5th anniversary

Tankcontainer MAGAZINE

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General Manager Georgy Annish discusses the opportunities open to Qatar-based Black Pearl Logistics

inside

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The Middle East – growth or grumble

This issue focuses on tank container opportunities in the GCC (Saudi Arabia, UAE, Oman, Bahrain, Kuwait, Qatar), shares the thoughts of Trifleet – the world's largest owner-managed tank container leasing company – on the past and future development of the tank container industry and, in a detailed financial analysis, shows Bulkhaul's operating profit in their latest financial year to be by far the best among the main operators. Operating profits were nearly twice that of market leader Stolt Tank Containers and more than double that of Warren Buffet's Berkshire Hathaway Group, owner of top lessor Exsif Worldwide.

First though, what do we make of the GCC's tank container prospects? Saudi Aramco's $111bn net profit in 2018 – twice that of Apple – makes it the world's most profitable company. It provides feedstock advantage for the region in certain value chains, a fact not lost on INEOS, whose first investment in the region was announced this month. Three world-scale plants will be built in Jubail as part of a $4bn downstream derivatives and speciality chemicals complex that will receive feedstock from Project Amiral, the planned $5bn Aramco/Total petrochemical complex.

Aramco's profitability is driven by its low cost ($2.80-a-barrel) crude oil production, which is a quarter that of other international oil majors. The average selling price is $60-a-barrel. Aramco's IPO has been delayed to 2021 and, if it proceeds, aims to raise $100bn by selling 5% of Aramco's shares. This suggests a fanciful target valuation of $2,000bn – *Tankcontainer Magazine*'s price/earnings-based valuation suggests a much lower figure of $1,223bn, a Discounted Cash Flow valuation suggested $880bn while an income-based valuation, assuming all free cash flow is distributed as dividends, put the valuation at $1,100bn.

Aramco recently spent $69bn buying 70% of SABIC, Saudi's state petrochemicals company, the fourth largest globally and a major tank container user. The move reinforces Aramco's strategy of expanding its chemicals footprint.

All the major tank container operators, with the exception of Bulkhaul, have now established GCC joint ventures or subsidiaries. Stolt has a long-established operational presence which includes their Saudi-based Sahreej and UAE-based JTS depot joint ventures. Globally, Stolt Tank Containers' shipments fell by over 8% in Q1 compared with Q1 2018, the largest quarterly fall for at least eight years. Q1 operating profit was the lowest since Q3 2017, despite the margin pressure caused by an oversupply of tank containers, and smaller operators entering the market, being 'contained'.

Although several operators have a slice of Sadara's tank container opportunities, Hoyer appear to have been the more successful at leveraging their local presence. Its joint ventures with Globe Marine in Saudi Arabia (focused on liquid bulk transportation and solid product handling) and with Petrochem Middle East and Al Fahdah Arabian Trading Company (creating the first Saudi company offering independent drumming, blending and small bulk storage) have worked effectively. SabTank/Vopak is another big winner.

Aldrees Bertschi's terminal and cleaning facility is now established in Jubail and stores Sadara's empty tank containers. Some claim Saudi transportation rates have increased; others cite poor rates and late payments - both may be right. The Den Hartogh/Crescent Transportation depot now exists in Jubail but is not technically complete. When open, it will inevitably take business from Globe Logistics and Sahreej's, some say, over-sized depot in Jubail.

Suttons has a good joint venture partner in Saudi but seem to have lost momentum – a planned major regional depot was cancelled because of the insufficient scale of the local business and, apparently, because of a substantial and unexpected cash call from its Asian business.

Sahreej, Jubail now offers full-service off-hires for leased equipment and enjoys custom from lessors like Compass. Previously, off-hired equipment had to be repositioned to Europe or Singapore for full-servicing. JTS's new depot in Sohar, Oman will open soon while Dubai-based RSA-Talke now offers impressive tank container facilities.

More generally, debt-strapped HNA has taken Seaco off the market after failing to agree a valuation of over $1bn with potential suitors, said to include Apollo, China Cinda, I Squared and SMFG.

For some GCC tank container operators, the blind optimism of five years ago is proving to be a mirage. For others, who understood the opportunities more clearly, the region is yielding dividends.

Leslie McCune, Editor

Vervaeke acquires tank container specialist Jan Dohmen

Family owned company Jan Dohmen has developed since it was founded in 1912 in Herkenbosch, The Netherlands, into an important European intermodal logistics service provider in bulk liquid and gasses.

Jan Dohmen possesses a fleet of over 700 tank containers and is specialised in intermodal, deepsea, gas and on-site logistics.

Jan Dohmen represents a turnover of above €20 million and 70 employees in several locations. In Herkenbosch, the company runs an important storage site and maintenance centre. All directors and staff remain onboard.

Vervaeke reaches, after the takeover, a turnover of €140 million with a fleet of 750 trucks, more than 1,000 tank trailers, 750 tank containers and a team of 950 employees.

The group offers tank transport out of thirteen sites spread around the Benelux, France and Germany and is focused to deliver demanding logistics services to the chemical and petrochemical industry.

A continued process of both technical innovation and professionally trained local staff secures these services. Thanks to its great expertise Vervaeke stands for an advanced specialisation and tailor-made solutions.

Jan Dohmen also emphasises know-how and customer satisfaction, though targeting mainly multimodal services, by rail or by boat.

Jan Dohmen provides through its motivated and local staff a large range of services with added value, offering to their faithful customers in the chemical sector an adapted logistic response.

These activities and their strong reputation represent the key elements for the strategic acquisition.

Vervaeke has already doubled its core business through a former takeover, transport company van der Lee in 2017, and as a result has extended its geographical presence in the biggest chemical cluster in Europe.

Thanks to the acquisition of Jan Dohmen, Vervaeke is able to offer intermodal tankcontainer transport.

"Unaccompanied transport to destinations faraway gives an additional asset to guarantee our continuity of services taking into account the shortage of drivers, traffic congestion and upcoming climate awareness", says Frederic Derumeaux, CEO of Vervaeke.

"This takeover fits perfectly in our strategy to offer to our demanding customer base more flexible and quality solutions in logistics."

The former owners of Jan Dohmen, Joost Sonnemans and Roel van Heugten, are equally pleased with this development and look forward with confidence.

They said: "Thanks to the market intelligence and the customer base of Vervaeke we are convinced a lot of possibilities lay ahead to expand our specific services."

'Solid' balance sheet for Hoyer

Hoyer, the international logistics specialist, closed the 2018 fiscal year with a solid balance sheet and an exceptional credit rating.

With a turnover of €1.167 billion, the equity ratio rose to 44 per cent (previous year: 41 per cent). The result before taxes on income was €40.218 million. A stable financial situation enables the family business to continue its digitalisation strategy at a high level of investment. The current fiscal year's budget is €173m, the highest in the company's history.

Whereas investments undertaken in 2018 to replace and expand transport equipment and to modernise the tank container fleet amounted to €83.9m, the Hamburg-based logistics specialist has doubled the investment volume for 2019. The planned investment package is

distributed across the areas of business development, fixed assets, acquisition and replacement investments together with further development of the Smart Logistics digitalisation strategy.

As explained by Thomas Hoyer, Chairman of the Advisory Board, who was awarded the 2018 Hamburg Founder's Prize for his lifetime's work: "We will also use the 2019 investment budget to determinedly achieve further expansion of Smart Logistics and Supply Chain Services – and thus of our competitive advantage."

Digitalising the tank container fleet took another step forward in 2018, and more than one third of the containers have already been fitted with telematics to convert them into Smart Tanks.

Further measures were also initiated in the Added Value Services area. The Digital Supply Chain is part of an overarching digitalisation strategy being followed up consistently.

According to Ortwin Nast, Chief Executive Officer: "We recognised the growing demand for specialised logistics services extending beyond transport. So that's exactly where we are targeting our logistics solutions by giving large parts of the supply chain structure a transparent image – worldwide and at all times."

At an international level, the group positioned itself in the Asian region in particular. The Supply Chain Solutions (SCS) business line undertook additional on-site logistics activities by offering added value services at the industrial location of Shanghai. Moreover, HOYER further expanded its transport activities in China, and also built a corresponding foundation on the fifth continent by creating the HOYER Logistics Australia joint venture. The central business units in this development are Deep Sea and Chemilog. Both business areas recorded slight turnover growth in 2018, and together they ensured 58 per cent of group turnover.

The Petrolog business unit contributed 24 per cent of total turnover in the past fiscal year. Despite a 7.2 per cent drop in turnover, a strategically important field was opened up further in 2018 by supplying fuel to airports and aircraft in Europe. The Gaslog business unit, which earned 10 per cent of total turnover, recorded 4.5 per cent turnover growth. The transport logistics business with industrial, chemical and special gases developed satisfactorily, especially in Germany and the Netherlands.

An 8 per cent proportion of total turnover was contributed by the Netlog business unit, which is responsible for worldwide container management and technical services such as cleaning and maintenance, as well as depot services.

The most significant turnover growth was shown by the IBC business, where an acquisition in 2017 had a considerable effect, and the market showed a sustained positive trend.

Liquid CONcept expands fleet of heated IBCs

Earlier this year, Hamburg-based liquid logistics company Liquid CONcept announced it is investing a further €500,000 to once again expand its fleet of heated intermediate bulk containers.

As a result, the transportation specialist boasts some 1,500 units of this kind. These heated and fully insulated containers are used chiefly for the transportation of temperature-controlled liquid foodstuffs, such as edible oils, fats, and couverture chocolate. With a capacity of 1,000 litre, these small containers are also suitable for storing liquid products.

With this fresh investment, Liquid CONcept is responding to increased demand for food transportation in small containers. The cutting-edge technical specifications of the containers can be individually modified in line with customer requirements.

"This new investment in our fleet of small containers enables us to respond even more flexibly to strong demand for liquid logistics," explains Ulrich Schnoor, Managing Director of Liquid CONcept. "We are therefore expanding our core operations and are able to handle even greater volumes."

The 100 new containers have already been leased to customers. Food manufacturers primarily use the IBCs for the transportation and storage of liquid foodstuffs. These small units are also used whenever tank containers or tank trucks cannot be deployed.

The new small containers are being used chiefly by the food-processing industry across Europe.

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LEO award for Leschaco owner Jörg Conrad

Jörg Conrad, owner and CEO of the Leschaco Group, received a the LEO Award 2019 in the category "Logistical lifetime achievement" at a festive gala attended by 350 top-class representatives of the transport and logistics industry.

LEO stands for Logistics Excellence Optimisation", a personal award for outstanding achievements in logistics.

There are no longer too many medium-sized players in the international freight forwarding and logistics industry which can still play in the top league. One is Lexzau Scharbau, from Bremen, better known as Leschaco.

Founded in 1879, the company is today one of the ten largest sea freight forwarders in Germany. And in chemical logistics it is a global top player. Over the past four decades, CEO and owner Jörg Conrad has made this his mission.

DVZ honours this life's work with an LEO award and was explained by Sebastian Reimann, deputy editor-in-chief of DVZ in his laudation.

"Born in 1954, he began his career after completing an apprenticeship as a banker in 1976 in the Berlin operations of Anker Schiffahrts-Gesellschaft, a member of the Leschaco Group. In 1980 he was overcome with wanderlust. He wanted to get to know the world, which he did over the next five years.

"The stations: USA, Brazil and South Africa. In 1985 he returned to Germany. In the same year, his father, the then company director, passed away. For Jörg Conrad, this meant assuming responsibility early on.

"In 1986 he was given power of attorney, and in 1988 he became managing partner. Since 1992 he has been the sole owner of the group of companies.

"Under his leadership, Leschaco has become an international logistics company – with more than 2,500 employees in over 70 offices in more than 22 countries.

"The product range was expanded to include contract and tank container logistics. However, the core business remains international forwarding, in line with Leschaco's motto 'Forwarding is our passion'."

Jörg Conrad is not afraid of the fact that business is changing rapidly – in short, digitalisation. Early on, he established a globally uniform IT landscape at Leschaco. At its headquarters in Bremen, the company employs more than 20 software developers and founded Logward, a digital start-up, last year.

Excellent employees and interpersonal communication are and will remain the A and O for the LEO winner.

"Because robots cannot make strategic decisions, they can only implement them," he emphasised. Leschaco is therefore investing massively in young professionals and has 120 trainees worldwide.

In November, Jörg Conrad turns 65. He is not yet thinking about quitting, but he has already considered how Leschaco's top management should continue. His son Constantin joins the management team this summer.

For Jörg Conrad, one thing is crystal clear: Leschaco should remain an "independent and innovative group of companies".


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CEFC helps Omni Tanker supply ISO tanks globally

Australian carbon fibre composite technology company, Omni Tanker, is set to scale up its business to meet international demand, drawing on a $4 million equity investment from the Clean Energy Innovation Fund (CEFC).

This latest Innovation Fund investment is part of a broader $7.9 million capital raising by Omni Tanker to help it scale up its manufacturing operations to supply ISO tanks internationally.

The CEFC investment will allow Omni to contribute to lower emissions in the transport sector.

Clean Energy Innovation fund executive director Ben Gust said: "This is an exceptional Australian technology, being manufactured in Australia and exported globally.

"We are very excited to be working alongside Omni Tanker as it scales up to revolutionise the transportation of corrosive and hazardous goods worldwide."

Omni Tanker is commercialising its technology in the bulk and liquid transport equipment market, with the Omni road tanker and then Omni Tainer, a portable tank container (ISO tank) designed for intermodal applications.

The ISO tank container market, which already has a global fleet of more than 550,000 tank containers, is growing by more than eight per cent a year. Most tank containers are either stainless steel or carbon steel.

Omni Tanker's CEO Daniel Rodgers said: "Globally we are seeing significant growth in the tank container market, and transporters and operators are all seeking new ways to improve safety and drive profitability.

"Our proven technology is compelling for users of transport tanks and we are scaling our production capability to meet the global demand."

The CEFC has invested more than $64 million across ten transactions. The innovation fund is draws on more than $200 million in CEFC finance and operates with the assistance of Australian Renewable Energy Agency (ARENA).

Gust said the investment is about supporting leading-edge innovation to tackle transport-related carbon emissions, which are a significant part of the greenhouse gas emissions challenge.

"It continues the strong focus of the Innovation Fund in supporting a diverse range of cleantech companies which are capitalising on new business opportunities emerging from our clean energy transition.

"Companies such as Omni Tanker demonstrate the exciting potential of Australian innovators to lead the transition to a low carbon economy.

"We are pleased to be able to support Omni Tanker in this next important phase of its growth," added Gust.

Den Hartogh commits to Tees Valley

Den Hartogh Logistics has invested in new, much larger, premises at Phoenix House on the Surtees Business Park in Stockton, UK, signalling its long-term commitment to Tees Valley.

The Stockton premises are home to a number of departments including account management and maintenance and repair for global operations.

The new office arrangement is a significant scale-up on the firm's previous premises, which were at Teesdale Business Park.

Gary Piper, General Manager of Den Hartogh UK, said: "Phoenix House is a new-build, high calibre location office space. The ethos of the business park is the right fit for Den Hartogh.

"We look forward to many prosperous years ahead in Tees Valley."

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Chemical and logistics industry goes digital

Digitalization is taking over the chemical and logistics industry. German based PINPOOLS GmbH and the Netherlands-based TankContainerFinder.com (TCF), both founded in 2017, have created digital platforms to improve the business of chemicals and tank containers.

TCF operates as a logistical matchmaker for tank containers, meanwhile PINPOOLS offers a marketplace for chemical suppliers and buyers across Europe. Now these two are about to bring certain levels of their functionalities together as a collaboration in their platform.

Traditional purchasing processes are in the transformation due to the new digital opportunities, which gives an access to more time-effective solutions. The focus of TCF is on empowering transparency, visibility and collaboration within the supply chain to create a digitally optimized processes and ecosystems.

PINPOOLS GmbH offers neutral and transparent auctions on the platform, which decrease the operational costs for the buyers, and it provides a new digital sales channel for the suppliers.

The users can save time and money by using TCF's and PINPOOLS' services. TCF offers the platform for free for the searchers, who post a request with required information and afterward compares offers.

The suppliers, either operator, forwarder or leasing companies, have an annual plan worth of $600 in PINPOOLS allows the use of the marketplace free of charge for the purchasers to find chemical suppliers giving a quote to their product quotations.

PINPOOLS offers monthly fixed fees starting from 150€, including one-month free trial.

Sustainability plays an important role in logistics and chemical industry.

TCF seeks for green and sustainabledirection by offering its service so the users can reduce empty repositioning and optimize liquid bulk logistics.

In the chemicals, the existing challenges are related to the hazardous chemicals and surplus of the chemical products, where PINPOOLS Marketplace offers a solution for both, suppliers and purchasers.

Eurotainer supports clean energy projects in the North Sea

Eurotainer recently leased tank containers with glycol heating systems for the shipment of water to the North Sea.

The containers are loaded on heavy lift vessels for offshore delivery. The water in the tanks is kept at a required temperature before they are unloaded into cement mixing operations. The cement is then utilised for the construction and installation of offshore windmills at a wind farm near the coast of Eemshaven, Germany.

The Port of Eemshaven will be involved in the construction of no fewer than five wind farms in the German part of the North Sea in 2018/2019.

"Eurotainer is proud to be a supporter of this clean energy initiative," said the company.

X makes the difference as Nexxiot rebrands

Nexxiot, enabler of the digitized supply chain, has a new brand. The adjustment of the brand strategy is taking place as part of a strategic reorganization of the company. In addition to a new logo, claim and corporate design, the Swiss company has also overhauled its website and top-level domain.

The start-up previously operated under the name Nexiot. Despite these developments, the company's core business, i.e. providing IoT-based solutions along global supply chains, has not changed.

The new brand reinforces the strategic focus of Nexxiot, provides clarity for communications and supports the process of internationalization. "It's our goal to establish an unmistakeable brand for our customers and potential clients by associating it with unique attributes and benefits that are relevant to our target groups," says Uwe Bormann, responsible for the brand relaunch at Nexxiot in his position as Vice President Marketing.

Nexxiot bases its new brand on three core elements in order to position itself as the market leader for optimizing supply chains with IoT support. These elements have emerged from the newly developed positioning which was the prerequisite for the brand concept and design. "Positioning is the basis of any marketing strategy. It forms the foundation for branding and for the complete marketing and PR communications in future. Above all, it ensures that we can clearly and explicitly formulate our messages so that everybody knows what Nexxiot stands for," says Bormann, with conviction.

The company is creating transparency through its business model (Leadership through Transparency). Algorithms analyse

huge amounts of data, develop findings from the data and they are converted into sensible recommendations for action. Nexxiot also focuses on cooperation with its platform, which is designed as an open eco-system (Leadership through Collaboration), and it integrates all kinds of players. The Swiss start-up is also a long-term, strategically independent partner (Leadership through Partnership).

New brand presence

"The logo and corporate design now have a much more dynamic and distinctive pattern and symbolize the constant flow of goods, which Nexxiot makes transparent and optimizes through its digital solutions. The claim ('The source of flow') is a confident statement and refers to the essence of its business model," Bormann continues. The company's Swiss origin is reflected in the new design too, even if in a slightly cryptic form. The letter x in the company's logo is a reference to the cross in the Swiss national flag. The brand agency, BSUR, which is based in Amsterdam, provided support for designing the brand identity. It has already developed brand campaigns for MINI and the audio pioneer Plantronics in the past.

The new name and the brand image was presented to customers, partners and journalists for the first time at the world's leading trade fair for transport and logistics, 'transport logistic' in Munich on 4 – 7 June.

RAM becomes MRI Intermodal

The leading solutions provider to intermodal leasing companies and international tank operators formerly known as RAM Intermodal Software is rebranding to adopt the name of its parent company, MRI Software, and will forthwith be known as MRI Intermodal Software.

The change underlines the progression of the company since MRI Software acquired RAM Intermodal Software's parent company Real Asset Management in October 2017.

"The rebrand comes at the right time and feels like a natural evolution of our business," said Richard Shaw, Sales Director at RAM.

The 2017 acquisition enabled the business to access the resources of MRI Software, a leading provider of innovative real estate software applications and hosted solutions that was founded in 1971.

The merger has given MRI Intermodal the opportunity to boost its customer service by utilising its parent company's 24/7 dedicated support portal, new headquarters in central London with state-of-the-art training facilities and enhanced back office resources, including its dedicated HR, legal and finance teams.

MRI Intermodal's products currently manage over 4.5 million TEU and 28% of the world's tank container fleet. Its diverse portfolio of clients includes many of the world's leading leasing and operating companies, such as Ocean Container Leasing Services, VTG Tanktainer, and Gem Containers Ltd.

Stolt the first to join INTTRA & Infor Nexus

Mike Kramer, President of Stolt Tank Containers (STC), the world's largest provider of door-to-door transportation services for bulk-liquid chemicals and food-grade products, has joined the INTTRA by E2open (INTTRA) & Infor Nexus networks.

INTTRA is the largest neutral network at the centre of the ocean industry and the platform gives customers the option of making bookings and tracking shipments online. Infor Nexus is one of the world's leading cloud-based networks for multi-enterprise supply chain orchestration. The network connects businesses to their entire supply chain—from suppliers and manufacturers, to brokers, transporters, and banks.

STC is the first tank container operator to offer these technologies to its customers.

"STC's mission has always been to make shipping bulk liquids as easy and convenient as possible. By offering outstanding service and expertise, customers have, from the moment the division was founded within the Stolt-Nielsen company in 1982, been able to trust that their products are handled with care. Central to this is our desire to look for new and innovative ways to help customers be successful in efficiently managing their supply chains."

"We found that our customers have a need for new, non-traditional and more digital ways of placing and managing their shipments." says Mark Bertens, Director Marketing, Pricing and Optimization at STC. "We want them to connect with us through the channels they prefer and to offer them the most convenient service possible.

"INTTRA is the shipping industry's largest neutral network. Many of our customers are already connected directly to the platform, or are connected via one of INTTRA's many technology partners. For us, it makes sense for the INTTRA platform to be one option we want to offer our customers to simplify their interactions with STC."

The new connection with INTTRA makes it possible to place electronic bookings with STC via INTTRA's web-based portal, and via system-to-system integration. Customers can view their bookings, check the status of shipments, get track and trace information, and opt to receive booking confirmation electronically.

For customers working with multiple suppliers via INTTRA, it also means the information on their bookings with STC will be visible in the same location as the information from other suppliers. This allows for an easier overview and more efficient management of their shipments.

If they have their own systems connected to INTTRA, they will have the additional benefit of ess manual work as all updates will come into their system directly.

Van den Bosch opts for Renault trucks

After the entry into service of 42 Renault Trucks T in 2018, Van den Bosch Transporten has once again opted for Renault.
In mid-May, the first of a second series of a total of 61 Renault Trucks T will be brought into use. This time the delivery consists of Renault Trucks T 460 4×2 tractors and 6×2 midlift tractors. The vehicles are used for the transport of liquid and dry bulk goods within Europe.

Like the 2018 vehicles, the new Renault Trucks Ts are equipped with the 460 hp DTI 11-liter engine. In addition, 29 trucks are equipped with an Estepe midlift axle to create a higher load capacity.

The low weight of the tractors played a decisive role in the choice of Renault trucks. "Because the Renault Trucks T has a low own weight, it fits well with our lightweight strategy. The use of lightweight equipment results in a higher loading capacity, so that more product volume can be transported. That way we can make a distinction on the European bulk transport market," explained Eli Smeding, Operations Manager Trucking at Van den Bosch Transporten.

The good experiences with the Renault trucks also played an important role in repeat purchases. "Our drivers continue to be very pleased with the driving comfort and power of the Renault Trucks T," continued Eli Smeding.

For example, driver Carlo Meeuwsen is very enthusiastic about the Renault truck: "The power is excellent. I am quickly upstairs without problems. Moreover, the truck drives comfortably."

Driver satisfaction continues to play an important role at Van den Bosch.

A previous employee survey showed that the comfort, power and size and equipment of the cab were important requirements for drivers.

"We take the opinion of our drivers very seriously. After all, they are the ones who have to work with the vehicles day after day. Our employees are our ambassadors and our most important capital. If our drivers arrive at the customer in a well-rested, satisfied and representative manner, then that is a great calling card for Van den Bosch,"concludes Eli.

The trucks are supplied by Renault Trucks dealer BAS Group from Veghel.

THIELMANN expands presence in Asia Pacific

THIELMANN – the container company, one of the world's leading manufacturers of stainless steel containers establishes a permanent presence in the Asia Pacific Region with personnel based in Singapore, Thailand, and the Greater China region.

As part of its global expansion plans, THIELMANN has broadened its presence to the Asia Pacific Region. With these steps THIELMANN supports their customers across their wide and diverse range of industries, and taps into the growth opportunity of the Asian Pacific market.

"Asia Pacific is a market with high growth potential, so naturally, it was one of our first priorities in our global expansion strategy, to enter this growing and lucrative market." said THIELMANN CEO Bernd Loeser.

Alex Maxwell, Asia Pacific Business Development Director of THIELMANN has already established a permanent team across the region in Shanghai, Bangkok and Singapore, where he is currently based. Maxwell heads up the team and is responsible for all aspects of customer growth and account management. He brings with him over 20 years of experience from Asian Pacific markets having previously worked in healthcare and supply chain industries.

Alex Maxwell added "This is an important strategic next step for THIELMANN in Asia"

Pearl fishing in Qatar

Tankcontainer Magazine **discusses the opportunities open to Qatar-based Black Pearl Logistics with its General Manager, Georgy Annish**

TCM: What is Black Pearl's company background?
GA: Black Pearl Co. W.L.L. was incorporated in Doha, Qatar in June 2006, when we started with just four trucks. Today, we own and operate 250 trucks, making Black Pearl the biggest dedicated logistics fleet in Qatar.

We started small but grew quickly as we sought to deliver the best service in the region and to meet the uniquely high special requirements of our petrochemical, and other, clients for a smooth, stress-free service.

Our main clients are principally the Top 20 global freight forwarders. These include such well-known companies as Kuehne+Nagel, DHL Projects, US-based Expeditors, Panalpina, GAC, Bolloré Logistics, DB Schenker and Geodis Wilson. Other clients include Qatar Logistics, Inchcape Shipping Services and Black Cat (which services Qatar's oil and gas fields).

The process of successfully meeting the expectations and performance standards of these global leaders has led to a top performing service for Black Pearl. As part of this process, we are an ISO-certified company and are covered by a cargo liability insurance of up to $1 million. All our trucks are equipped with GPRS tracking devices and we apply rigorous Standard Operating Procedures on all the different types of businesses we undertake.

TCM: Who owns Black Pearl now?
GA: Black Pearl Company is a 100% Qatari company and is owned by Youssef Mohammed Al Mana.

TCM: What is current spread of Black Pearl's business activities?
GA: We are mainly involved in distribution, tank container, trucking, out-of-gauge movements, open storage and factory disassembly and shifting. The following are just a few examples: we are involved in delivering tank containers to Muntajat (Qatar Chemical and Petrochemical Marketing and Distribution Company). Muntajat is a major company, established in 2012, to serve as the exclusive distributor and seller of over 16 million tonnes-a-year of Qatar's downstream petrochemical products.

We are also involved in delivering helium tank containers to Qatar Gas. For these tank container deliveries, we use our certified Dangerous Goods drivers and follow our extremely strict standard operating procedures which have exceptionally high levels of Quality Analysis and Quality Control to ensure 0% risk.

We also deliver rack pipes for Qatar Petroleum and Qatar Gas, which is an extremely challenging project due to the strict rules and regulations of the clients. However, we have been doing this work for more than ten years, so our team is well-accustomed to Qatar Petroleum's understandably stringent rules and regulations.

In terms of other logistics, we regularly move a 480-tonne tunnel boring machine. The longest cargo we have moved is 57m long. The highest cargo we have moved is 9.5m high. We have also delivered all-steel structures to all the World Cup 2022 stadia in Qatar.

Other projects have been for the Qatar Shell Pearl Gas-To-Liquids project, the Ras Gas and Oryx Ras Laffan refineries and for petrochemical producers QAPCO and Qatar Petrochemical Mesaieed.

TCM: What are the general opportunities for tank containers in Qatar?
GA: Muntajat dominates Qatar's production of chemicals, polymers and fertilisers. The company produces methanol, caustic soda, MTBE, alpha-olefins, EDC, pyrolysis gasoline, alky benzenes, VCM, vitriol, hydrochloric acid and ethylene.

Each of these products has, to a greater or lesser degree, a dependency on liquid products that can be carried in tank containers and we participate in this activity. Industrial gases are also required, as are liquid co-polymers that are routinely carried in tank containers.

TCM: What are Black Pearl's assets?
GA: We own a fleet of 250 trucks, including 200 flat-bed trailers, 40 low-bed trailers, 38 multi-axle vehicles and various flat-bed trailers ranging from 15 metres to 24 metres long (non-extendable). We operate from a 100,000 sq m

yard which gives up the flexibility to support temporary or permanent storage when required.

TCM: What have been Black Pearl's notable achievements?
GA: We are very proud to have zero major accident rate for the past six years and have only recorded five minor incidents over the same period.

TCM: What major projects has Black Pearl been involved with?
GA: Big projects we won revolve around shutdown jobs for Qatar Gas, and deliveries to Luseil, Qatar Foundation for Qatar Rail and to Musheireb city.

Our tank container business is obviously commercially sensitive so we cannot reveal too many details, but it is regular business for us and involves both industrial gases and liquid petrochemicals. We have various long-term arrangements with Qatalum, QAFCO and QAPCO. Qatar Gas and Qatar Petroleum have been the source of several major projects for us over the past five years.

TCM: What is Black Pearl's involvement with tank containers?
GA: Understandably, much of our business activity is confidential, but we can say is that we are making tank containers deliveries on behalf of freight forwarders.

TCM: What are the unique characteristics of the GCC tank container market?
GA: In general, good operators are short of equipment for GCC petrochemical exports; others are chasing cargoes. The shortage was caused by a fall in the number of tank container imports into the region and an increase in demand for tank container exports, not least from a huge new project that recently come on-stream.

Qatar has needed to become a lot more self-reliant in terms of petrochemicals and companies such as Muntajat have fundamentally re-evaluated their local and global supply chain operations. We have benefited from this and we anticipate further opportunities.

Across the region, there has been an increase in the rate of supply chain digitisation and tank container operators contributing to this development trend.

TCM: Has the balance between tank container imports and exports changed?
GA: In volumes terms, there are official statistics that are published by MWANI and QTerminals. These show a clear trend of increases in imports and exports, which our business reflects.

TCM: Are tank containers increasingly being used for storage?
GA: Yes. We see several companies using tank containers for short-term storage, where the tank containers provide a cost-effective and convenient option.

TCM: Where are the tank containers needed for exports from Qatar sourced from?
GA: They are sourced from other parts of the GCC or, often, from the west coast of India. Some have even been repositioned from Europe.

TCM: Can leased tank containers be off-hired in Qatar?
GA: At the moment, Qatar, like many other GCC member states, does not have the capability to offer full off-hire services for leased tank containers. However, the situation is beginning to change in the GCC with Sahreej's new depot in Jubail, Saudi Arabia claiming to offer this service - we understand that Compass, for example, serviced at least 40 of its tank containers at this facility.

The situation in Qatar may change, not least because leased tank containers are becoming more widely used in the GCC.

TCM: What is Black Pearl's strategic direction?
GA: Our strategic direction is to go green and digital. We believe this is the future of our business and, to stay sustainable, we must meet the global demands of our international clients. We intend to remain Qatar's biggest player in terms of safe and timely delivery.

We own the biggest fleet, and this is supported by a 24 hours-a-day operational back office which leverages blockchain technology software. This essentially updates every move we make, every second.

TCM: Is Black Pearl open to international partnerships?
GA: We assess every situation differently but tend to have a very analytical approach to potential international partnerships. In principle, we are open to international partnerships if we see an added advantage to the company's shareholders and if it secures or increases the service capability we provide to both our existing and potential clients.

Georgy Annish

Georgy Annish was appointed General Manager, Black Pearl Logistics in 2017 since when the company, which has approximately a 90% market share of all break bulk shipments arriving at Qatar ports, has achieved record sales.
After a studying in Australia, he graduated with a Bachelor of Business Management at Cambridge, UK before completing an MBA. After returning to Qatar to join Black Pearl his first position was in field operations, before moving into finance and accounting, and then into operations, where he installed a state-of-the-art GPRS tracking system.
He gained access to the helium tank and tank container market by upgrading the fleet to comply with the required oil and gas standards, regulations and operating procedures.

Client wishes and standard solutions

On the 5th anniversary of *Tankcontainer Magazine*, we invited some of the industry's most influential players to share their views on progress over the past five years, while looking forward to the next five years. This issue hears the views of Philip van Rooijen, Managing Director of Trifleet, the world's largest owner-managed lessor

The chemical industry has constantly improved reliability and efficiencies throughout its supply chain. Studies, such as the one from Kompetenzgruppe Chemielogistik in July 2017, show a logistics cost-share of 3 to 12% of total sales revenues, while up to 20% may occur.

Besides efficiency, ensuring environmentally-responsible transport and handling of chemicals, in full accordance with regulations, is critically important as well. This impacts heavily on the industry's image and reputation.

Tank containers did a superb job, which was an important reason for their success story. Safe, efficient and sustainable transportation has been the focus of our clients for many years, and it comes as no surprise that this will continue.

Our clients will not just continue to challenge the value of our tank containers, but also the value of our services. We believe that in the coming years, they will more and more work with partners who add value and think along with them about how to improve supply chain models and drive down costs. We expect more clients to require more expertise and more services.

Matching tank to product

This can be a simple task, by offering tank containers that are more precisely suited to do the job. For instance, through optimised payloads and additional fittings. But, in our opinion, on top of that lessors can no longer satisfy themselves by being experts in tanks. They will also want to develop knowledge about supply chains and chemical products. In the future, clients will expect tank lessors to offer specific advice and more services to enhance their requirements for safe, efficient and sustainable transportation.

This is why Trifleet took both steps in one go for LNG and other types of cryogenic tank containers it has added to its fleet: we spent much time on their specification, invested in the newest type of cryogenic tanks and we invested in technical and product know-how at the same time. Today, we are looking at an impressive LNG terminal infrastructure that has been built in preparation of accelerated growth. Trifleet is ready for growing demand for cryogenics and the additional services related to these tanks.

Adding value to supply chains

In previous years, we recognised that among the traditional lessors, the bigger got rapidly bigger and

newcomers were showing strong growth numbers. In the coming five years, we expect to see a somewhat more moderate growth and also more consolidation. For midsize companies, such as Trifleet, the key to success is stable growth, a focus on their own strengths and the ability to continuously add value to the client. We also expect the trend for operators to expand into the leasing business to continue in the future, as it is already common practice for dry containers where both shipping companies and lessors offer boxes to clients. Lessees will benefit from an improved choice between tank containers and related services from independent lessors that can be dedicated and flexibly operated by various operators, and a full-service offer from tank container operators. It will be all the more important for tank container lessors to add real value to earn their existence.

Tailor-made tank services

GPS is a good example of the new challenges that operators and lessors will face alike. In the past five years, GPS started to take off in our industry. This resulted in a variety of solutions. Of course we need to know about, and be involved in, the most promising solutions between them, and offer those to clients according to their requirements. However, we have to realise that tank container lessors and operators won't be able to dictate to the chemical industry which systems they should use. For the long term benefit of our clients, the industry can better aim at having a multi-supplier harmonised standard for GPS tracking and realise inter-operability.

After all, containers are all about inter-operability. This will not be easy, and we're probably running a marathon and not a sprint. Yet, to achieve better logistics services and efficiency at the same time, standardisation of GPS interfaces is the most promising way to go.

Keeping tailor-made tank containers and the example of multiple tracking solutions in mind, a new challenge becomes visible. Providing flexibility is at the core of a tank container lessor's proposal. Clients don't want to lease a tank container for its 25-year life time. And technology will certainly not last that long.

As tank containers and services become more tailor-made, re-marketability becomes an issue for a solid and sustainable leasing operation. It's up to the industry to provide the answers.

A sustainable supplier base

Margins have always been tight in logistics. What we have seen happening for some time is that margins have come down to a level that, over time, might cause financial challenges for the tank container industry as a whole. In particular, purchase prices for new tank containers are a key factor. After all, the economic life time of a tank container is around 25 years and a brand new tank container today will become a used tank container tomorrow.

At current lease rates, it may become an increasing challenge to invest in expertise and in maintenance to keep a tank container safe and operational over its long life. Nobody will accept compromises on safe operating practices and yet that's what might happen in our worldwide environment because some worry for those who are looking for a safe tank container and a stable and reliable supplier base.

We are about people

To conclude this contribution, a heart-felt cry - in the past five years, our industry could have done more to develop high quality staff. The result is that often we are fishing in each other ponds instead of educating new professionals. There are some good training initiatives, such as the ITCO tank container e-learning course as well as other trainings and workshops.

Looking into the future, in order to be sustainable as an industry, we will want to establish more learning opportunities. In the interest of our clients, let's treat ITCO e-learning as a first step. Trifleet is ready to support initiatives in this direction. After all, we are not about tanks, we are about people.

Bulkhaul 'Best in class'

Leslie McCune compares the profitability of Bulkhaul, Stolt Tank Containers and Warren Buffet's Berkshire Hathaway Group, owner of top lessor Exsif Worldwide

In March's issue of *Tankcontainer Magazine* we reflected on the global tank container market in the '2018 Review of the Year', touching on the financial highlights of some of the key tank container operators in what was, for most, a very good year.

We now focus on the financial performance of one of the more enigmatic operators - Bulkhaul - and compare it to the largest tank container operator, Stolt Tank Containers, and to Warren Buffet's Berkshire Hathaway Group, the ultimate owner of Exsif Worldwide, the world's largest tank container leasing company.

Bulkhaul - a profile

The Middlesbrough, UK-based Bulkhaul group is a low cost, low profile, pure-play tank container operator which keeps its overheads low by having a limited number of global offices. According to its end June 2018 annual report and financial statements, Bulkhaul Limited had seven direct subsidiaries which included a holding company, Bulkhaul International Limited.

The remaining direct subsidiaries - all 100%-owned - were in Belgium, Singapore, Korea, Japan and Brazil with the Italian subsidiary being dormant. It also had 100%-owned indirect subsidiaries in Germany and the US. Middle East business is managed by agencies controlled by Bulkhaul's UK office.

Although an ITCO member, Bulkhaul's industry participation is the lowest among the leading operators. It did not, for instance, exhibit in ITCO's Tank Container Village at the flagship biennial transport logistic show in Munich in June. That said, its strong and long-standing presence in Asia, the Middle East and Europe make it a respected competitor.

Bulkhaul is now the fifth largest tank container operator in terms of fleet size, which was 22,500 units on 1 January 2019 (according to ITCO's annual fleet survey). This placed it behind Stolt (39,156), Hoyer (33,881), Sinochem-owned NewPort (31,800) and Bertschi (23,300) but ahead of China Railway Tielong (20,879) and Den Hartogh (20,000).

Over the past two years, its fleet growth of only 1,000 tank containers was the lowest among the top five operators. This was a period when tank container prices were at their lowest historical level - touching $13,000 for generic T11s - due to substantial tank container manufacturing over-capacity in China, which accounted for 85% of the tank containers manufactured in 2018 (prices were as high as $29,000 in 2008). Other major global operators and lessors exploited this price weakness by significantly increasing their fleets with NewPort, Bertschi and market leader Stolt Tank Containers having the largest fleet increases over the two-year period.

Bulkhaul's ownership

Steve Gibson, Bulkhaul's chairman, controls the company by virtue of his 75% interest in the equity of Bulkhaul's immediate parent company, The Gibson O'Neill Company Limited (which owns Middlesbrough Football Club). The four directors (Steve Gibson, Michael O'Neill, Terry Jackson and Singapore-based Richard Allen) had a total remuneration of £974,000 with the highest paid director receiving a remuneration of £409,000. No dividends were taken in the year ending June 2018.

Record revenues and profits

Bulkhaul's revenue for the 12-months to end June 2018 increased by 8.5% to £198.6m, a strong increase in a 'difficult' market (2014-15 turnover was £165m). Given that rate increases would have been hard to secure on Bulkhaul's business in what the industry acknowledges was a challenging year, the revenue increase could have been due to:

i) changes in product mix (chemicals that are difficult to move in tank containers, because of special heating/cooling requirements, have higher transport rates);
ii) changes in Bulkhaul's customer portfolio (longer inter-continental routes have higher rates);
iii) existing customers changed their trade lanes (longer routes bring higher revenues);
iv) favourable exchange rate fluctuations;
v) trade volumes increasing;
vi) demurrage revenues may have increased due to

customers retaining tank containers for inventory storage.

While higher rates can be charged for moving more difficult cargoes, the cost associated with moving these types of chemicals would also increase since sea freight and cargo maintenance costs (e.g. heating/cooling) are higher than for 'normal' chemicals.

However, the accounts show a Cost of Sales increase of less than 1%. This could be explained by the substantial reduction in ocean freight rates during the accounting period - rates for the Far East-US West Coast trade lane, for example, in Q1 2018 were over 25% lower than in Q1 2017.

Bulkhaul has been canny buyers of new tank containers, according to one manufacturer. By specifying a higher-than-normal molybdenum content in the stainless steel a greater level of hole and crevice corrosion resistance is achievable. Although increasing costs by up to $1,000-per-tank, a wider range of chemicals can be carried, including strong acids and chlorine-based solutions.

Freight rates are Bulkhaul's key performance measure

Bulkhaul acknowledges that the key measure of the company's performance relies upon global freight rates. This cost driver dominates to such an extent that 'the company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance and position of the business'.

Some commentators consider cyclical and notoriously volatile freight rates as a proxy for the health of the tank container market. If true, the outlook is positive as freight rates may rise due to new 2020 fuel regulations, ocean carrier consolidation and limited capacity in some trade lanes. Higher freight rates typically generate higher margins for tank containers operators. Another proxy is the health of the US economy - good times for it signal good times for operators.

In terms of exchange rate fluctuations, Bulkhaul's functional and presentational currency is £ Sterling but most income would be in US dollars or Euros. Sterling strengthened against the dollar by approximately 8% so there was no windfall currency gain to boost the company's revenue (if anything, it would have dampened revenues). The €/£ exchange rate fluctuation was immaterial as it remained broadly unchanged from June 2017 to June 2018.

The increase in debtors suggests that revenue growth was achieved through higher trade volumes and/or increased demurrage revenues, which are a fertile source of incremental profit for operators.

Bulkhaul profit nearly twice that of Stolt Tank Containers

Bulkhaul's 42% gross profit margin for the year end 30 June 2018 compares very favourably to the gross profit margin for Stolt Tank Containers, the industry leader in terms of fleet size, of 24% over a comparable period (the 12 months ending May 2018).

The company's 21% operating profit margin (gross profit less admin expenses) for the year ending 30 June 2018 is nearly twice that of Stolt Tank Containers, which achieved 12% for the 12 months ending May 2018 (although the comparison is not strictly like-for-like as Stolt also has 21 depots).

How, then, does Bulkhaul's 21% and Stolt Tank Containers' 12% operating profit margin compare with Berkshire Hathaway, the owner of Exsif Worldwide? Berkshire Hathaway is 16.5% owned by the legendary Warren Buffett, whose stake of $84bn makes him the world's fifth wealthiest person. The Sage of Omaha uses operating profit as his preferred financial performance measure and, in the latest quarter, Berkshire Hathaway's operating profit margin was 9% ($5.6bn operating profit on revenues of $58.5bn, excluding Kraft Heinz's unfiled first-quarter results).

Admittedly, Berkshire Hathaway's profitability in no way indicates that of Exsif but the returns from the tank container leasing are said by industry players to be approaching 10%.

Bulkhaul's total equity is £300m

Pre-tax profit of £40.1m was very strong, representing 20% of revenues (up from 16% in 2017). Profit net of tax was also substantially up at £32.8m, a 31% increase on 2017.

In the consolidated balance sheet, total equity was £300m and net cash generated from operating activities was £37m.

The Bulkhaul Group had £50m of bank loans which carry fixed interest rates of between 4.75% to 10% and variable rates of between 0.75% and 10% above base rate. These rates seem surprisingly high when the cost of capital is as low as 3% in Europe and 2% in the US, although companies can be saddled with high interest loans from subsidiaries of their owners. Greybull Capital, owners of British Steel, used a subsidiary - Olympus Steel - to lend £154m to British Steel at 9% plus LIBOR (currently 2.64%).

Average wages/salaries for the 478 employees in the consolidated Bulkhaul Group was £32,763.

Overall, the financials suggest that - in the market conditions of the time - a low cost, pure-play tank container operator like Bulkhaul was significantly more profitable than one offering additional logistics 'solutions' such as depots, drumming and IBCs.

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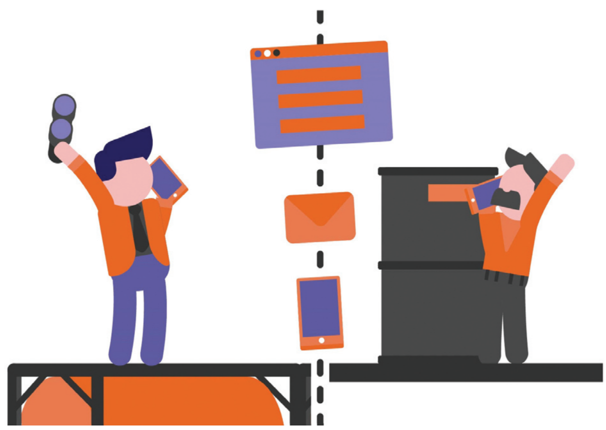

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Keeping it in the family

When Klaus Dantz quit working for a large container leasing company in 1990, he started an industry dynasty, reports James Graham

Klaus Dantz founded CONDACO in 1990 after he quit working for a big tank container leasing company.

According to his son, Thorston Dantz, who is still with the company, the elder Dantz "believed in the tank container industry and he recognised that there is a need for independent container surveyors."

This led him to initially carry out tank container inspections in Germany, Belgium and The Netherlands. Now, almost 30 years later, the company's business is still 50% tank container inspections.

What has grown is depot activity and container repair, together with a small segment of trading in tank containers. Thorston reports that "luckily, all sectors are growing at the moment and, of course, there are reasons for this situation".

He says: "Our traditional business is the container inspection business and has been for nearly 30 years. With this kind of long-term experience in Europe, we spread our wings to other countries by founding CONDACO daughter companies in China and South Africa.

"For me it is important to offer services to our customers by own staff - not subcontracted. I am convinced that this deeper relationship with own personal finally leads to much better work performance."

The company established a depot and repair business in Hamburg, Germany in 2011 and it is the company's fastest growing growing sector.

"Started as small dry box and reefer depot only, we are now one of the biggest tank depots in Germany. We are still young in this kind of business but in view of the depot service possibilities, together with our government-ruled terminal cooperation partner, we are able to offer a fantastic infrastructure for our customers such as direct water, rail and road access, plenty of storage capacity (over 10,000 TEU), cleaning station, etc."

Chinese whispers

The Chinese inspection business is always very tough because of the huge competition for CONDACO. The company's current situation is that it has enough work in China for daily coverage of all tank container factories in China.

The company enjoys a daily shift performance of about 25-30 tanks by having open 1.5 shifts a day. The long-term target is to have 24/7 operations throughout the network. Last year the company repaired some 8,000 tanks

containers.

"We offer any kind of survey for any type of container globally. This means container new-build inspection, full inspection, daily field inspections including final inspection), on-hire and off-hire survey, in-service, expertise, periodic inspections, cargo inspections, CSC inspections, etc. We do it for leasing companies, operators and shipping lines," says Thorston.

CONDACO's tank container trading business is a result of its inspection and leasing work. Carrying out container inspections globally and running a repair workshop gives it the opportunity to buy damaged equipment, repair it and sell it again.

"In the beginning our main trading partner was Russia. We now trade with countries like UAE, South America, China, Europe and - of course - Russia."

South Africa is an important country for its inspection business because there are tank container factories in Cape Town and Port Elizabeth for new-build inspections and four bigger ports for standard on/off-hire surveys.

In total there are 52 employees working for CONDACO around the world.

"In my opinion it is almost impossible to get affordable, qualified and professional staff anywhere in the world. That's why we train our new staff ourselves. We bring them to China or Germany and drill them, including internal examination.

"Yes, our journey hasn't ended yet. There are still two big projects which we will realise this year. One project is to take over a company in South America. This mission is almost completed. The other project will be in Indonesia. In the future, there are interesting countries like Malaysia, Thailand, Vietnam and India. And we try to find a way to do business in these countries."

Are there any plans to celebrate the 30th anniversary next year?

Thorston quips: "If CONDACO still exists next year, we definitely do something. But at this point of time I have no idea."

Rivals

He feels that his main rivals are not the expected competitors around the world. The much bigger problem comes from the constant demands from customers for price reductions. Especially in the tank container depot business, some elementary safety repairs like pressure test/ tightness test are very poorly paid.

"In my opinion, you cannot achieve big profits with low standard work only. That means that our global staff are trained whenever it is necessary to be always up to date.

"This brings us to the position that depot-wise we are able to carry out any kind of repairs, modification, etc. and inspection-wise we can estimate any new build or damaged container in the right way," he says.

Biggest ITCO Tank Container Village so far

The ITCO Tank Container Village at the transport logistics 2019 exhibition in Munich in May once again beat all records, with 68 exhibition stands and 73 ITCO members exhibiting.

The first day concluded with a Cocktail Reception and Dinner sponsored by CIMC.

Mr Guoxiang Ji (Jee), pictured below left, General Manager at CIMC Tank, welcomed visitors to the Reception whilst Reg Lee (below, right), ITCO President, thanked CIMC for sponsoring the Welcome Reception.


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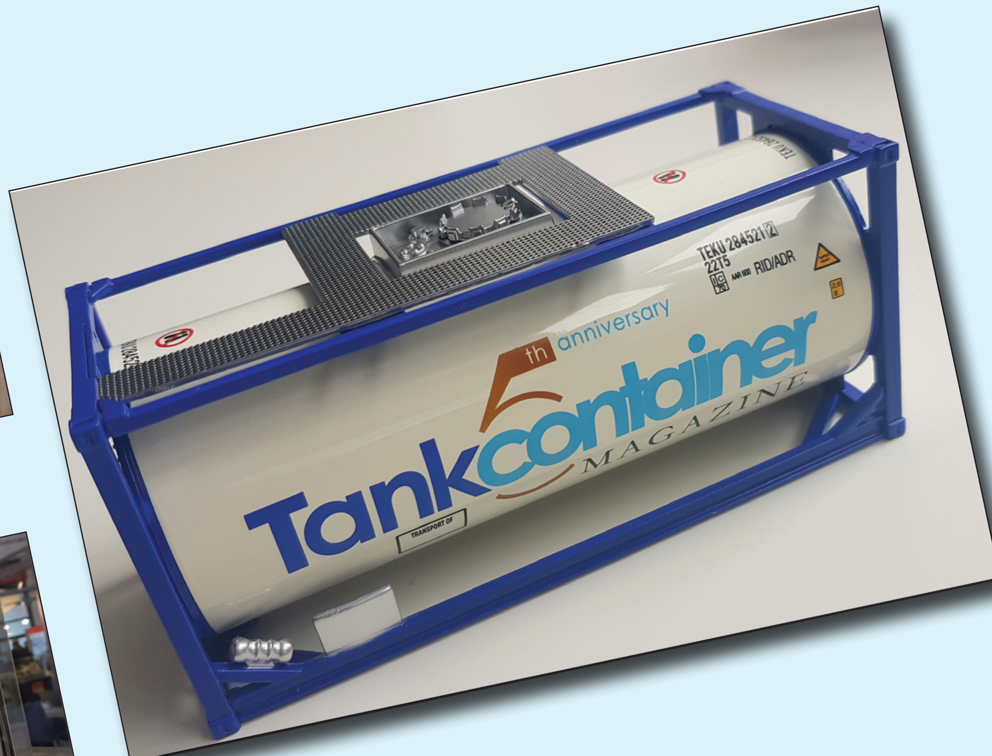
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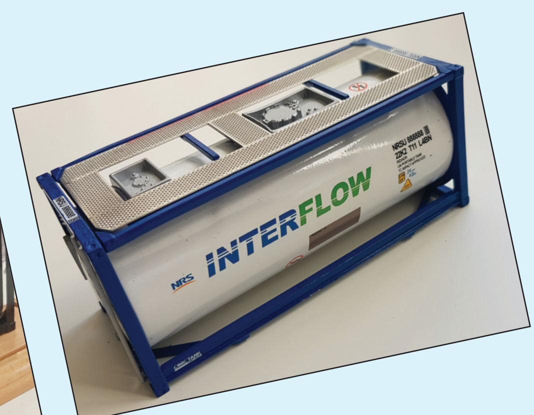
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Lekker growth in South Africa

Tim van Maasdyk, Business Development Manager at Alpha Shipping, reports on the bright opportunities in the region

Tanker Cleaning Services is reportedly South Africa's largest specialised tank container depot and has been in business for many years.

Spearheaded by Franscious and Nikolaai Grove, both of whom strive to run a tight ship for tight turn-arounds, I had the opportunity to discuss with them their current volumes as well as predicted future volumes.

Today, the depot has a capacity for over 1,000 tank containers and, because the depot is never stored to maximum, on average they prepare 900 tank containers for export every month. Approximately 10% are shipped out as empties whilst the remaining units are shipped out as full loads.

Four specialised depots

South Africa has traditionally had four specialised tank container depots with cleaning facilities.

Some readers may remember the days when Grindrod Intermodal had their own, then state-of-the-art tank container depot in the centre of Durban, positioned alongside the port but the depot no longer specialises in tanks containers. Tanker Cleaning Services has now taken most of the Durban-based business based on their competitive rates, knowledge and overall professionalism. They are currently finalising the new development phase of their depot which will make them one of the most advanced depots in the region.

Out of Cape Town, Tanktainer Logistics drives this market. They specialise in cleaning and servicing tank containers for food grade tank container operators.

After conducting a recent internal survey, Alpha Shipping Agency established that South Africa exports 1,800 tank containers a month, or 21,600 tank containers annually. Some are empty tank containers but the majority are laden – an exciting prospect, especially given the general misconception that South Africa is a troublesome area where tank container operators could have their expensive assets are sitting idle with no reload opportunities.

Tank container demand should increase exponentially over the next few years, according to chemical industry sources and the growth within African could be especially strong.

Traditionally, Africa has always favoured shipment of chemicals in drums due to the huge aftermarket that they offer and the lack of tank container infrastructure. The wine industry also anticipates an increase in global demand as more consumers appreciate the overall quality of South Africa's locally produced wines. New trade lanes

to the East have opened up in this sector – in the past, wine was mainly exported to Western countries.

Majors dominate exports

On the export side, South Africa's bulk liquid movements in tank containers are dominated by a handful of companies who manufacture chemical and food grade liquids for both local use and export markets.

The rates are generally highly competitive due to competition from manufacturers in Asia. South Africa's competitiveness is hampered by high labour rates with rates into some Asian regions, the Americas and especially into Africa comparing far better than rates into China and a large number of ports within Europe. This is a trend which has become evident in recent years.

There are a number of smaller companies who contribute to the monthly volume of export shipments but their volumes are small compared to the larger companies who dominate the market in terms of market share. Rates for smaller companies are not tender-driven so their rental rates are considerably higher and therefore well worth the focus of operators who wish to maximise their footer rates.

Greater chemical volumes

South Africa as a whole relies heavily on imports. Compared with exporters, there is a much larger base of companies who import

The majority of imports are chemical products with a much smaller percentage consisting of food commodities, with food grade routes mainly into the Cape Town region.

Most of the chemical business in and out of South Africa comes through the port of Durban.

Cape Town has always dominated the food grade sector in the form of bulk food grade liquid logistics due to the region's vast number of wine farms and growing liquor industry. However, wine is a low paying cargo so margins are very thin compared to higher paying chemical products such as ethanol, which is mainly shipped from Durban.

Most tank containers used for the wine sector are new builds coming out of Welfit Oddy in Port Elizabeth, South Africa's sole world-scale tank manufacturing facility. It makes more economic sense to ship these tank containers out with product, even a low paying one such as wine, instead of sending them out empty clean.

Reloads have increased

Within the ITCO village at the recent transport logistic fair in Munich, the question regarding the current and future state of the South African bulk liquid logistics market came up.

Generally, there is a perceived misconception that if an operator were to send a tank into the region laden with product, they would be unable to reload the unit with product.

Clearly, this would lead to a precarious position in which the only option would be to ship the tank container to the nearest region of commercial importance and at major expense, inevitably leading to overall loss. This, however, is far from the truth because, over the years, export volumes have increased dramatically as more manufacturers have followed in the footsteps of larger companies who have relied on tank containers instead of drums and IBC's.

While there will always be a demand for drums and IBC's, the development of the African market from a liquids point of view will support new tank container infrastructure, which will in turn enable the greater use of tank containers. These offer greater economies of scale and provide shippers with a safer and more reliable means of transportation.

To take full advantage of the current market, reliable agents with no conflicts of interest are needed in the region. Many of the large tank container operators are seeing a need to open their own offices in the region from a strategic point of view, despite the labour issues, overhead costs and other expenses.

Using an agent initially not only enables players to get a feel for the market but also provides an ally to look after local interests. Any agency should be based on fiduciary obligations, can be trusted to grow a brand and has a thorough understanding of the market.

Agents should be affiliated to an accredited depot and should be capable of creating new opportunities through incentivised rate offerings or by strengthening existing relationships with their clients.

Overall, the African market is growing and opportunities are rife.

The partner of choice

The activities of UAE-based Tristar Group are nothing if not varied. CEO Eugene Mayne tells Felicity Landon about expansion, competition and operations in more than 20 countries

Tristar's business has clearly evolved in line with its vision, says CEO Eugene Mayne. That vision: "To be a globally recognised oil and gas logistics company operating to the highest safety standards with superior service and without compromising our core values."

The group has business operations in more than 20 countries, a large ocean-going fleet of more than 30 tankers, a surface fleet of over 1,500 vehicles, fuel farms, commercial aviation refuelling services, remote logistics capabilities, specialised warehousing, chemical distribution and gas transport.

Headquartered in the UAE, Tristar serves the petroleum and chemical industries across the Middle East, Africa, Asia, the Pacific and the Americas.

"The group's core expertise lies in handling hydrocarbons, lubricants, chemicals and liquid gases with dedicated facilities to manage road transport, warehousing, fuel farms, turnkey fuel supply operations, into plane fuel services, ship owning and chartering for clean petroleum products," says Mayne.

As a fully integrated liquid logistics solutions provider, how important are tank containers in Tristar's operations?

"Tank containers are one of the major types of equipment used for bulk liquid transport in the region," he says.

"About 10-15% of our liquid transportation is through tank containers, for various reasons like flexibility in loading, discharge operations, quicker availability, wider compatibility of products, etc. Currently oil products, solvents, polyols and liquid gases, among others, are the major products carried in tank containers."

The Tristar group operates a surface fleet of over 1,500 vehicles. Left: CEO Eugene Mayne

The use of tank containers is increasing, he adds, especially due to an increasing trend in the chemical and gas transportation category.

And as well as an increasing requirement for tank containers for the transport by road of gas products within the region, he reports that there have been many instances of tank containers being used for temporary storage, as a more cost-effective option than traditional liquid/gas storage terminals.

Current trends

The current trend across the sector is to focus on lead time, transit time and just-in-time, says Mayne. "Customers are more sensitive about their inventory costs now and, because of the highly competitive marketplace, would like to have their supply chain costs reduced so that cost per litre is comparable. Hence, there is a lot of focus on reducing lead time and transit time.

"Customers also want to have clear visibility of their cargo in transit, for better planning and to align with their just-in-time requirements."

Tristar's key customers are oil majors, chemical companies, peace missions, NGOs and multinational companies.

This spread of customers is

Tristar's JAFZA facility in the south sector of Jebel Ali has fully automatic tank cleaning equipment

reflected in several new developments and opportunities for the company, including a retail fuel project in India in partnership with Shell, a fuel hydrant project at Entebbe international airport in Uganda, commissioning of a crude oil terminal in Louisiana in the US, acquisition of a bulk chemical storage terminal in Jebel Ali Free Zone (JAFZA) from Shell, renewal of a long-term fuel supply contract in South Sudan, and the recent awarding by the World Food Programme of a fuel supply contract in Yemen.

Which operators and lessors?

In terms of tank container operators and lessors, Tristar works with Hoyer, Den Hartogh, NewPort, Goodrich, Sunmarine Shipping, Petrochem and others.

"These tank containers can load Class 3, Class 6 and Class 9 products," says Mayne. "Our JAFZA facility in the south sector of Jebel Ali has in-house, fully automatic tank cleaning equipment installed by Grőninger (Europe). The tank containers are cleaned with soft water with a chlorine content less than 50 ppm, a high-pressure pump of 100 bar, and a boiler producing steam at 1.2 tonnes of steam per hour, which generates hot water of 80°C."

Tristar has invested in a fully automated effluent treatment plant for treating and recycling all wastewater from the cleaning station – the water is then used for general cleaning and irrigation purposes.

Chemical/petrochemical activity is increasing in the region, says Mayne. "There is increasing construction activity and projects in view of Expo 2020 in Dubai [the first World Expo to be held in the Middle East, North Africa and South Asia region] and hence the demand for construction chemical and paints has grown."

On the supply side, the availability of petrochemicals from Sadara's giant chemical complex is driving increased activity in the chemical or petrochemical sector (Sadara is the Saudi Aramco/Dow Chemical joint venture facility in Jubail Industrial City).

"In the oil and gas industry as well, overall demand of chemicals is reasonably good because the Middle East region still has a maximum number of active oilfields as compared with the US or Asia," says Mayne. "Major oilfield service companies like Halliburton, Baker Hughes (GE Oil & Gas) and Schlumberger are aggressively focusing on the Middle East region; hence the overall demand for chemicals in the oil and gas sector in Iraq has also shown consistent growth."

Tristar also has a unique relationship with German chemical distribution company Brenntag. In 2015, Brenntag acquired a 51% stake in Dubai-based Trychem, which is part of the Tristar Group.

Trychem distributes solvents for paint, ink and coatings industries, primarily in the UAE, Saudi Arabia, Bahrain, Oman, Egypt and East Africa. The company also offers mixing, blending, packaging and labelling services.

Looking ahead, Eugene Mayne says competition has always been there and is increasing. "However, being an end-to-end supply chain service provider with a strong culture of excellence in every aspect of business supports us in being our esteemed customers' first choice."

Partner of choice

In order to pursue its vision, Tristar focused on laying foundations with strong values and positioning itself as a partner of choice for customers with high standards of safety, building customer loyalty with superior service and meeting and exceeding the expectation of customers, he says.

"We also forged collaborative relationships with our customers and focused on issues like human capital, astute management of our resources, embracing technology and other international best practices to ensure we positioned ourselves as market leader in our industry."

The group holds SQAS, ISO 9001, ISO 14001 and ISO 45001:2018 certifications for its management system, as well as ISO 39001 certification for its road safety management system. It has also received a number of global and national awards.

"Quick decision-making and the ability to take measured risks has largely contributed to our growth outside home markets and in our traditional services," says Mayne. Moreover, our business model has been built around our customers and this has enabled us to extend our service and presence globally.

"We will continue to pursue this ambition of building a truly global brand by extending our geographical footprint and consolidating our presence in the industry with revolutionary initiatives."

Seaco footprint expands

Seaco has opened an office in Houston, to take advantage of the rapidly expanding regional market and provide customers with a dedicated service, says Peter Folkard

Earlier this year Seaco opened its new Americas regional office in Houston, Texas. Since the amalgamation of Seaco and Cronos, Seaco has strengthened its presence worldwide, including the Americas, with the recent establishment of the regional management office in Houston, Texas, which includes the company's regional operations and customer service functions. This adds to a sales office in Miami, Florida to serve the important Florida and Caribbean customers and an office in Rio de Janeiro, Brazil to cover South America.

The significant regional importance of Seaco's tank container business was one of the drivers behind relocation of the regional office to Texas, others being its central time zone and proximity to customers, principal vendors and industry partners in both leasing and container resale activities.

"We now have the optimum balance of presence and support to our regional and global customer base as well as the more specialist tank and container sales activities" says Peter Folkard, Seaco's Regional Vice President, Marketing & Container Sales for the Americas.

Seaco America has established a dedicated team of talented individuals, each of whom is highly qualified and motivated to maximise relationships with all business partners.

Collectively, the careers of the Americas team demonstrate decades of experience across a wide range of industry sectors, including logistics and materials supply chain management, mining, government, defense, shipping, leasing, engineering, manufacturing, as well as oil and chemical transport.

John Lonergan, Regional Marketing Director, Seaco's longest-serving employee

Nick Saunders, Marketing Director, Tanks – North America

Folkard continues: "The market in this region is the strongest example of Seaco's position as the most diversified container leasing company in the world. Through our Americas team, we can provide our global and local customers with an unparalleled portfolio of equipment including: General Purpose containers, ISO bulk liquid, powder and gas tank containers, refrigerated and temperature-controlled units and specialised container types (suitable for bulky and heavy items).

More specific to our tank leasing team, at the end of July John Lonergan, Regional Marketing Director, who is Seaco's longest serving employee and is well known to all our Americas customers will be retiring from the organization.

Folkard comments, "John has had a truly remarkable career with Seaco and has made a massive contribution to our overall tank leasing business over many years. At the same time Seaco has been pleased to welcome Nick Saunders who joins the organization in our Houston office. His focus will be managing some of our key tank accounts as well as new tank business development throughout the Americas region."

The global brand and local reach helps to position Seaco America strongly as a reliable company for local industries to turn to for the right container type to support a wide range of applications.

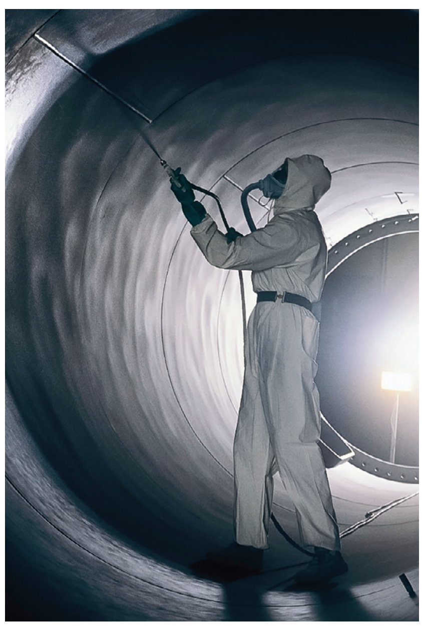
Enclosed spaces can be deadly

Mike Yarwood, of the international freight transport insurer TT Club, considers the dangers of working in the enclosed spaces inherent in tank containers and other cargo transport

Enclosed spaces present risks throughout the global supply chain, ranging from ship holds and passageways through to silos and all types of enclosed Cargo Transport Units (CTUs). There are estimated to be around 15 enclosed space fatalities each year in the UK alone, with 60% of enclosed space-related deaths involving people attempting to rescue colleagues who are already trapped or injured. Enclosed spaces present real risks in our industry and should demand your attention when managing risk. Awareness training and robust procedures in this context will prevent serious injuries and save lives.

An enclosed space is a place which has limited openings for entry and egress, inadequate ventilation and is not designed for continuous worker occupation, and where serious injury may occur from hazardous substances or conditions (generally resulting from asphyxia). Tank CTU's used to transport bulk cargoes globally, including tank containers, road tank trailers and tank railcars are prime examples of an enclosed space risk in the supply chain.

The air we usually breathe contains 79% nitrogen and 21% oxygen. As the oxygen content of the air decreases or increases the associated risks change. Oxygen-



enriched atmospheres give rise to an increased risk of fire and explosion. Where reduced oxygen content is concerned, judgement becomes impaired and ultimately life can no longer be supported, even if the remaining content of the atmosphere is harmless. Clearly, there is also risk that the atmosphere contains toxic or flammable gas concentrations.

Silent killer

Lack of oxygen is a silent killer; there are no obvious warning signs such as coughing or feeling breathless. Where the oxygen levels are sufficiently depleted the first sign is often that the individual becomes unconscious. This can happen so quickly that there may be no opportunity to raise an alert. Where there are pockets of atmosphere lacking sufficient oxygen breathed, an individual will start to feel very weak and confused; unable to undertake the simplest of tasks such as reaching the exit of the enclosed space. If not rescued quickly they will likely fall into unconsciousness. Rescue operations are therefore time critical.

Where it is essential that a worker enters a tank CTU, atmosphere testing in advance is necessary, but critically oxygen levels should be adequately monitored throughout the required activity. Even where the tank is certified to be clean and the atmosphere adequate to support life, undertaking any work within the tank, whether it be cleaning, polishing or grinding, gives rise to the possibility of changes to the atmospheric content of the enclosed space.

The key issue is whether the atmosphere is suitable to sustain life. Initial and monitoring testing of the atmosphere inside the tank should be undertaken by a competent person using appropriately calibrated instruments to ascertain acceptable levels of oxygen and

acceptable levels of toxic and flammable vapours.

A competent "watcher" should be physically present throughout the work, providing an immediate response in case of emergency. The "watcher" should monitor each stage of the work undertaken to ensure compliance with the defined safe system of work.

Considering the position in relation to ships can be helpful. Ships at sea are governed by the International Convention for the Safety of Life at Sea (SOLAS) and are required to operate within the International Safety Management (ISM) Code that mandates the establishment of safety objectives and a Safety Management System (SMS).

When a ship arrives in port, however, there is an additional dimension, with shore workers, including stevedores, and depot and factory workers at the final destination point of the shipped tank container, which is entering an environment whose physical attributes and safety management procedures are likely to be unfamiliar. So do the regulations on ships and ashore bridge the gap for contractors working aboard?

With respect to regulations ashore EU law outlines that employers' duties include the need to:

- Adapt the work to the individual and to technical progress
- Avoid, evaluate and combat risks
- Replace the dangerous by the non-dangerous or the less dangerous
- Develop a coherent overall prevention policy
- List accidents, and inform and consult employees.

Duty of care

Interestingly, the employee also has a duty of care to make correct use of personal protective equipment and inform and cooperate with the employer when presented with serious or immediate danger.

More directly relevant in the unitised environment, Annex 8 of the ILO, IMO and UNECE Code of Practice for Packing of Cargo Transport Units (CTU Code) focuses on the risk assessment process covering items such as competence, working at height and emergency preparedness.

A risk assessment should consider as a minimum the following elements:

- The task
- The working environment
- Working materials and tools
- The competence of those undertaking the work
- Arrangements for emergency response/rescue.

Access should only be allowed under a safe system (permit) of work and the supervision of a responsible person.

A permit to work assists in ensuring that a formal check is undertaken, confirming that all elements of the safe system of work are in place ahead of a worker being allowed to enter the enclosed space. Such a system should provide clear identification of the person(s) who may authorise entry into the enclosed space and those who hold responsibility for specifying the necessary precautions. It should also include training and instruction in the issue of permits, training and instruction for enclosed space working and monitoring and auditing to make sure that the system works on an on-going basis as intended.

Additional training

Additional training, instruction and signage should be considered. Are the workers aware of what is considered to be an enclosed space and are they sufficiently trained to recognise such spaces? Do they have experience of undertaking this type of work?

Are the workers physically capable of entering into and egressing from the tank container? Consideration may also need to be given where the person may suffer from claustrophobia or their fitness to wear and operate breathing gear.

It is vital to develop an established method of communication between those workers inside the enclosed space and those outside it. This serves as the first step in emergency response.

Develop and communicate an emergency rescue plan. Regular drills should be undertaken to ensure effectiveness of the plan and familiarity of the workforce with procedures. The arrangements of the emergency rescue plan should be sufficiently communicated to the entire workforce who may ultimately need to rely on it.

Where things go wrong, the worker in the enclosed space is likely to be exposed to serious and immediate danger. It is essential to have effective and quick arrangements to raise the alarm and trigger rescue procedures. The watcher should never enter the enclosed space before securing assistance and taking additional precautions. Consideration in this regard should be given to the equipment available and the capabilities of the nominated rescuers.

These enclosed space risks are persistent throughout unitised cargo operations (not limited to the tank containers considered here). It is paramount that steps are taken to heighten awareness of these risks and implement work practices that fully and adequately protect workers, including testing and monitoring of applicable atmospheres, and appropriate emergency response preparedness.

Further information is available from TT Club's StopLoss "Confined spaces - Managing the risk of entering cargo transport tanks".

Organized By： 易贸 ENMORE

9th China 2019 TANK CONTAINER LOGISTICS FORUM

September Shanghai • China

Green Logistics, Common Development

Event Background

9th China Tank Container Logistics Forum 2019, organized by Enmore, will be held in September in Shanghai, China, gathering hundreds of chemicals logistics industry professionals, holding in-depth discussion on latest market trend, and seizing new business opportunities.

Who Will Attend

By Industries

- **30%** Cargo Owners
- **35%** Logistics provider
- **10%** Leasing company
- **10%** Tank manufacturer
- **8%** Accessories Provider
- **7%** Third party

Contact:

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Exports by experts

Dubai's Clarion Shipping Services has developed a reputation as a highly dependable Middle Eastern freight forwarder with a focus on Africa and Asia, writes Brian Dixon

Since its founding in 1996, Clarion Shipping Services has continued to broaden its international footprint. Having recently relocated its UAE headquarters to Dubai's Silicone Oasis Free Trade Zone, the company operates a network of offices spanning five other Gulf countries, viz Saudi Arabia, Qatar, Kuwait, Oman and Bahrain, as well as India, China, Hong Kong, Singapore, Malaysia, Kenya, Uganda, the Democratic Republic of the Congo, Nigeria and Ghana.

The company maintains its own fleet of tank containers as well as dry and refrigerated shipping containers and boasts of "a matchless distinction in customer loyalty" with "near 100% customer retention" as a result of its "dedicated and capable workforce".

"Our core area is export to Africa and the Asian sector," says business development executive Ranjith Radhakrishnan. "If we get a container for export, we are able to negotiate with the carrier and can secure the business," he continues. Meanwhile, the company is also well placed to handle import and cross-trade shipments should a customer so require. "If we get that kind of inquiry, we can win it," Radhakrishnan states.

With longstanding arrangements in place with the world's major shipping lines, Clarion, he reveals, regularly consigns "more than 300 containers in a month", reaching around 500 units at peak times. "We're used to handling it," Radhakrishnan says. As for the kinds of products shipped, he explains that the company regularly handles "dangerous goods, chemical products and oil products" among others. "It's all determined by the client. Sometimes it will be a single container, sometimes it will be 50 containers. It all depends on the customer's requirements," he says.

Given the hazardous nature of many of the products shipped, safety is understandably a major concern for Clarion, although the specific requirements facing customers will depend on the individual shipping line used. "It's all about the carrier," he says, explaining that each shipping line will have its own particular set of procedures that needs to be strictly adhered to. "We need to pack the cargo on the carrier's terms and we will need to fill out a Material Safety Data Sheet and submit it to the carrier. They need to approve it and only then are we able to move the consignment."

Naturally, this requires Clarion to work closely with its customers to avoid any problems or delays. "We need to assist our clients, telling them that you need to pack it on this basis and we need to inform them about everything," Radhakrishnan says. Similarly, Clarion is also on hand to keep clients informed of where exactly their products are. "Once we load the material, we will get a tracking number or container number from the shipping line," he continues.

"Some of our customers will ask us when their cargo will reach the end destination, so we will check online and we will assist our clients every time."

In terms of the market, Radhakrishnan reports that while it has greatly improved since the years of economic turbulence a decade ago, it is "always fluctuating" as a result of large macroeconomic factors and the general health of the world economy as a whole. That said, he describes the "present situation" as neither extremely good nor extremely bad. "It's middle actually," he says. "It is not stable but it is OK. We are surviving."

In addition to sea freight, the company's broad offering also encompasses air freight, customs clearance and a raft of logistics, distribution and value-added services. As well as operating its own shipping agency and road transport fleet, Clarion also maintains two warehouses in Dubai's Jebel Ali Free Zone, including a 50,000 sq m facility that ranks as one of the largest distribution centres in the Middle East.

In 2014, India's Apollo LogiSolutions (ALS), itself a subsidiary of logistics provider Apollo International, acquired a majority stake in the firm for a reported sum of more than INR 2bn ($27.8m). At the same time, it was revealed in the Indian press that Clarion had an equity value of INR 4bn, a turnover of around of INR 3.6bn and an operating profit of approximately INR 400m.

Adapt or die

The GPCA Supply Chain conference focuses on how technology will transform the supply chain

The Gulf Petrochemicals and Chemicals Association (GPCA) held its annual Supply Chain Conference in Dubai, UAE in April with the theme: 'Getting Ready for the Future: Supply Chain 4.0'.

Established in 2006 the GPCA represents the common interests of more than 250 member companies from the chemical and associated industries, responsible for over 95% of chemical output in the Arabian Gulf. Chemical production is the second-largest manufacturing sector in the region, producing over $108bn worth of products a year.

The conference started with an opening address by Ahmed Al-Shamsi, Senior Vice President for the MEAE region at Abu Dhabi-based Borouge, and Chairman of the GPCA Supply Chain Committee. This was followed by a keynote address from Fayez Al Malki, Vice President, Global Supply Chain at SABIC, the giant Saudi Arabian-based producer. He called on the chemical industry in the Arabian Gulf region and globally to respond to the new generation of disruptive technologies, such as artificial intelligence, blockchain, advanced analytics, the Internet of Things, robotics and process automation. These, he said, would be leveraged to disrupt existing supply chain operating models.

A number of speakers reiterated the theme that the petrochemical industry in the Arabian Gulf must ensure its readiness to face the growing rate of supply chain digitalisation. This, they claimed, was leading to continuous disruption and the creation of new challenges and opportunities for Middle East producers. This, in turn, will need them to adapt to new market realities.

A statement said that the chemical supply chain is transforming rapidly as global challenges add pressure on chemical players to improve their efficiency and end-to-end supply chain. Against this backdrop, a new set of technological advancements, known as 'Supply Chain 4.0', is influencing how organisations operate their logistics, buy materials and generate value. The move towards greater digitalisation is transforming chemical supply chains, creating new opportunities to make them more agile, resilient, faster and efficient.

The key enablers for a successful chemical supply chain transformation, it was asserted, include collaboration, technology, digital procurement, value-based sales and operations planning and building local content.

In another keynote presentation, Abdulaziz Mohammed Almohawes, Head, Authorized Economic Operator, Saudi Customs, highlighted the importance of the Saudi Authorized Economic Operator programme, a new trade facilitation initiative offering faster and simpler import and export processing in Saudi Arabia.

Dr Abdulwahab Al-Sadoun, Secretary General, GPCA, commented, "Supply Chain 4.0 is not a mere buzzword, it is a necessity and a reality that is right here, at our doorstep. No industry is better placed than the chemical industry in the Arabian Gulf to respond to the immense opportunity created by this rapidly evolving trend. To build more responsive and intelligent supply chains, the industry must leverage the latest technology innovations. It must embrace the new generation of digital procurement which supports better decision-making and improved performance."

"A concerted focus on end-to-end visibility will also be needed to manage product and data flows across global supply chains. The chemical industry must develop new service offerings to create greater value for its customers and source goods and services from within the region to boost local content and support the growth of small-to-medium-sized enterprises. Ultimately, chemical players should enact a cultural shift from being efficiency focused to becoming more value driven."

In line with its commitment to building local human capital in the Arabian Gulf, the GPCA hosted its Leaders of Tomorrow programme on the side-lines of the Supply Chain conference. Students from universities across the GCC attended a seminar comprised of expert presentations by industry leaders from Borouge and Tasnee.

Cutting through the generalities and generic phrases that ever conference generates was a universal truth. In his 1859 tome on evolutionary biology, On the Origin of Species, Charles Darwin never actually said: "It is not the strongest of the species that survives, nor the most intelligent that survives. It is the one that is most adaptable to change". The fake 'adapt-or-die' soundbite was only a paraphrase of his musings on natural selection but it can, nevertheless, be usefully applied to the global petrochemical industry, the Middle East petrochemical industry and their associated supply chains.

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