing company);
  - g. Business Plan - a business plan is required for the first two years of operation. The business plan should include the following particulars:
    - i. detailed description of the applicant's projected activities, including details of any market research undertaken and the basis for projected turnover figures in the plan;
    - ii. projected Profit & Loss Accounts and Balance Sheets (where applicable, a projected opening Balance Sheet should also be furnished);
    - iii. projected statements of monthly cash flows;
    - iv. details of existing and projected sources of finance, including where appropriate, details of the start-up costs incurred and an explanation of how it is proposed to finance the costs; details of the financing of proposed equipment purchase/leasing including, in the case of leasing, the terms and conditions of contract.
    - v. details of any contracts secured to date along with any relevant supporting documentation;
    - vi. details of projected staffing levels.
    - vii. in respect of (i) and (ii) above, all workings and back-up for the figures provided must also be submitted, as the Authority will need to examine how the figures provided have been compiled. Ideally, a breakdown of all projected income/expenditure should be included. An example of some of the detail we expect to receive in respect of the projections is listed in points 8, 9, 10 below:

### Annex 3 – Supporting information required for issuing of economic licenses

- viii. revenue: Details of how income is built-up by contract (signed or projected)
  - ix. expenditure: Salary costs, broken down by staff member/grade/role, Training costs, broken down by staff member/grade/role, Operating costs, such as equipment, fuel, insurance etc. Office costs, such as rent utilities etc.
  - x. statement of confirmation from the applicant's Auditor is required confirming that they are satisfied that the projections and calculations made in the business plan, so far as the accounting policies and calculations are concerned, are properly compiled with accompanying assumptions and are presented on a basis consistent with the accounting policies normally adopted by the Applicant.
- h. Proof of payment of the economic license fee to the Authority.

### Annex 4 - Service level agreement template

The following list is to serve as a template of the contents and indicators that should be included in a Service Level Agreement between the Airport operator and ground handling service providers (GHSP). Each Airport operator must modify to suit the local environment and agree with its users committee. The Airport operator is to submit the final service level agreement to the Authority for their approval and for any subsequent changes.

#### 1. General

- a. On-time performance relating to activities controlled by the GHSP.
- b. Mishandled baggage, maximum allowed [XX] per 1000 bags handled.
- c. Mishandled / incorrect travel documents. In light of aviation security and safety, no allowances will be made for mishandled/incorrect documentation. The GHSP must commit to ensuring that at all times travel documents will not be mishandled and incorrect travel documents will not be accepted in processing passengers.
- d. Cargo mishandled to a maximum of [XX] per 1000 shipments per month.

#### 2. Passenger handling

- a. Queue time
  - i. Queuing time at Ticket Counters to be not more than [XX] minutes - [XX] %
  - ii. Queuing time at First Class Counters to be not more than [XX] minutes - [XX] %
  - iii. Queuing time at Business Class Counters to be not more than [XX] minutes - [XX] %
  - vi. Queuing time at Economy Class Counters to be not more than [XX] minutes - [XX] %
- b. Gate functions
  - i. Gate opened/manned [XX] minutes (international), [XX] minutes (domestic) prior to expected time of departure ("ETD") or scheduled time of department ("STD") - [XX] %
  - ii. Boarding to commence [XX] minutes (international), [XX] minutes (domestic) prior to ETD/STD - [XX] %
  - iii. Passengers not to wait longer than [XX] minutes in the bus prior to departure to the aircraft - [XX] %
- c. Arrival
  - i. Aircraft to be met by passenger services staff when aircraft door(s) open - [XX] %
  - ii. Lost and Found staff to be available before passengers arrive in baggage hall - [XX] %



### Annex 4 - Service level agreement template

#### 3. Ground handling

##### a. Baggage handling - arrival

- i. First bag to be delivered on the carousel within [XX] minutes of the first passenger arriving at this point - [XX] %
- ii. Narrow bodied aircraft - Last bag to be delivered on the carousel within [XX] minutes of the first passenger arriving at this point - [XX] %
- iii. Wide bodied aircraft - Last bag to be delivered on the carousel within [XX] minutes of the first passenger arriving at this point - [XX] %
- vi. Sequence of baggage delivered: first -, business -, and economy class - [XX] %

##### b. Baggage handling - departure

- i. Baggage reconciled as per Baggage Reconciliation System - [XX] %
- ii. Last baggage to be delivered to the aircraft [XX] minutes (domestic) and [XX] minutes (International) after flight closure - [XX] %

##### c. Ground - arrival

- i. Appropriate Ground Support Equipment ("GSE") to be available at the parking bay [XX] minutes before expected time of arrival ("ETA") - [XX] %
- ii. The GHSP to conduct a pre-arrival Foreign Object Debris ("FOD") inspection and clearance of parking bay [XX] minutes before ETA - [XX] %
- iii. Steps / Air bridge to be positioned within [XX] minutes of Actual Time of Arrival ("ATA") - [XX] %
- iv. Buses to be at parking bay within [XX] minutes of ATA - [XX] %

##### d. Ground - departure

- i. Pushback Equipment to be available [XX] minutes prior to STD - [XX] %
- ii. Buses to be available at departure gates [XX] minutes (narrow bodied aircraft) and [XX] minutes (wide bodied aircraft) prior to ETD / STD - [XX] %
- iii. Passenger Assistance Unit ("PAU"), for scheduled passengers, to be available [XX] minutes (narrow bodied aircraft) and [XX] minutes (wide bodied aircraft) and prior to ETD / STD - [XX] %
- iv. GHSP to conduct a full FOD inspection and clear parking bay within [XX] minutes of Actual Time of Department - [XX] %

### Annex 4 - Service level agreement template

- e. Connecting passengers
    - i. The GHSP shall be obliged to arrange the check-in process in such a way that passengers can board their connecting flights with a minimum connecting (transfer passenger) time of at most [XX] minutes - [XX] %
  - f. Safety
    - i. The GHSP must strive to achieve zero incidents of aircraft damage - [XX] %
    - ii. The SHSP must strive to achieve zero Vehicle Equipment incidents / accidents - [XX] %
    - iii. The GHSP must comply with the Air Operator's Airside Safety and the Airport Operator's safety regulations at all times - [XX] %
    - iv. All GHSP staff must comply with the airport regulations - [XX] %
    - v. The GHSP staff must comply with the Personal Protection Equipment regulations at all times - [XX] %
4. Airport services parameters

The agreement between the Airport operator and the air cargo service provider shall stipulate the following terms:

- a. scope of work: defines the nature and scope of the work provided by the service provider;
- b. performance commitment: outlines the service provider's adherence to the main performance indicators, considering the requirements laid out in this regulation;
- c. approval and review procedures: details the procedures for reviewing and approving engineering designs, construction plans, and specifications, with work inspection to be carried out within 30 days;
- d. facility access: ensures that the area allocated to the service provider has a direct entrance to the aircraft yard or is connected through a corridor;
- e. service continuity: describes the service provider's obligation to meet actual demand and ensure uninterrupted provision of service to all beneficiaries;
- f. oversight rights: affirms the Authority's right to monitor progress and the airport operator's right to take reasonable measures to ensure proper service provision in accordance with legal and contractual requirements;
- g. reporting requirements: commits to provide information and reports on the service provider's technical and financial operations, with performance indicators to be reviewed annually;
- h. financial guarantees: specify the financial guarantees, to be provided by a licensed bank under the supervision of the Saudi Central Bank;

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- i. insurance obligations: identifies the insurance policies that the service provider must maintain, provided they are from a company licensed by the Saudi Central Bank.
- j. penalties and liabilities: determines fines and liabilities in the event of breach or termination of the contract, ensuring that performance standards are included;
- k. rent and additional costs: states the rental cost and any resulting additional fees or charges;
- l. provider-beneficiary relationship: outlines the regulations governing the relationship between service providers and beneficiaries.

### NOTE:

The table below presents a number of examples of Key Performance Indicators that can be used to measure service levels for activities conducted by or provided by a GHSP. Some of these may need to be modified to suit the local operating conditions.

Indicators	Measure	Objectives
Airside Vehicle Operation training	<ul style="list-style-type: none"> <li>• All staff trained when starting work</li> </ul>	<ul style="list-style-type: none"> <li>• [XX] %</li> </ul>
Emergency training (including handling of fire extinguishers)	<ul style="list-style-type: none"> <li>• All staff trained before starting work</li> </ul>	<ul style="list-style-type: none"> <li>• [XX] % of new employees</li> <li>• [XX] % of current employees</li> </ul>
Compliance with operating procedures involving baggage rooms (arrivals and departures)	<ul style="list-style-type: none"> <li>• Number of accidents involving staff/Vehicles</li> <li>• Number of blockages</li> <li>• Action taken during blockages</li> <li>• Number of offences</li> </ul>	<ul style="list-style-type: none"> <li>• [XX]</li> </ul>
Procedures for removing outdated Equipment	<ul style="list-style-type: none"> <li>• Number of complaints received</li> <li>• Non-compliance during inspections/audits</li> </ul>	<ul style="list-style-type: none"> <li>• [XX]</li> </ul>

## Annexes

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Procedures for processing garbage airside (including sanitary and dangerous goods)	<ul style="list-style-type: none"><li>• Non-compliance during inspections/audits</li></ul>	<ul style="list-style-type: none"><li>• [XX]</li></ul>
Safety procedures (wearing of vest, procedure for working at height, etc.)	<ul style="list-style-type: none"><li>• Number of complaints received</li><li>• Number of incidents/accidents</li><li>• Non-compliance during inspections/audits</li></ul>	<ul style="list-style-type: none"><li>• [XX]</li></ul>
Use of Equipment for common use	<ul style="list-style-type: none"><li>• Number of complaints</li><li>• Non-compliance with use procedures</li></ul>	<ul style="list-style-type: none"><li>• [XX]</li></ul>

### Annex 5 – Business plan requirements for third-party ground handling

1. All undertaking must provide the Authority with a business plan covering the first two years of operations including:
  - a. detailed description of the applicant’s projected activities, together with the basis for the projected turn-over figures in the plan;
  - b. projected profit & loss accounts, and balance sheets;
  - c. projected statements of monthly cash flows;
  - d. details of existing and projected sources of funding;
  - e. details of any contracts secured to date along with any back-up documentation;
  - f. details of projected staffing levels.
2. For existing undertakings, in addition to requirements in Paragraph 1 above, the Authority must also be provided with audited annual accounts for the two most recent financial years.

### Annex 6 – Operational data record requirements

1. All air cargo service providers shall maintain a dedicated register to record operational data as determined by the Authority, requirements of international agreements to which the Kingdom is a party, and the recognized standards in the air cargo sector.
2. The register as stated in Paragraph 1 above shall, at a minimum, include the following information:
  - a. import, export, and transit volumes;
  - b. transit volume types (transferred, in-aircraft transit, aircraft-to- aircraft transit);
  - c. volume data by airport;
  - d. volume data by port of entry and port of exit;
  - e. commodity types according to IATA definitions;
  - f. volume data by air carrier (entry & exit);
  - g. timing information;
  - h. abandoned list and inventory;
  - i. warehouse capacity information;
  - j. percentage of area utilization;
  - k. detailed information on fees charged;
  - l. type of aircraft (belly/freighters);
  - m. volume and number of consolidated freights, parcels and postal items;
  - n. transit service information (road-air) or (air-land);
  - o. percentage of all types of inspections (electronic - manual);
  - p. percentage of freights, parcels and postal items inspected by explosive trace detection;
  - q. percentage of goods not subject to inspection;
  - r. percentage of risk matrix application.
3. All ground handling service providers shall maintain a dedicated register to record operational data as determined by the Authority, requirements of international agreements to which the Kingdom is a party, and the recognized standards in the ground handling sector.



### Annex 6 – Operational data record requirements

4. The register as stated in Paragraph 3 above shall, at a minimum, include the following information:
  - a. passenger, freights, parcels and postal items handling volumes;
  - b. handling volumes by airport;
  - c. handling volumes by point of origin and point of destination;
  - d. number of flights handled (commercial, private);
  - e. types of services provided;
  - f. timing and scheduling information;
  - g. detailed information on fees charged for each type of service;
  - h. equipment inventory and utilization rates;
  - i. number and type of incidents (delays, damages, losses);
  - j. staff training and certification records;
  - k. records of compliance with safety and security regulations;
  - l. information on subcontracted services and the volume thereof;
  - m. environmental performance data (waste management, fuel consumption, etc.).



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