Formula 1 and MotoGP Supply Chain Interruptions in the 2022 Season!

TRANSPORTATION & LOGISTICS LESSONS TO BE LEARNED

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Formula 1 and MotoGP: The "Race Before the Race"

In 2022, the Formula 1 calendar scheduled a record-setting 23 races (before the cancellation of the Russian Grand Prix); the 10 teams will visit 20 different countries, hopping between different continents no fewer than 10 times, sometimes within the span of a week.

DHL, the Official Logistics Partner of Formula 1 since 2004, reports that in 2018, the Formula 1 calendar involved 660 tons of air freight, 500 tons of sea freight, and 131,995 km of air travel using six Boeing 747 planes. Each team reportedly required an average of 40–50 tons of freight and 10,000 kg of electronics, in addition to 30 freight containers of hospitality equipment and 150,000 kg of broadcasting equipment.[1]

MotoGP has also scheduled a record-setting 21 races over the course of the 2022 season, spanning a similarly all-reaching geographic scope. DHL has also been the Official Logistics Partner of MotoGP since 2014, and it manages the logistics for MotoGP, Moto2, and Moto3. For back-to-back race weekends, there are 36 hours to move every piece of equipment from one race venue to the next. DHL calls this the "*race before the race.*"[2]

But what happens when the logistics crash? Is it a high side – which whips the rider into the air, only to crash down at high speed? Or a low side – a slow-moving crash where the bike lays down, and the rider often moves the bike away in a long, steady slide…?

We conclude that it is the sophisticated and timely logistics behind the scenes which actually drive these high value, high paced prestige motorsports. The transportation & logistics providers for Formula 1 and MotoGP, without a driver's or constructor's championship to fight for, are the true unsung heroes of international grand prix racing: those who manage the logistics of transporting by air, land, and sea across continents every piece of race equipment, safety equipment – including the BMW X5M safety car, to racing suits and driver helmets – to pit crew headsets, broadcasting equipment, and everything else needed to run a successful race weekend.

This article will explore a number of recent logistical issues faced by racing series such as Formula 1 and MotoGP. How do these series prepare for and respond to these issues? What lessons might be learned?

Russia's Invasion Forces Condensed MotoGP Weekend

Six weeks ago, mechanical issues with cargo planes caused a significant disruption to the 2022 MotoGP grand prix weekend in Argentina – the country's first since the outbreak of the pandemic. After the Indonesian Grand Prix on March 20, 2022, five cargo planes were scheduled to fly the MotoGP cargo for the next race weekend in Argentina.

However, two of the five cargo planes suffered separate mechanical issues, delaying freight from arriving in Argentina until the Friday of the race weekend.[3] MotoGP organizers reported that Russia's invasion of Ukraine and the ensuing loss of Russian haulage companies – estimated at 20% of previously available flights – exacerbated the issue.[4]

In response, MotoGP rescheduled most of its usual Friday events to Saturday, with qualifying pushed later in the day, to allow for the race to run as scheduled on Sunday. MotoGP advertised this change as a new "challenge" for the teams and drivers, referring to the amplified Saturday schedule as "Super Saturday."[5]

Sadly, transit from Argentina to the subsequent race in Austin, Texas, faced further issues. A police officer escorting MotoGP freight from the Argentinian track to the nearest airport was reportedly killed in a traffic collision, and two of the flights were delayed or their contents shuffled before reaching Texas.[6]

LONG-TERM BUSINESS RELATIONSHIPS MUST BE BASED UPON MUTUAL RESPECT, AND GIVE AND TAKE.

When the Plan Fails for Haas: Making Up for Lost Time

Formula 1 also incurred unexpected delays. Following an initial February 2022 "Pre-Season Track Session" in Barcelona, the 10 Formula 1 teams, each with two brand new race cars, arrived at the Bahrain International Circuit in Sakhir to officially open the Formula 1 season with pre-season testing in March 10-12, 2022.

At least, that was the plan...

Unfortunately for the Haas F1 Team, key racing equipment, including car components, were delayed and arrived in Bahrain 48 hours late. The cargo plane scheduled to fly Haas's equipment from the United Kingdom to Bahrain was grounded in Istanbul, Turkey due to technical issues.[7] Haas faced potentially missing out on crucial testing time before the season opener on March 20.

How did this happen? Why was Haas the sole team affected? And most importantly, how did Formula 1 and the teams deal with this challenge?

Overcoming Delays and Objections

Formula 1 chartered air carriers to transport the seven U.K.-based teams' cargo between England and Bahrain. However, one of five Formula 1 air carriers was delayed, affecting only Haas.[8] The other six Formula 1 teams were unaffected. Journalists and team bosses explained that the issue was one of "*force majeure*."[9] We have written previously on this topic in this Column: a "*force majeure*" clause is commonly found in contracts, where one or both parties will be relieved of their obligations or liability under the contract in the event of an extraordinary occurrence, such as wars, riots, epidemics, etc.

We enjoyed watching Formula 1's response to Haas's objection to losing its testing time due to the delay. Because the flight was chartered by Formula 1, the series' organizers ultimately accepted that Haas's cargo delay was not the team's fault. Formula 1 accordingly permitted Haas to make up the lost time in evening test sessions (albeit only after objections from opposing teams to alternative plans).[10] Haas went on to impress, setting the fastest lap of the second day of testing during their extra time,[11] and ultimately earning a strong finish in the season's opening race the following weekend.

The Inevitability of Shipping Delays for Prestige Motorsports

When Not by Sea then by Air

In April 2022, a shipment by sea transporting equipment for three Formula 1 teams was delayed on its way to the Australian Grand Prix in Melbourne. The delay was resolved when DHL arranged for the freight to be transferred from the ship in Singapore and flown directly to Australia.[12] The increase in cost must have been offset by avoiding the repercussions of delay.

Intercontinental Triple Header – Bad Weather in 2021

The 2021 season featured a triple-header spanning three continents in three weekends, from Mexico to Brazil to Qatar. Cargo delayed by bad weather enroute from Mexico to Brazil affected all teams. In response, Formula 1 alleviated the effects of the delay by waiving the usual curfew on teams building cars and adjusting standard inspection timelines.[13]

Overcoming Brexit

Brexit reportedly caused additional challenges, with teams and logistical partners faced with new customs procedures and fees when crossing the border. For instance, moving motorsport vehicles from the United Kingdom – where most Formula 1 teams are based – to Europe now requires an international customs document known as an "ATA Carnet" in order to avoid unnecessary duties and taxes.[14]

The Pandemic

The outbreak of the COVID-19 pandemic of course required a significant response. For example, when the season-opening 2020 Australian Grand Prix was cancelled at the last minute and the entire season's calendar thrown into abeyance, DHL placed equipment in four "strategic hubs" located in the United Kingdom, Canada, Dubai, and Vietnam,[15] prepared to reach any race circuit in the world within 10 days upon the announcement of a new calendar.[16]

By Sea, Air, and Truck: From North Carolina to Europe and Beyond

Due to Formula 1's heavy European presence, European races are generally supplied through road freight and effectively serve as "home" races for the teams. For some journeys, such as from Portimão, Portugal to Imola, Italy in May 2021, each truck is operated by consecutive double crews who take turns sleeping so that the truck continues its journey, while the drivers meet their hours-of-service requirements.[17]

Races outside of Europe are commonly referred to as "flyaway races" for logistical purposes and create much greater challenges in transportation. As of 2019,[18] five sets of shipping containers were used to ship "non-critical" race equipment such as kitchen equipment and hospitality items by sea, with certain sets being reused during different geographic legs

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of the season. Meanwhile, "critical" race equipment is flown by cargo planes to each race, carrying the likes of pit stop equipment and enough car components for each team to build three race cars. The United Kingdom-based teams will typically "plane-pool," as will the three continental European teams.[19]

In addition to DHL's motorsport services, there are other transportation and logistics service providers. For example, in January 2022, Ferrari entered into a multiyear partnership with French company CEVA Logistics for sea and road freight,[20] replacing UPS, who had been Ferrari's partner for nine years.[21] Alpha Tauri recently partnered with Hong Kong-based Flex Box.[22]

Haas is the only U.S.-based Team

Haas is the only team whose primary headquarters are not located in Europe. Of the nine other teams, six are based in the United Kingdom, two in Italy, and one in Switzerland. Haas, on the other hand, is based in North Carolina in the United States. Given approximately half of each season's races take place in Europe, and only five of this year's races take place in the Western Hemisphere (two in the United States and one in each of Canada, Mexico, and Brazil), Haas is at a geographic disadvantage in terms of moving their equipment and personnel from home to the race.

To compensate, Haas also owns a base of operations in Banbury, England, which it purchased from the defunct Marussia F1 Team.[23] This base serves as the team's European hub, from which it supplies most of the races. No doubt, if Haas did not own its Banbury location, the logistical challenges of supplying and transporting to the series' numerous European and Middle Eastern races would be even more pronounced.

Industry Insight

As the costs of transportation & logistics services continue to climb, DHL's Vice President of Motorsport Logistics, Paul Fowler, has referred to what has become *"almost a bidding war"* in shipping rates.[24]

Guenther Steiner, team principal for the Haas F1 Team, states he expects shipping delays will be inevitable and fall beyond the control of Formula 1 or the teams.

"[I]t's one of those things that are just out of [your] control," he said recently. *"As long as you don't get your own planes, you're always counting on other people to help you out."*[25]

Final Word: The Importance of Strong Logistical Relationships

Long-term business relationships must be based upon mutual respect, and give and take.

After reviewing the transportation & logistics events in prestige motorsports, we conclude that issues are inevitable, but a longstanding and dedicated partnership based upon mutual respect will enable each party to work together to resolve issues without significant legal conflict. PMC

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