

Air cargo drives ahead in specialist automotive market

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By Mike Bryant



Source: Emirates SkyCargo

Companies involved in the transport of automotive vehicles and parts offer a range of services to cater for varying types of demand.

There are many links in the automotive supply chain: the business of moving both finished vehicles and car parts around the world.

At the heart of the process, of course, are the freight carriers and amongst the many airlines that fly cars and automobile parts around the world is Dubai-based Emirates SkyCargo.

With regard to car parts, these usually fly as general cargo (though occasionally as dangerous goods, depending on the nature of the parts), and the carrier has several routes on which it frequently flies automobile parts, amongst them Thailand to Hong Kong and Germany to the UAE.

With regard to finished vehicles, Emirates SkyCargo carries these on a regular basis from both Dubai International and SkyCentral at DWC (Dubai World Central), Emirates' Dubai air hubs.

It has flown cars for global events or for private owners who want to bring their car with them on holiday.

Many of them are supercars but many of them are just "regular" cars, informs Dennis Lister, Emirates SkyCargo vice president cargo commercial development.

Some of the vehicles the carrier has flown in recent few months have included cars at the far end of the cost spectrum, as well as some very rare vehicles, which need a lot of care and attention in their loading and unloading.

"We're accustomed to handling Ferraris," for instance, he notes.

Indeed: "Recently, we flew a Ferrari Dino 246GT as well as a Ferrari Monza SP1 and a Ferrari SF90.

"We've also flown a number of Koenigseggs in the last six months and transported a Pagani Zonda S and we regularly see McLarens, Rolls-Royces and Lamborghinis arriving at SkyCentral for loading on to our fleet."

Specialised product

"Considering the cost of car rentals in Europe and the US this summer, we have seen a lot of interest in Emirates Wheels, which is a specialised transportation product for automobiles," Lister says.

"It provides customers with a complete transportation solution for vehicles such as classic, luxury and sports cars, across our network of over 140 destinations."

Customers can choose between Emirates Wheels Premium and Emirates Wheels Advanced.

The customisable Premium product package covers door-to-door transportation of the vehicle from select origins and destinations.

It includes collection of the vehicle from its home and delivery overseas, in addition to export and import Customs clearance processes for the vehicle at both ends of the journey.

Additional road and transport insurance is also available under the Premium option.

Emirates Wheels Advanced offers seamless airport-to-airport transportation for automobiles.

Emirates SkyCargo offers complete round-trip handling of vehicles under both Premium and Advanced products.

It has a trained, dedicated pool of Car Loading Specialists who ensure all vehicles are loaded and offloaded safely from the aircraft in accordance with all Emirates' standards and procedures.

Emirates SkyCargo uses reinforced airline pallets classified as PMH standard to ensure appropriate weight distribution across the base of the pallet and the aircraft floor for its car shipments.

Emirates SkyCargo transports an average of about 60 cars a month. European destinations are most regularly served for complete automobiles, including the UK, Germany, the Netherlands and Italy; elsewhere, Mexico and India are also important markets for its car moves.

Depending on the technical specifications of the car, the vehicle might fit onto a lower deck, in which case the flights will leave from SkyCentral at Dubai International.

Some passengers fly on the same aircraft and can watch their car being loaded onboard from their seat.

Emirates SkyCargo freighters, which operate from DWC, can take vehicles such as 4x4s and bigger types.

Complete vehicles are classified as dangerous goods for air transport, and all such shipments undertaken by Emirates SkyCargo will meet all of the provisions of IATA's Dangerous Goods Regulations, Lister confirms.

Handling automotive loads

Another link in the supply chain for automotive logistics is the ground service providers (GSPs) that handle these particular consignments.

Guillaume Crozier is senior vice president, UAE cargo, for dnata, the air services provider that forms a part of the Dubai-based Emirates Group.

He notes that dnata, like Emirates as you would expect, handles a diverse range of automotive-related cargo, including sports cars, classic cars, racing cars, luxury cars, collector cars, vans, trucks, sports utility vehicles (SUVs), motorcycles and commercial vehicles on a regular basis.

Every year, it ensures the safe handling of a number of Formula 1 and Formula 2 racing cars for the Abu Dhabi Grand Prix.

dnata teams in Dubai recently handled 'Eleanor', the 1967 Mustang Shelby GT500 car that was featured in the *Gone In 60 Seconds* movie.

Eleanor was handled safely and efficiently through dnata's Appointment and Dock Management (ADM) process, Crozier says.

dnata also recently handled 20 ambulances at DWC that were being moved on a charter flight to Poland. The vehicles were transported in an An-124 aircraft.

Most of the automobiles that dnata handles are transported on scheduled freighters or on cargo charters, the vast majority of them flying through DWC.



Source: dnata

“The airport’s strategic location and our advanced facilities and innovative solutions offer world-class value proposition for customers,” Crozier declares.

Like everything else, the Middle East automotive market has been adversely affected by the pandemic but is expected to return to growth by 2023, Crozier believes.

“And as the second-largest automotive market in the GCC [Gulf Co-operation Council] region, the UAE market will contribute significantly to this growth.

“The demand for auto spare parts in the UAE is also expected to remain robust as a result of population growth and continued growth in automotive sales.”

As well as complete automobiles, dnata also handles automotive spare parts throughout the year.

Before and during auto shows and races, it will see increased demand for its automotive-related services, which involve the dnata team initially checking the compliance of all documents, including the shipper's declaration and insurance documents, against all relevant rules and regulations.

A specialised team then completes all required airport security and dangerous goods pre-checks.

Finally, dnata handlers load the vehicles on specialised unit load devices (ULDs) from specialised automated road feeder service docks, before an aircraft ever leaves the tarmac.

Driving forward

The role of the forwarder in the automotive logistics business should not be forgotten. Kuehne + Nagel (K+N), for example, handles all types of vehicles and auto parts on a regular basis.

According to Achim Glass, the forwarder's global head of automotive and new mobility: "For decades, K+N has been the manufacturing supply chain partner of preference for many of the world's most innovative car makers and suppliers.

"Besides our strong expertise for these just-in-time supply chains, we established an efficient airfreight network for the aftermarket, which accounts for approximately 30% of our total automotive volume."

Depending on the K+N customer, the automotive freight is flown via a special service such as consolidated cargo for service parts or K+N's popular next flight out option Quick Time Critical in the case of risk of a production line stop.

"To move finished vehicles by airfreight has been a speciality of K+N for almost 10 years now," says Glass.

"To successfully operate in this niche, we established finished vehicle logistics competence centres in all the automotive hot spots around the world, such as Japan, China, Germany, the UK, the US and Mexico.

"In those locations, we have dedicated staff who complete specific training that is refreshed every two years.

"We handle finished vehicles under K+N control as much as possible to protect the integrity and limit the number of touch points.

"Where we use the services of third parties, we ensure these work to the same standards as we do and work with fully approved and audited partners only."

For traditional cars, chassis and engine parts and components typically move by road or rail or seafreight, because they are very heavy and bulky and must reach assembly lines as cost-efficiently as possible.

But weight alone does not automatically segment the bill of material into modes of transport.

For example, despite being heavy in weight, K+N has specialised in moving items such as gearboxes and the electric drive (i.e. rotor, stator, electric engine, electric speed box) of new electric cars, as well as complete engines and transmissions, by airfreight across continents.

Overall, though: “There is no limit to which parts and components we transport,” Glass continues.

“KN is flying automotive product to over 50 countries worldwide, as we are very active in the spare parts business, supplying global dealerships with warranty parts and components.

“A single key account (means) customers entrust us with shipping anything from 5,000 tons to over 50,000 tons per annum.”

He adds: “Traditionally, the airfreight supply chains worked like clockwork and were characterised by reliable forecast accuracy and stable volumes throughout the year with hardly any volume peaks.

“But, today, the unprecedented volatility and changing market conditions demand a significant higher manual intervention from our operators.

“Flight cancellations driven by the multiple supply chain disruptions like Covid-19-related workforce restrictions for ground handling impose a significant risk for unwanted production down time and therefore have been a challenge for every player along the supply chain, for example.”

Charters

As alluded to above, when scheduled services are not a sufficient solution for automotive shippers, an alternative is available: a charter.

And, indeed, automotive logistics is an important part of many cargo charter brokers' business – at least, it is for Air Charter Service (ACS).



Dan Morgan-Evans. Source: Air Charter Service

Dan Morgan-Evans, ACS Group's cargo director, confirms that it is a buoyant market right now for ACS, particularly in Europe and North America.

While the broker does handle complete cars on occasion ("the exception rather than the rule"), its more regular automotive business takes the form of parts being shipped in order to keep car makers' production lines in operation.

Because the car makers operate on a just-in-time (JIT) basis, when something goes wrong, they might not have the stocks to deal with the problem on hand – and while a charter can be expensive, it is nothing compared to the cost of a stalled production line.

Those problems can range from the failure of components on a production line to parts not being received due to supply chain problems – which in turn might be the result of a wide range of factors, such as congestion at one or more links in the supply chain, a shortage of truck drivers, problems at border crossings or the current shortage of semiconductors in the market.

For ACS, "No charter is run of the mill", Morgan-Evans stresses, and automotive logistics charters tend to be particularly time-sensitive, he points out.

“That puts stress on the broker, but that is only because there is stress on the customer to get their production line up and running as quickly as possible.

“So we have to get everything right, all our processes will be geared to be efficient and speedy.”

The aircraft involved are likely to be small – perhaps Cessnas, Saabs or Metroliners in Europe or slightly larger aircraft for North/Central America.

“But the processes are the same,” Morgan-Evans says.