

REGIONAL FOCUS

Russia: How large is the tank container market, and how is it unique?

P26

LESSOR

How and where will newly merged Albatross Tank-Leasing move forward?

P28

OPERATOR

Modul explains its business model for Russia and beyond

P35

MARKET FOCUS

The tank container market may have peaked. We explain why.

P39

5th anniversary

Tankcontainer MAGAZINE

Volume 6 | Issue 4 | December 2019



Exploring the Russian
tank container market,
with Alexander Alexeev
of Infotech-Baltika M

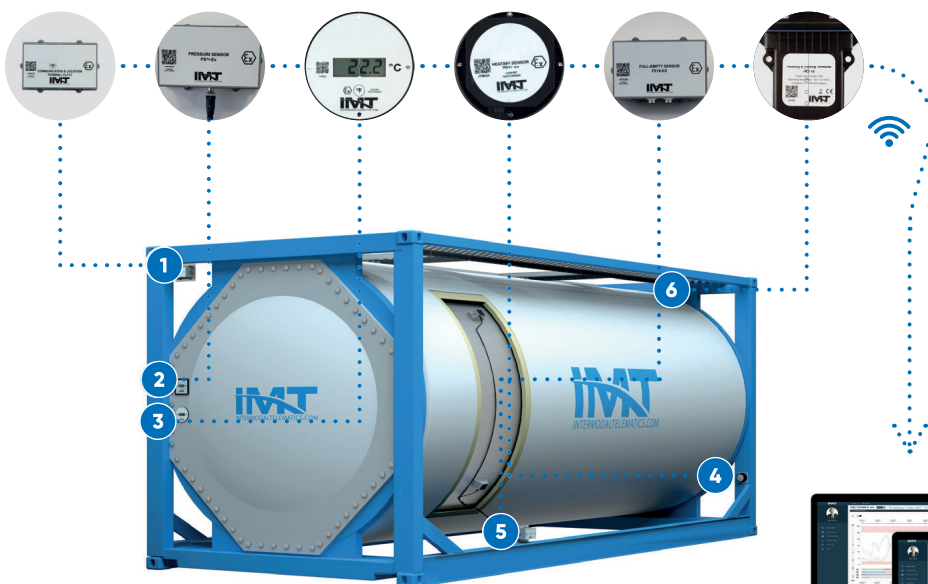
Take tank telematics to the next level

IMT is the independent telematics solution partner for the tank container and rail car industry and is the world leading telematics company. We develop and produce standard and customised industrial intelligent sensors which generate and transmit data about the tank container and its cargo to a web application or mobile app.

NT Tank, the world's second largest tank container manufacturer, chooses IMT as its partner in creating smart tanks. On all new builds NT Tank will install the IMT Pre-Kit including the digital thermometer at no extra cost.



1. Communication & Location Terminal (CLT)
2. Pressure Sensor
3. Temperature Sensor
4. Heating Sensor
5. Full-Empty Sensor
6. Heating & Cooling Terminal (HCT)



Our sensors and platform offer you better insights, enabling you to better monitor product quality and improve the safety and efficiency of the logistics process.

- ✓ Improve operating efficiencies.
- ✓ Secure quality of cargo.
- ✓ Provide track history of all relevant data of each container: location, temperature, pressure, full-empty, heating, ...

So take your tank telematics, and your business, to the next level. With IMT.



IMT
INTERMODALTELEMATICS.COM

NEWS

5-19



FESCO Transportation Group and Chinese logistics companies Best Ship Energy Management Co. Ltd. and Zhe Jiang Rui Neng Ocean Shipping Co. Ltd. have agreed to develop intermodal transportation of LNG in tank containers from the Russian Far East to China.

Front Cover Interview

Tankcontainer Magazine explores the Russian tank container market with Alexander Alexeev, one of its leading operators



21

Publisher
Duvel Media
www.tankcontainermedia.com

Editor
Leslie McCune
leslie@tankcontainermedia.com

Advertising
Ed Andrews
ed@tankcontainermedia.com

Production Editor
David Badger
david@tankcontainermedia.com

ginko design
hellostudio@ginkodesign.co.uk
www.tankcontainermedia.com

Tank Container Magazine is published by Duvel Media. Copyright 2019 Duvel Media. All rights reserved. Any reproduction without permission is prohibited.

Registered office
53 Grove Hill, London E18 2JB, UK

OPERATOR



On the 5th anniversary of *Tankcontainer Magazine*, we invited some of the industry's most influential players to share their view. The Hoyer Group sees both opportunities and constraints

24

REGIONAL FOCUS



The Russian tank container industry is on the verge of big changes, thanks to the recovery of the national economy and growing demand for tank containers, writes Eugene Gerden

26

LESSOR



Christoph Schoeler, CEO of ALBATROSS Tank-Leasing based in Mönchengladbach, Germany, is surveying a changed business environment. The opportunities are in tune with his forward thinking.

28

OPERATOR



Russia's Spectransgarant continues to expand its fleet, scope and capabilities while broadening its national and international footprint.

31

LOGISTICS



Baltica-Trans Logistics continues to win and retain customers both in its native Russia and beyond, reports Brian Dixon

33

OPERATOR



Russia's Modul says its success is based on flexibility, innovation and, above all, understanding what is inside the tank container being moved.

35

MARKET FOCUS

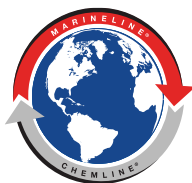
Independent tank container market expert Leslie McCune sees short-term weakness in the tank container sector

39

ChemLINE®

Superior Tank Linings for AGGRESSIVE CHEMICALS

- ✓ Provides resistance to over 5,000 chemicals - acids, alkalis, solvents
- ✓ High solids content (85%)
- ✓ Extremely low VOCs
- ✓ Versatility to change cargoes after cleaning and decontamination
- ✓ Professional Global Partner Applicators



ADVANCED
POLYMER COATINGS

Advanced Polymer Coatings
Avon, Ohio 44011 U.S.A.
+1 440-434-3069 Phone
www.adv-polymer.com/tc



Tank container market less attractive in short term

The attractiveness of the tank container sector has peaked. It still, however, has attractive defensive qualities but, in stock market parlance, an Equity Analyst would say its rating has moved from a 'Buy' to a 'Hold' (meaning that investors with an existing position should maintain it but new investors should not enter the market).

Recent market conditions have been favourable, typified by strong demand and margin growth, while the cost of the capital and the price of tank containers have been at historical lows. This has created a so-called Goldilocks market environment where, as in the fairy tale, conditions are just right for favourable financial returns.

Supportive market dynamics have driven record profits for many players (except, of course, tank container manufacturers), but a number of factors are combining to take the shine off the tank container sector. These include lower confidence in the chemical sector confidence, weaker tank container shipments, increasing cost pressures on the tank container sector and interest rate concerns. Together, the net result is to make the tank container sector less attractive in the short term.

The competitive intensity of the tank container market can therefore be expected to increase in the short term.

Bog standard growth opportunities, such as new demand for leased generic T11s, will be more aggressively fought over by lessors, not least to generate revenue for the large numbers of unused new build tank containers being stockpiled at China's tank container manufacturers.

For tank container lessors, critical success factors will be economies of scale, a low cost of capital and the right accounting treatment (to offset near-term earnings pressure, lessors can loosen their depreciation policy, although the risk is that impairments may follow in later years if residual value assumptions are not achieved). Key financial performance indicators will include the ratio of net financial debt to EBITDA and cash-on-cash returns, i.e. the ratio of annual before tax cash flow to the total amount of cash invested.

The major tank container operators have each successfully developed different market positions based on their own specific expertise in chemical logistics. Stolt-Nielsen is the tank container market

leader and has complementary depot, terminal and chemical shipping businesses. Tank containers are, therefore, their smallest lot size activity. Hoyer complements its tank container business with smaller lot size liquid activities in IBCs and flexitanks, while Bertschi and Den Hartogh focus on both dry and liquid bulk movements, with Bertschi having a stronger focus on terminals and rail.

As market conditions turn less favourable in the short term, tank container players can be expected to place more emphasis on free cash flow and re-financing, rather than top-line growth and/or additional capacity increases. Headline-grabbing profitability growth will be less evident and there will be more emphasis on balance sheets than P&Ls. Utilisation improvement will be prioritised and expect more consolidation. More positively, gas tanks and cryogenic tanks for LNG offer attractive growth.

The good news is that the underlying secular trends – those not affected by shorter-term market pressures and dynamics – remain supportive and will drive the market up in the medium-to-long term.

Much depends on the investment horizon – tank container operators, several of which still have strong family interests, tend to have longer perspectives.

More generally, this final issue of the year explores the Russian tank container market. The annual sequence of issues for *Tankcontainer Magazine* is as follows: Q1 focuses on Europe, Q2 addresses the Middle East, Q3 looks at the tank container market in Asia and in Q4 there is an emphasis on a 'guest' region from the tank container markets around the world.

In Q4 2018, we looked at the Indian tank container market and, in the previous year, we reviewed the North American market. In Q4 2020, we will look at the tank container market in Africa.

We also feature Infotech-Baltika's view of the Russian tank container market and explore the development of Albatross Tank-Leasing/Sinochem Logistics Group, following its formal takeover by Junzheng Energy and Chemical Group, a privately owned inner-Mongolian corporation. The individual business units will continue to operate under their own names in the newly established Gentco Logistics group (Shanghai Junzheng Logistics).

Leslie McCune, Editor

www.savvy-telematics.com

KEEP TRACK OF YOUR ASSETS

A STRATEGIC TREND-SETTING PARTNERSHIP



CIMCTANK
CIMC ENRIC



TANKMILES HEATING SYSTEM

FESCO links up with Chinese companies for the transport of LNG in tank containers

FESCO Transportation Group and Chinese logistics companies Best Ship Energy Management Co. Ltd. and Zhe Jiang Rui Neng Ocean Shipping Co. Ltd. have agreed to develop intermodal transportation of LNG in tank containers from the Russian Far East to China. The tripartite agreement of intent was signed by the parties during the Eastern Economic Forum.

Using its experience and expertise, FESCO will develop logistics schemes for LNG transportation in tank containers from the Far East to China. Regular inland routes will be used to transport LNG to the northern provinces of China, while the transportation to the southern and central provinces will be performed using maritime service. FESCO is also ready to offer its rolling stock and fleet. In return, the companies from China will provide tank-containers and engage in LNG sale in China



For the future plans the parties are considering expanding the geography of joint LNG transportation to other APAC countries.

Zhe Jiang Rui Neng Ocean Shipping Co. Ltd is logistics company established in 2018 in China, specializing on domestic maritime and international cargo

transportation. The company is focused on transportation of LNG in tank containers.

Best Ship Energy Management Co. Ltd was established in 2015 in Chongqing free-trade zone. The company specializes on transportation of LNG usable as fuel for cars, vessels and gas stations.

Bertschi joins ECTA supply chain visibility workgroup

ECTA has recently launched a new ECTA workgroup to improve Supply Chain Visibility within Bulk liquid flows.

The ECTA workgroup aims to develop an ECTA Transport Data and Message Definition Framework to improve "end to end" Supply Chain Visibility and Collaboration across the Chemical Logistics Bulk Liquid actors.

The creation of the workgroup was a shared initiative of Hoyer, Den Hartogh and Bertschi. The three parties started this initiative as they strongly believe in standardization to further optimise the supply chain.

The initial focus of the ECTA



workgroup is on providing reliable and continuous updated ETA's and

transport milestone messages, thereby avoiding exchange of huge amounts of raw data and ETA interpretation differences.

The overall scope of the initiative is not limited to standardization in transport messages, as it also aims to further look into other areas in the logistics process where standardization would lead to higher efficiency.

As Bertschi believes this is an important step towards further optimization, we have joined this ECTA workgroup. We look forward to work together with other actors in the Chemical Liquid Bulk supply chain to make this initiative a success.



A LONGER LIFE. AT NO EXTRA COST. **WHAT'S NOT TO LIKE?**

The new Fort Vale **Superseat Footvalve** is a radical alternative to an age-old problem.

Crevice corrosion is a common issue within the chemical and food-duty markets, particularly at the union of the sealing face and the main footvalve seal. Previously, the best solution was to use high nickel steels such as Hastelloy® in an effort to solve the issue - but this could be prohibitively expensive.

That's why Fort Vale is now using Inconel® as part of their manufacturing process. With a much higher pitting index than 316 stainless steel, greater resistance is available to a wider range of chemical applications - ensuring long-life and trouble free use.

Not every company can do this. **Not every company is Fort Vale.**

Den Hartogh Logistics compensates CO₂ emissions with Shell

Shell and Den Hartogh Logistics have signed a cooperation agreement to offset the CO₂ emissions of the Den Hartogh fleet through participation in Shell's CO₂ compensation programme.

The Den Hartogh fleet consists of more than 620 trucks and nearly 140 company cars in various European countries. Den Hartogh's contribution will be allocated to internationally certified CO₂ compensation projects in Peru, Indonesia and Kenya.

The cooperation with Shell fits in well with Den Hartogh's management strategy which is aimed at sustainable growth whilst considering the environmental effects of the work. Den Hartogh focuses on continuous improvement of its business processes and opts for efficient and sustainable solutions where possible. One of the direct goals herein is to minimize the carbon footprint.

The Den Hartogh fleet has modern and efficient trucks with Euro-6 engines and special software, to optimise fuel consumption even further without affecting driving characteristics. In addition, Den Hartogh continuously monitors drivers' driving behaviour. Drivers attend periodic trainings to drive as safe and efficiently as possible, save fuel and minimise emissions.

Pieter den Hartogh, Group Managing Director Den Hartogh Logistics: "We are enthusiastic to take the next step and to compensate for our environmental impact by participating in Shell's CO₂ compensation programme. We want to inspire and call upon other companies in our sector to take steps in the field of emissions as well."



Fedde Wielenga, Shell Sales Manager: "We are proud that Den Hartogh is the first major logistics service provider active in the chemical industry to join our initiative. Our goal is to convince as many companies as possible to join the CO₂ compensation program and thus combat climate change together."

The CO₂ compensation projects that Den Hartogh supports are part of the Shell Nature Based Solutions

program and are certified by the VCS (Verified Carbon Standard) and CCB (Climate, Community & Biodiversity) Standard.

VCS is the most widely used standard for CO₂ compensation projects worldwide.

The CCB (Climate, Community & Biodiversity) Standard ensures that, in addition to tackling climate change, projects also support local communities and preserve or improve biodiversity.

Chembid integrates its first logistics service provider with TankContainerFinder.com

After entering into platform cooperations with well-known marketplace operators for chemicals and plastics in the past months, chembid announced a cooperation with TankContainerFinder.com in September.

In addition to the range of chemicals worldwide, supplementary logistics services will also be available for the platform users.

TankContainerFinder.com is a platform which users can quickly find tank containers of the desired

type and quantity for the transport of their chemicals. Users benefit from a wide range of transport containers, high comparability and cost transparency. At the same time, commercial suppliers can offer their tank containers and present them efficiently and cost-effectively to a large number of potential customers.

TankContainerFinder.com currently has over 1,100 active users from 114 countries and over 900 brokerage enquiries, making it one of the largest and fastest growing platforms for the booking

Professional Manufacturer of **TANK CONTAINERS**

- 20' ISO Tank T1-T23
- Swap Tank 28-38 m³
- Single or Multi-compartment tank
- Baffle tank
- Electrical/glycol heated tank
- Reefer tank
- Food grade tank
- T50 gas tank (U and U2 stamp)
- Super insulated tank
- IBC tank (pressurized and non-pressurized)
- Offshore Tank to DNV2.7-1/EN12079
- Lining tank (PE, Rubber, Saekaphen, FRP, Chemline, PTFE, etc.)
- AHF tank
- Liquid sodium tank
- 29.5/30KL square shape tank



YOUR BEST PARTNER IN LOGISTICS

Add: 3888 Jintong Highway, Xingren, Tongzhou, Nantong, Jiangsu, China
Tel: +86-513-81601166 Fax: +86-513-86221280 ext. 8018 Email: info@nttank.com

NANTONG TANK CONTAINER CO., LTD. [Http://www.nttank.com](http://www.nttank.com)



of tank containers.

The cooperation gives chembid users access to a reliable logistics service. With this cooperation, chembid is broadening its position in the chemical industry.

"Our users demand innovative solutions for everyday challenges in the chemical industry. In addition to purchasing and selling chemicals and plastics, supplementary services in areas such as logistics or financing are also highly relevant," said Christian Bürger, Managing Director of chembid.

Léon de Bruin, CEO of TankContainerFinder.com, is also looking forward to the cooperation:

"The partnership enables us to broaden our horizon and network within the chemical and plastics industry. We are looking forward to connecting the largest search engine for chemicals and plastics worldwide, with a great presence in the Far East, to the leading platform for tank containers worldwide, which has more than 65% of the global fleet connected, and building a more transparent and efficient chemical supply chain together."

The cooperation between chembid and TankContainerFinder should also be a signal for open and interdisciplinary cooperations between digital platforms. Further partnerships are planned by chembid.

ITCO donates tank container to Shanghai Maritime University



The International Tank Container Organisation has donated a 20ft ISO tank container to the Shanghai Maritime University, China's leading academic institution for the shipping, ports and logistics industry. The tank will be used as part of a programme which includes six 1-day training days, together with access by students to ITCO's on-line Tank Container E-learning Course.

The donation ceremony took place at Shanghai Maritime University in November, when the ITCO/SMU co-operative and donation agreements were formally signed by SMU's Vice-President Shi Xin and ITCO's President Reginald Lee (pictured above).

The tank was provided by ITCO member Exsif Worldwide, with the fittings supplied by Fort Vale Engineering. The tank's manufacturer CIMC prepared the tank for the University and built the access ladder and walkway. Technical expertise and logistics were supplied by Stolt Tank Depots.

Tankcleaning manufacturer of:

Silo / bulk cleaning
Food cleaning
IBC cleaning
Railway carriage cleaning

Chemicals cleaning
Container cleaning
Container heating
CIP / latex cleaning



The reference in new tankcleaning projects and renovations!



Everdongenlaan 9/19
2300 Turnhout
Belgium

T. +32 (0) 14 27 00 80
info@ctwcleaning.com
www.ctwcleaning.com

Tracking, continuous monitoring and fleet management of **unpowered mobile transport** units.



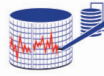
Pressure



Temperature



Location



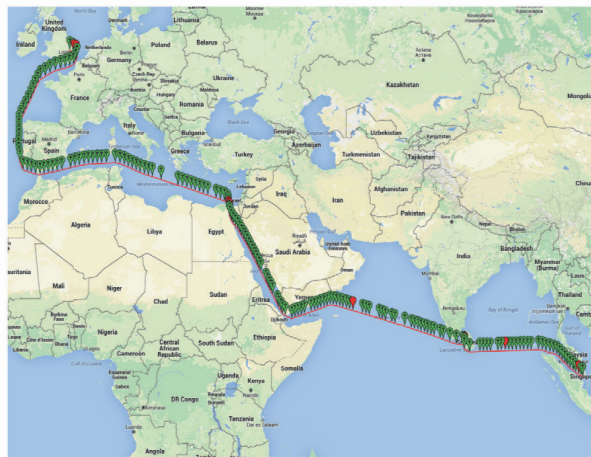
Shocks



Level



Leakage



- ✓ connect your fleet to the internet of things
- ✓ always be informed
- ✓ lower your costs
- ✓ improve your efficiency

Also in



Please contact us for more info

www.ovinto.com

info@ovinto.com

BASF invests half a million in port of Antwerp

German chemical concern BASF announced at the beginning of October that it plans to invest more than half a million euros in production of ethylene oxide in the port. This follows on from a long series of investments by the chemical industry.

BASF is to raise its production capacity for ethylene oxide and derivatives in the North of the port area.

The investment which includes among other things construction of a second large ethylene oxide facility will generate more than 100 additional jobs, according to BASF.

The investment will raise the production capacity for ethylene oxide and derivatives by an estimated 400,000 tonnes.

The substances produced are used in car brake fluid, detergents, cleaning products and insulation material, to give just a few examples.

There are various reasons for multinational chemical companies opting for Antwerp. The connectivity with overseas destinations and the European hinterland plays an important role.

The port also offers tank storage facilities, an extensive pipeline



network and more than 1000 km of other facilities.

These advantages were showcased by Port of Antwerp at the European Petrochemical Association (EPCA) 2019. Port of Antwerp CEO Jacques Vandermeiren was the keynote

speaker at this meeting that brings together some 700 chemical industry companies annually.

For the benefit of attendees he presented the port's infrastructure and explained the policy of sustainable management for the Antwerp port area.

A 'Package Deal' for safer ADR transports

Now available with Wiegel Transport Equipment is a special 'package deal' for safer and more efficient loading and unloading of liquid (perishable) products in tank containers: a Mouvex B200 screw compressor with integrated air cooler in conjunction with a 2" membrane pump and an improved Lodar remote control approved for ADR-transports.

Typically, the above-mentioned, compact B200 screw processor weighing only 26.5 kilograms, produces a tremendous compressed air volume. The system is able to empty the volume of a full tank container in a relatively short time.

As part of the package, the Lodar remote control may be utilized to simply control the on-board 2" membrane pump for evacuating the last remaining

amount of (sticky) product from the bottom of a silo.

As standard, the included remote control comes equipped with six buttons. Two buttons are utilized for switching the membrane pump on and off, and two buttons switch the air cooler on and off. The other two buttons may be utilized to start and stop the vehicle.

In this way, the driver easily controls the on-board equipment for loading and unloading the vehicle from a safe distance (up to a 300 meter maximum), without running any kind of risk (of bodily harm for example, in case of a broken hose or worse).

Once the product is loaded, the remote control may simply be used to switch off the membrane pump and to start the vehicle's engine. This saves time, allowing the driver to immediately drive away.

TANK CONTAINER SOLUTIONS

FOR CHEMICAL, PHARMA, FOOD & BEVERAGE INDUSTRIES



SSB signs agreement with Petrolife for cross-border small-scale LNG supply

SSB Cryogenic Equipment has signed an agreement to supply LNG via ISO tanks to support Petrolife Aero's regasification operation in Malaysia.

The Singapore-based turnkey service provider and EPC company signed a three-month Proof of Concept agreement with Petrolife, an independent trader and licensed importer of LNG to Malaysia, on 25th September.

The agreement has additional options for expansion to scale-able deployment and continual supply of LNG.

The trial is tied to an increase in energy consumption in Malaysia, with natural gas being recognised as an important bridge in the



transition to a clean and sustainable environment.

The scope of work includes the supply, logistical management and transportation of the first 90 loads

of LNG via ISO tanks within three months.

SSB's ISO tanks, manufactured by Chart Ferox, will be shipped from Singapore to Port Klang.

HOYER supports the definition of digital standards in transport

HOYER has stated that it supports efforts to improve the supply chain's transparency by defining common standards between different suppliers. To achieve this, the internationally operating logistics specialist for liquid goods handling joined a working group launched by the European Chemical Transport Association (ECTA).

ECTA recently announced the launch of a new work group to improve the transparency of the bulk liquids supply chain. The aim of this ECTA work group is to develop a standard ECTA format for transport data and message definition to improve end-to-end supply chain transparency and collaboration across the chemical logistics bulk liquid actors.

"HOYER, as a founding member, fully supports this initiative, as the company recognises the need for standardisation in order to further optimise the supply chain," the company said in a statement.

The initial focus of the ECTA work group is to provide reliable, continuously updated information on estimated time of arrival (ETA) and the communication of transport milestone messages, thereby avoiding the unnecessary exchange of large amounts of raw data and differences in the interpretation of the ETA. The overall remit of the



initiative is not limited only to standardisation in transport messages, as it also aims to look further into other areas in the logistics process where standardisation would lead to higher efficiency.

"As a worldwide goods transporter, HOYER fully understands the importance of taking this step towards further optimisation of the supply chain by creating common standards. This is why the Hamburg based logistics provider decided to join the ECTA workgroup and works together with other actors in the chemical liquid bulk supply chain to make this initiative a success."

HIGH QUALITY GRP FOR TANK CONTAINERS

- LIGHT
- DURABLE
- EASY TO CLEAN
- HAIL RESISTANT
- WATERPROOF
- HIGH ELASTICITY
- LOW THERMAL EXPANSION COEFFICIENT
- STRONG CORROSION RESISTANT

Brianza Plastica's fiberglass laminates from **ELYCOLD** and **ELYPLAN** ranges can be proposed in rolls as in sheets and, ensuring an excellent resistance, lightness and easy workability, represent the ideal solution to cover the external surface of tank containers.



UNIPLAST



www.flatlaminates.com - sales-flatlaminates@brianzaplastica.it

DEPOT SOFTWARE YOUR NEXT MOVE.

ENABLING TANK CONTAINER SERVICE PROVIDERS
TO MAKE THEIR NEXT MOVE

 **Depot** Software

DEPOT Software
De Zelling 8
3342GS H-I-Ambacht, The Netherlands

Suttons showcases safety and innovation

The UK's largest bulk chemical logistics company Suttons has been showcasing its commitment to safety and innovation during a customer focused event.

A variety of workshops were held by Suttons senior managers, focusing on the organisation's safety culture, compliance excellence and innovative technology project with fleet telematics provider Microlise.

The company's 2019 Volvo units and new general purpose tanks were on display with given an opportunity to drive one of the rigs around the track at Bruntingthorpe Proving Ground in Leicestershire.

Michael Cundy, managing director of Suttons Tankers said: "We wanted to give our key customers an insight into our commitment to safety and how we're investing for the future, in both assets and technology.

"This location provided the perfect backdrop for customers to take part in workshops, have a drive of the vehicles and climb



inside our innovative training tank.

"An event of this kind gives us an opportunity to meet and listen to our customers and demonstrate our capability across a range of areas.

"It's been a positive year for the business which is continuing to grow and we'll be announcing a number of new business wins in the coming months."

Mark Beal from BOC Fleet Services said: "What a great event! The day was well structured and gave a very informative insight

into the great work that Suttons is doing for its customers and the industry. Everything was slick and timed very well."

Suttons operates in the UK with a fleet of more than 500 vehicles focused on the chemicals, gas and fuel sectors and internationally transports more than 9,000 tank containers. The company has key business centres in New Jersey, Houston, Widnes, Antwerp, Ludwigshafen, Kuantan, Singapore, Shanghai, Tokyo and Khobar.

Nexxiot accepted as a member of ITCO

Nexxiot, the leading enabler of the digitized supply chain, has last week been accepted as a member of ITCO (International Tank Container Organisation).

With over 170 members worldwide, the organization represents the tank container industry to all sectors of the transport community, together with national and international governmental and regulatory bodies.

With the recent establishment at its last Members meeting at the beginning of October of a dedicated Work Group, focusing on standards for communication and telematics, it is clear that ITCO's membership is increasingly

recognizing the importance of IoT-solutions for the sector. Nexxiot will play a central role within ITCO in the establishment of international standards for the industry.

"Standardization is an evolving practice," says Patrick Hicks, ITCO's General Secretary, "with inbuilt adjustment mechanisms. ITCO involves as many stakeholder groups as possible, to enable a discussion comprising all the important technological and commercial concerns.

"For this reason, Nexxiot's contribution to ITCO's work, as an expert in digitalization of the freight market, will contribute to work that the organization is undertaking and proved benefits to our members."

"Standardization is a key for a highly efficient digitized supply chain. Particularly in the area of IoT, there must be agreed upon standards to ensure that quality, safety and sustainability in the tank container industry are maintained."

Nexxiot creates transparency along the supply chain and enables customers to differentiate their own business models and optimize the existing process.

When attached to transportation objects, Nexxiot-IoT sensors generate data such as location, temperature or shock and more. This data is then analyzed by Nexxiot's algorithms and provided via a cloud platform directly to the customer in near real time.



PREPARING YOU FOR THE JOURNEY AHEAD

We are leading experts in providing insurance and risk management solutions for the tank container industry.

Contact us to discuss your insurance requirements.

Tel: + 44 (0) 1473 346046 | poundgates.com

Pound Gates, Hyde Park House, Crown Street, Ipswich, Suffolk IP1 3LG, United Kingdom. Pound Gates & Co Ltd, trading as Pound Gates, is authorised and regulated by the Financial Conduct Authority and is an ISO and Investor in People accredited company.

Tank-Leasing – Service included



ALBATROSS

Germany • Russia • China • USA

MAKING THE RIGHT MOVE

ALBATROSS Tank-Leasing offers the unique combination of rental and fleet management system for tank container worldwide.

Strategic Move as part of the ALBATROSS service structure offers 24/7 access to all relevant information about the loaded and empty move, eliminating the time consuming investigation about current location, status and Maintenance & repair process.

Contact our local offices for additional information about a more efficient way to manage your tank container fleet.

ALBATROSS
Tank-Leasing

www.albatross-tanks.com
info@albatross-tanks.com

Stolt steps up Singapore steam heating capacity

Stolt Tank Containers' Singapore terminal – STC's hub depot in Asia – has invested in a significant expansion of its heating facility, enabling it to offer an enhanced service to customers in the region.

Stolt Container Terminal Pte Ltd (SCTPL) started cargo heating shortly after its establishment 32 years ago, with 12 heating bays. Now the Singapore terminal has expanded its steam heating facility vertically, to a total of 60 cargo heating bays provided in two tiers.

The SCTPL depot has been delivering world-class services to its customers since it began operations in June 1987. The facility provides support for all STC activities in Asia and also plays a major role as the training centre for STC staff and for regional depots and customers. Stolt is committed to providing the highest standards of service, quality and safety. Every tank container is handled in accordance with the globally applied operating standards of STC, ensuring quality, reliability and safety for people, the environment and the cargo.



The Singapore depot's heating lines are equipped with step-down regulators that allow the application of different steam pressure to suit different cargo types and different requirements in terms of pace of heat transmission. Cargo sampling is carried out on each laden tank and cargo temperature is monitored throughout the entire heating process.

SCTPL is located in Jurong Island, where major companies including Infineum, ExxonMobil, Chevron, Shell, Lanxess, Afton, Evonik, Mitsui, Sumitomo and Singapore Refinery are operating. The island is linked to the

mainland by a 2.3 km causeway, with high security measures. The STC depot provides cargo heating 24/7/365 mainly for the Infineum plant, which is close by. Other tanks are sent to the depot directly or indirectly for heating by numerous other important customers on the island.

The STC depot in Singapore provides cost-effective and environmentally responsible services that are tailored to individual customers' requirements. Covering an area of 20,000 square metres, it offers customers easy one-stop-shop services for storage, heating, cleaning, testing and repairs.

CNOOC set to trial LNG deliveries by rail

China National Offshore Oil Corp (CNOOC) is working with a railway company to trial delivery of liquefied natural gas (LNG) by rail, a senior company executive said on Tuesday.

The two-year trial will involve sending LNG to central China from four terminals - Guangxi, Zhuhai, Zhejiang and Tianjin, Wang Si, head of the company's LNG ISO Tank Container Intermodal Transport Project, told a conference.

China is the world's second largest importer of LNG but lacks natural gas pipeline and storage infrastructure.

While trucks carrying ISO tanks can serve distances of 500 kilometers, trains will serve longer distances of over 1,000 km, Wang said.

Each ISO tank can carry 17-18 tonnes of LNG and the trains will be able to take 50 such tanks, he said.



CNOOC, China's largest LNG importer, aims to transport 1 million tonnes per annum (mtpa) of LNG using ISO tank containers over 2019-2021, increasing this to 2 mtpa by 2022-2023, he added.

The trial is pending approval from China Rail Company, he said. CNOOC also plans to use ISO tanks for LNG storage as they are about 30% cheaper than current storage facilities and save space, Wang said.



Your tank container experts

TWS has more than 25 years of experience in renting out standard and special tank containers for liquid products to the chemical and food industries. TWS also provides various sizes of spill troughs. Customers rely on the outstanding quality of its fleet and value its flexibility in terms of volume and technical features.

For more information: E-mail: tws@tws-gmbh.de and web: www.tws-gmbh.de

TWS
RENT-A-TAINER



Tank Cleaning Systems



Food / Non-Food
Cleaning Systems



Parts & Service



**cleaning
your
world**

Gröninger Cleaning Systems

Founded in 1947, Gröninger Cleaning Systems has become the leading international manufacturer of specialised cleaning systems for ISO tank containers, rail tank cars, road tankers and IBC's.

Gröninger's reputation for reliability and the application of leading edge technology, combined with its wealth of industry experience, enables its global customer base to continue to contribute to improvements in cleaning standards and efficiencies.



chemicals



pressure



temperature



time

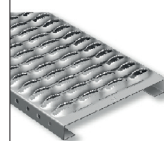
Head Office
Overseesweg 111
3044 EH Rotterdam
The Netherlands
+31 10 437 10 22
info@groninger.nl
www.groninger.eu

Subsidiaries
- Barcelona (ESP)
- Hamburg (DEU)
- Houston (USA)
- Singapore (SGP)
Representative Offices
- Shanghai (CHN)
- Mumbai (IND)
- Ufa (RUS)



MOOSE TANK PARTS B.V.

Your One Stop Shop Supplier



Frank van de Moosdijk

frank@moosetankparts.com
www.moosetankparts.com



Top marks for Bertschi apprentices



Bertschi can look back on a long tradition as a training company and the Bertschi apprentices are regularly among the best of their year. This year, three of its apprentices completed their apprenticeship with top marks and were honoured by Spedlogswiss and ASTAG for this outstanding achievement.

Kim Huber (KV M-Profile) and Vanessa Hauri (KV E-Profile) were honoured by Spedlogswiss and Joel Hauenstein (road transport specialist EFZ) by ASTAG (Swiss Commercial Vehicle Association).

Double marketing appointment at Suttons



Global logistics specialist Suttons Group has made a double appointment to its UK-based marketing team.

Alex Loveless and Jessica Russell join the company, who's head office is in Cheshire, as marketing managers within the International and UK Tanker divisions respectively.

Alex joins from national law firm GW legal where he spent 8 years developing new online initiatives for its B2B offering whilst also completing a full company rebrand. He is currently studying for an MA in Marketing, Communications and Branding.

Jessica's most recent role was Social, Content and Consumer PR Manager at CollectPlus and Yodel, a UK wide parcel carrier, where

she created content across all digital channels for both B2B and B2C relationships.

John Sutton, CEO Suttons Group, said: "Alex will head up marketing activity for Suttons International creating dynamic campaigns to grow our business in the States and in new markets across the world.

Jessica's experience will help our UK Tankers team tell its story of success in delivering a quality, cost effective service for our clients.

"Their skills are complementary enabling them to not only focus on specific areas of the business but also to work together across the group looking at everything from market research and events to all things digital."

Christian Kohlpaintner new CEO of Brenntag

The Supervisory Board of Brenntag AG has appointed Christian Kohlpaintner as the company's next CEO, effective January 1, 2020.

Over the last two decades, Christian Kohlpaintner has held various management positions in leading international companies. He joins from Clariant International Ltd.



He will succeed current CEO, Steven Holland, who will leave the company at the same time.

Stefan Zuschke, Chairman of the Supervisory Board of Brenntag AG, commented: "With Christian Kohlpaintner we have been able to place as our new CEO an internationally experienced business leader with a proven track record. He has demonstrated impressively that he can lead and develop major business divisions and companies successfully. It will be his mission to lead Brenntag to sustainable growth and expand the market leadership further."

Mr Kohlpaintner, commented: "I am looking forward to my new role at Brenntag and the opportunity of working with my colleagues on the Management Board and the whole Brenntag team. Brenntag is a very healthy company which is ideally positioned in the chemical value chain."



safe
Dynamic
collaborative
innovation
security of supply
cost neutral
real-time
reliability
Logistics
total cost to serve
sustainable
planning
4PL
asset neutral
cloud-based
risk mitigation
optimise
control
transparency
communication
Chemicals
savings
continuous improvement

LOG4CHEM

Small enough to care. Big enough to deliver.

Walzwerk / Atelier 52 | Rommerskirchener Str. 21 | 50259 Pulheim | Germany
www.log4chem.com | info@log4chem.com | Phone +49 (0)2238 / 96 84 0 - 00

'Spasibo' to a Russian leader

Tankcontainer Magazine explores the Russian tank container market with Alexander Alexeev, one of its leading operators

TCM: What does Infotech-Baltika M specialise in?

AA: Infotech-Baltika M is a tank container operator, although the meaning of this is slightly different in Russia compared with the European and global market.

TCM: What are the company's roots?

AA: The company started more than 11 years ago with a small number of tank containers delivering products from Nizhny Novgorod - a major petrochemical production location in Russia - to Rotterdam in The Netherlands. Our first clients were SIBUR and Gazprom Neft.

Ten years ago, it became clear to us that the transportation of liquid chemicals in tank containers was a very promising logistics trend and, moreover, it could be cheaper than moving liquid chemicals in the traditional way - by railway tanks.

TCM: How has it grown to today's company?

AA: When I started managing Infotech-Baltika M in 2012, it was a small privately-owned company with only three clients. Our fleet has since grown five times and we now have more than 5,000 tank



containers, making us the largest tank container operator in Russia and the CIS.

We are still a private company with a few individual shareholders. Having started as a local Russian company, we subsequently moved outside the Russian border and our tank containers are now moving goods from Europe to Russia and back.

We also have some flows to India, China, South Korea and in the reverse direction - these were new markets for us.

It was a challenge for our team to compete with international players in terms of the operations, competition and client service.

TCM: What are the unique challenges of operating tank containers in Russia?

AA: The Russian tank container market has developed in its own unique way, given that railways are the core transportation mode.

The roots of this unique model lie in Russia's long distances and the structure of its chemical industries. Major production sites are located across the whole country, whereas the few ports and terminals are concentrated in the Baltic and Black Sea regions.

That is why to be a tank container player we have also to be a railway company and have our own fleet of more than 2,300

rail cars (40' flatcars). This helps us provide our services within the 1,520mm Russian gauge railway system, which includes Belarus, Kazakhstan, the Baltic states and Finland. This wider set of competences makes us different to foreign tank container operators.

TCM: What assets are used for multimodal transportation activities?

AA: The main type of tank containers in our fleet is T11, although we also have T14 and T20 from 21-25 m³. However, the market for generic T11 tank containers is becoming more and more competitive.

TCM: Which recent tank container projects have been good examples of Infotech-Baltika M's expertise?

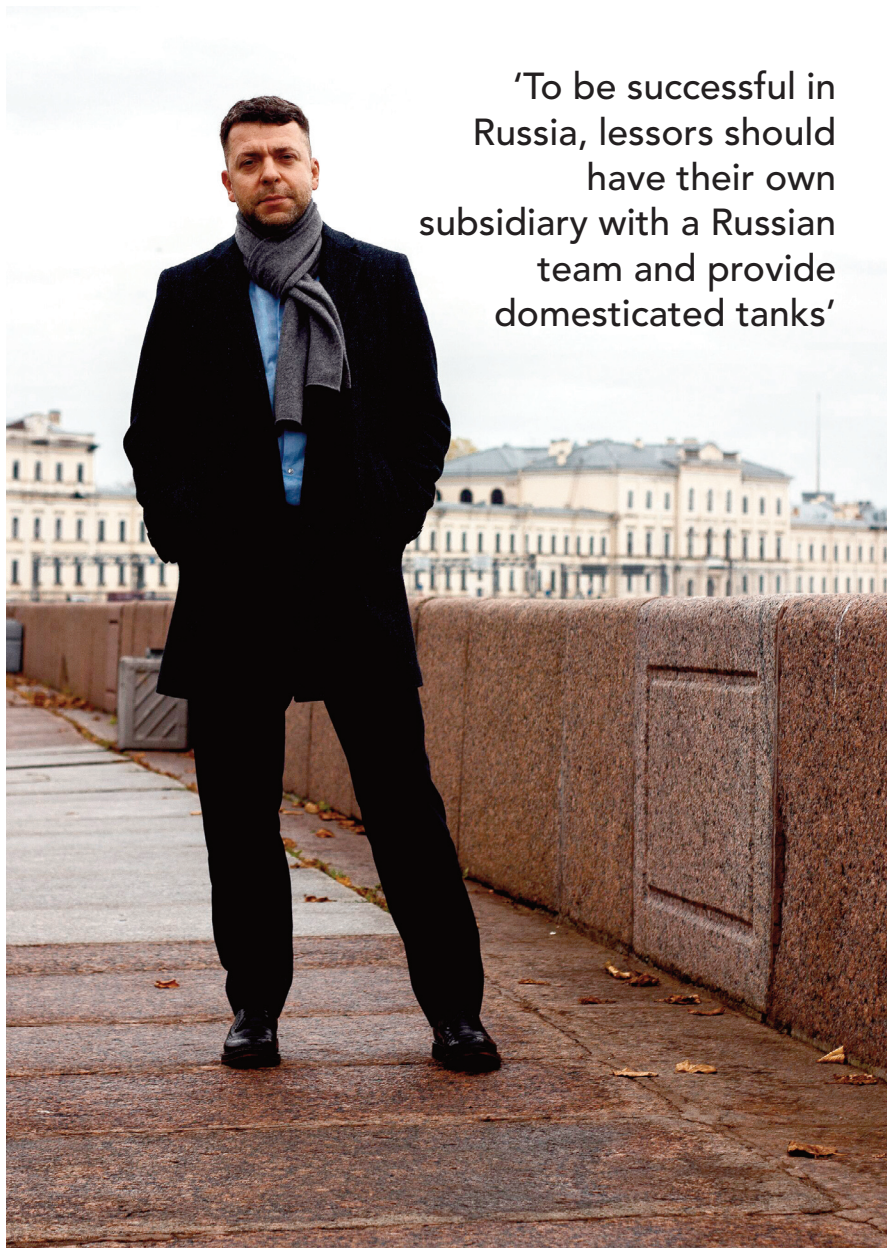
AA: We leverage both our technical and logistics expertise. For example, we built tank containers for fluoric hydrogen at the request of a client. We also provide tailor-made logistics solutions for multimodal shipments to hard-to-reach regions in the Far East (Kamchatka) and Far North (Yamal, Yakutia, Norilsk).

TCM: What range of industries are served by Infotech-Baltika M?

AA: Among our petrochemical partners are SIBUR, Gazprom and Gazprom Neft, Rosneft, Lukoil and others.

TCM: How much has the tank container market in Russia grown over the past five years?

AA: The Russian tank container market has developed rapidly over the past five years. The main business for us and our competitors is internal transportation and exports



'To be successful in Russia, lessors should have their own subsidiary with a Russian team and provide domesticated tanks'

(typically, from the production plant to a terminal by rail, such as to Kotka in Finland).

The main products in terms of volume are sulphuric acid, sodium hydroxide, liquid fertilizers, xylene and resins.

The market volume is about 5 million tonnes this year, up from less than 3 million tonnes in 2015. We will finish 2019 having moved 1.3 million tonnes in our tank containers, representing a market share of over 25%.

The Russian market continues to grow but at a more modest 5-7 % per year.

TCM: How are Russian tank container customer preferences changing?

AA: Having more than five operators with 1,000+ tank container fleets - and several international players - we now face not only intense competition but a change of mindset from clients.

Unlike previously, our clients now have a rather good understanding of tank containers and our business. That is why they are pushing prices down and trying to determine the precise value of our services, with an emphasis on

value for money. This approach is not so simple for both parties.

The greatest volume of cargoes is comprised of very cheap products such as sulphuric acid, caustic and fertilisers. Every ruble counts.

TCM: Are there enough Russian tank container cleaning stations and depots?

AA: Technical support plays a critical role in our service. Tank containers moved by railway suffer a lot from vandalism and there has also been a small amount of theft.

There is a lack of cleaning stations and depots in Russia. Several new sites appeared recently but the quality and execution of service is rather poor.

It's important to remember that the market volume is small and these kinds of businesses are generally run by enthusiasts with no long-term investment in it.

TCM: Does the company own any tank container depots?

AA: We manage our own depots in Omsk and Salavat. We also have on-site specialists at our biggest clients to check the tank containers before and after loading to avoid any safety and technical issues.

In several regions, we have hired local employees whose task it is to provide small repairs on site while supporting clients on technical issues.

TCM: Does the company use any tank containers made from composites?

AA: We are the only company in Russia that has composite tank containers in their fleet and operate the first composite tanks manufactured by Uralvagonzavod, one of the biggest producers of railcars.

The Russian Maritime Register has been working hard for the

adoption of composite tank containers by international regulations for deep sea shipments. We are in contact with several Russian composite tank container producers that will compete in global market when there is a global green color.

TCM: How large is the Russian tank container leasing market?

AA: The tank container leasing market in Russia is growing well, with the largest lessors present in Russia. A fleet of approximately 12,000 tank containers is leased to Russian-based customers. To be successful in Russia, lessors should have their own subsidiary with a Russian team and provide domesticated tanks.

A good example is Exsif Worldwide, which is the leader in the Russian market and our main partner.

TCM: Does Infotech-Baltika M get involved in the tank container leasing sector, now or in the future?

AA: We don't see any opportunity to participate in leasing sector as a lessor. To be in this market, you need to be an international or global company with strong funding at a favourable rate. The high cost of money and revenue in rubles make the local leasing business very risky.

TCM: What are Infotech-Baltika M's plans for the future?

AA: To summarise, the Russian tank container market is about the following: railways (not only tank containers but also wagons); tough price competition; deep technical expertise and service; long distances and big clients with a lot of procedures and paperwork.

However, as a major player, we have some reasons to be optimistic. The market is growing.

Alexander Alexeev



Alexander Alexeev was the General Director of Infotech-Baltika M before becoming, from August this year, a Board member.

He has worked for N-Trans Group (GlobalTrans & GlobalPorts) as CFO in start-ups: Ural Wagon Repair Company (Moscow&Magnitogorsk) and Logistic Park Yanino (St. Petersburg).

He studied at the Institute of Business Studies, RANEPA (The Russian Presidential Academy of National Economy and Public Administration) and undertook an Executive MBA in Strategic Management. In 2018, he studied at the Moscow School of Management SKOLKOVO, Practicum Global Shift.

We have a long-term strategy and ambitions. Our team believes in the future of the company. Our goals are more about service, technical and digital issues and less about the day-to-day market tones.

We'll concentrate our efforts and resources on developing long-term relations with our clients, building the tank container market infrastructure and setting standards so we can benefit both from the railway and multimodal use of tank containers in Russia.

HOYER's market perspective

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. Thomas Hoyer and the Hoyer Group see both opportunities and constraints

The HOYER Group is in the leading group of global logistics service providers handling liquid goods such as chemical products, foodstuffs, gas and mineral oil. Founded in 1946, the independent family company employs around 6,200 people worldwide and is present in 115 countries. In addition to transport, the logistics specialist's portfolio of services includes leasing tank containers and intermediate bulk containers, fleet management and supply chain solutions. Thomas R. J. Hoyer, Chairman of the Advisory Board of the HOYER Group, shaped the family company's development for many years as Chief Executive Officer.

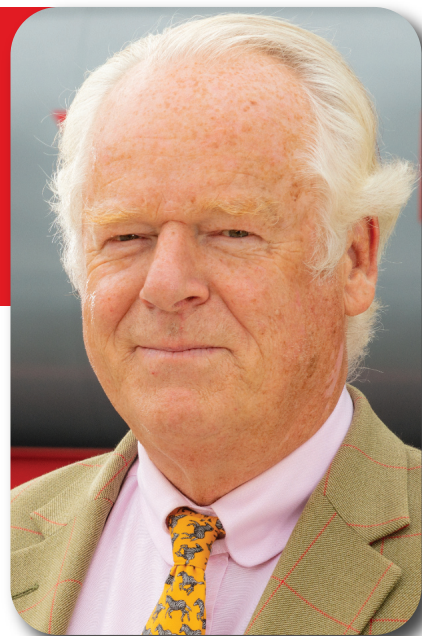
Despite the global economy recovering surprisingly quickly after the 2008/2009 financial crisis, the economic development of logistics services for the European chemicals sector was subdued. The US, the UK and China in particular showed far more dynamism compared to the Eurozone. Moreover, there has been a slow but constantly negative trend in supplies to service stations in recent years, initiated by a change in socio-political thinking and the

development of modern fuel-saving engines and alternative drive systems. Today, as in the past, geopolitical tensions and trade conflicts remain the triggers of uncertainties that have an adverse impact on market development and which cause market volatility.

Consolidation

Competition in the transport and tank container leasing business has intensified in recent years due to overcapacities and favourable procurement prices. Shrinking margins in standard tank container leasing have already caused realignment of the leasing business. As a result, chemical companies have increasingly contacted leasing suppliers directly - bypassing the operator. This trend is spurred on by the fact that customers can increasingly distinguish between the transport business and tendering for equipment.

Leasing concepts must become more flexible. We anticipate consolidation in the leasing and operator areas in the future; a phenomenon already known from the shipping industry. Hybrid business models are to be



expected, which will logically supplement companies' original core businesses and widen their market base by adding further services. It is conceivable that there will be tank container operators who offer leasing or fleet management concepts, and who will develop their profile towards being logistics consultants, or manufacturers that will offer additional depot services. This step towards hybrid business models seems logical due to the great volatility in all areas.

In contrast to the restrained development in prices for the provision of services, customers' requirements are increasing. Flexibility, response speed, process transparency and especially technology-assisted communications are in demand.

Transport safety and security, quality and improved capacity utilisation are already required - and these demands will inevitably increase.

Exciting developments are emerging due to the opportunities for extensive systems networking, which allow a comprehensive depiction of the supply chain. This, in turn, enables the development of dynamic, flexible responses to incidents within the supply chain.

Intelligent tank technology

To satisfy these demands, equipping tank containers with intelligent technology will be essential. Proactive messages and status reports - assessed and linked to other information sources - will recognise disruptive events in the transport chain at an early stage and will avoid breakdowns. This will lead to markedly improved punctuality and greater time efficiency. The ability to network will be a key component and competence in competition.

The technical equipment of tank containers shows two clearly recognisable trends: an increase in efficiency regarding the quantity of product transported per container unit, and equipment specialisation to guarantee improved product quality.

The volume capacity of tank bodies has already changed from the previous 21m³ to 25m³ and to 26m³. To some extent, additional baffle plates have been incorporated. Swap bodies from 30m³ to 35m³ are also growing steadily. Lightweight structural designs are demanded increasingly often, which accommodate more product weight compared to standard construction designs. Lightweight structural designs require special knowledge relating to workmanship, such as the insulation, to satisfy safety requirements. Both trends - larger tanks and lightweight construction - are aimed at moving more product volume using fewer transport movements, thereby



meeting both ecological and economic aspirations.

In contrast to lightweight construction, there are additional requirements such as full walkway grids, the installation of baffle plates, more valves or equipment for ground level operations. The balance is difficult to find. If ground level operations are to establish themselves further, this will have fundamental consequences for tank design to guarantee safe handling.

The demand for specially-equipped tank containers is expected to continue its growth. Specialist requirements can include special coatings, specific claddings or the use of higher-quality steel. Leasing companies must invest more but can also ask for higher margins for more specialised tanks. Whether production-related services such as blending and stirring during storage or transport will be required in the future remains to be seen.

Infrastructure must gather pace

Although noteworthy changes are apparent in tank container manufacturing and the equipment, the development of the traffic infrastructure has been left in the doldrums. Route guidance systems respond to obstructions and delays en route but the dilapidated traffic infrastructure imposes its own limits on logistics. Investments are urgently required in Europe - there is a pressing need to modernise both the rail operators' track

networks and the roads.

We are eager to see how autonomous driving will become established. Driverless traffic has already established itself at logistics nodes such as ports or on plant sites. With the further development of continental traffic, the focus in future years will probably continue to be on the Silk Road. Bearing in mind the chemical industry in China, goods flows will increase and will have a large effect both on the market and on traffic flows.

Another infrastructure topic will concern us in the future: the capacities of depots, and their maintenance and repair capacities, has not kept pace with the speed of growth in the global use of tank containers. There must be further worldwide growth in these structures, both in quantitative terms - to enable cleaning, servicing and storage needs to be met - and from a qualitative viewpoint - to allow increasingly complex technology to be handled. Depot storage capacities may become another bottleneck topic, either as a result of the healthy growth in the sector or as a consequence of the increase in storage needs due to an economic downturn.

The availability of digital interfaces between depots and customers' systems has been rather neglected but these will be essential in the future to join up this vital link in the overall chemical supply chain.

Ready for breakthrough

The Russian tank container industry is on the verge of big changes thanks to the recovery of the national economy and growing demand for tank containers, writes Eugene Gerden

Last year, the volume of cargo transported in tank containers in Russia reached 5.8 million tonnes, 18% higher than 2017 and 71% up from 2015. The market is expected to increase by a further 20%-25% this year.

Tank containers are probably the most promising segment of the Russian market for sea and rail transport, despite tank containers only appearing in Russia in the early 2000s. They were initially used primarily by small-to-medium sized local chemical producers for cargo deliveries within the Asian part of Russia. Leading local oil and gas producers - including Gazprom, Lukoil, Novatek and SIBUR - began using tank containers several years later.

The increase in demand from leading players has contributed to the growth of the overall fleet of tank containers in Russia. Today, there are 17,000 units and, according to predictions of Elena Andreyanova, Commercial Director of Baltika-Trans Logistics, these figures will further grow by at least 25% in the next five years.

In terms of cargo structure, about 80% of cargo transportation in tank containers in Russia is accounted for by chemicals and petrochemicals. Of these, the biggest deliveries are for various solutions of sodium hydroxide (caustic soda, alkali NaOH), sulphuric acid, synthetic resins, ethylene glycol, styrene and acrylic acid.

There is also the ever-growing demand for the use of tank containers for the transportation



of petroleum oils and light hydrocarbons. Deliveries of these in the Russian market have almost doubled in recent years.

Finally, mineral fertilisers remain another large cargo item being delivered in tank containers in Russia.

Domestic market

According to data from the Russian Ministry of Transport, up to 65% of the overall deliveries in tank containers in Russia are carried out within the domestic market. The share of exports is 20%, while imports represent about 15%. In recent years, imports have significantly increased, due mainly to the growth of deliveries of various chemical intermediates for the needs of Russian chemicals' producers.

Today, the Russian market of tank container transportations is primarily comprised of railway operators and shippers with their own and rented rolling stock. The number of rail stations having permits to work with tank containers is steadily growing. In recent years, their number has

increased to about 350 of the total of 12,000 cargo rail stations in Russia.

Most analysts believe the market has the potential for further growth in the next few years although a number of problems may restrict more active development. Perhaps the biggest of them is related to the lack of infrastructure. This is mainly due to the fact that most Russian chemical plants were built during the Soviet era and were primarily designed to deal with common tanks instead of tank containers.

There are also problems with poor services in the field of repair, cleaning and maintenance, as well as the number of regulatory restrictions. These combine to prevent the more active use of tank containers in Russia.

Despite the problems, analysts predict a further growth, not least because of the ongoing decommissioning of traditional tank cars in Russia (which have an average level of wear of over 70%) and their replacement by tank containers.

Last year, about 3,300 tank wagons for petrochemicals had

already been decommissioned in Russia, with another 4,100 units expected to be taken out of service by the end of 2019.

In general, according to analysts' expectations, up to 25% of railway tanks will be decommissioned in Russia within the next decade, with over half of them being replaced by tank containers.

Analysts at the Russian Ministry of Industry and Trade expect the overall volume of investments in the expansion of the Russian tank container fleet to reach RUB 15-17 billion (US\$250-270 million) in the next 2-3 years.

Local production

In the meantime, the growing demand for tank containers in Russia is stimulating local production.

In contrast to previous years, when most of tank containers were imported from abroad - primarily from China - the volume of imports has significantly declined in favour of domestic products since the 2017-2018.

Dmitry Bovykin, the First Deputy General Director of NPK United Wagon Company (UWC), Russia's leading - and one of the world's biggest - manufacturers of freight cars, confirms that most of the tank containers currently being used in Russia are of Chinese origin. However, the volume of domestic production is steadily growing.

According to Bovykin and other leading Russian analysts in the field of transportations, the list of the largest tank container manufacturers in Russia includes such leading enterprises as the United Wagon Company PJSC, Altayvagon, Uralvagonzavod, Azovmash and Uralhimmash. The latter mainly specialises in the production of tank containers, which are designed to operate at the low temperatures of -50°C experienced in the Russian Far North.



Evgeny Ditrich
Russian Minister of Transport

As a rule, prices for imported tank containers are usually lower than domestic ones and are RUB 600,000-1.2 million (US\$8,000-16,000) per tank container, compared to RUB 1.5-1.7 million for most of the Russian analogues.

Shippers are also looking for more advanced, modernised tank containers, forcing local producers to pay more attention to the introduction of any tank container innovations.

United Wagon Company PJSC has recently completed the design of at least two innovative tank container models - universal and specialised. These are designed for the transportation of sulphuric acid and oleum. UWC is obtaining a certificate for the beginning of their series production in Russia, as well as registering within the Russian Maritime Register.

According to Dmitry Bovykin, the quality of Russian-built tank containers has significantly increased in recent years, which may result in their export to foreign markets.

Dmitry Bovykin comments: "In regard of our tank containers, they will be fully adapted to the requirements of domestic customers. For example, thermal insulation in Russia works somewhat differently, and this must be taken into account".

In the meantime, UWC is not the only Russian machine-building enterprise considering major plans for the manufacture of tank containers.

Another leading local enterprise, Uralvagonzavod (which is also

known as the world's largest combat tank manufacturer), has recently completely the design of an innovative tank container that is based on polymer composite materials.

According to the company, its new tank container is capable of dealing with aggressive chemicals, such as hydrochloric and phosphoric acids, and is 20% lighter than its metal analogues. An official spokesman of the company has also added that prices for the new tank container will be comparable to its metal analogues.

Prospects

Most local analysts believe demand for tank containers in Russia will continue to grow in years to come, triggered by the ongoing rapid development of the Russian chemical and petrochemical industries. According to data of the Russian Ministry of Industry and Trade, the current growth rates of these sectors are significantly higher than those of the majority of other segments in Russia's industrial production sector.

At the same time, the growth of the market will be supported by the ongoing containerisation process in Russia. According to recent statistics provided by Evgeny Ditrich, the Russian Minister of Transport, the current share of container cargo transportation in the country is estimated at only 9%.

While most tank container transportation in Russia is via rail, local analysts predict a further growth of deliveries by other transport modes, particularly sea transport. At present, the volume of tank containers handled at Russian seaports is 5,000-7,000 tonnes. The largest Russian seaports specialised on the handling of tank containers are St. Petersburg, Vladivostok, Novorossiysk and Kaliningrad.

The future looks bright for newly merged ALBATROSS

Christoph Schoeler, CEO of ALBATROSS Tank-Leasing based in Mönchengladbach, Germany, is surveying a changed business environment. The opportunities are in tune with his forward thinking, writes James Graham

The formal takeover of the Sinochem Logistics Group by the Junzheng Energy and Chemical Group (JZ), a privately owned inner Mongolian corporation, was completed in July this year. The individual business units will continue to operate under their own names in the newly established Gentco Logistics group.

Funding of future procurement has been approved to ensure that ALBATROSS Tank-Leasing will continue to grow its fleet and expand the service structure in the transport, food and chemical industries.

ALBATROSS Tank-Leasing's Chinese and international fleet of 9,800 tank containers offer a large variety of standard and special tanks while the technical and operational services package will be completed by the new "total fleet control" initiative.

Schoeler has a lot to consider in how the takeover will improve and move forward ALBATROSS in the market. He says: "JZ is looking for the long-term engagement in the logistic and leasing business and certainly want to grow the current business to become an even bigger global player. We don't see our market as a cheap tank provider just chasing volume deals and growing for the sake of growth. Tank containers are part of a service



package which is adding value to our customer's business and not just a container."

He believes the on-going challenge for chemical companies is the efficient fleet control for the units being engaged on dedicated transport, which includes of course the empty return of the units.

He says: "Apart from the hassle to move those 'shipper's-owned' tanks which are somehow outside the normal operations, the timeliness control of supply and return is going to save them from a lot of complications and costs over a longer period of time.

"On top of that, the technical control of the actual condition of the units is quite often a major

headache since various locations and different service partners are getting involved and local action needs to be harmonised. Total fleet control is offered to release fleet managers of dedicated fleets from their daily problems and giving them a very powerful support and tool to improve their performance instead of getting lost in the daily operation."

Late last year, ALBATROSS took delivery of cryogenic T75 tank containers, based on the increasing challenges for the transport of argon, carbon dioxide, ethane, ethylene, nitrogen and oxygen, as well as LNG for the energy production sector.

Schoeler says: "Our starting point

for the T75 cryogenic tanks was in China and south east Asia, initially driven by service requirements for the equipment and transport in combination. Based on local success, and more demand from other regions, we decided to extend our range of activities; the first units are expected to arrive in Europe by end of the year and will then become part of our local market approach. Currently, there are 145 twenty-foot units in the fleet, relatively small compared to the 1000+ forty-foot LNG units we have in our group, but we are confident we'll see the business steadily growing over time. Since the customer base has shown more interest in a combined service package, we are now working on a strategic alliance with one major European gas tank transport company."

From Russia with love

Since ALBATROSS started its international operation, ALBATROSS Russia, it has focused on the local customer base and found good support. He says: "After many years of rapid growth in the tank container market we now see more focus on special tanks and demand for higher quality standard units, which matches our service structure. Most of the tank containers are being used for domestic transportation but we see an increasing interest from Russian customers to expand their services to overseas markets."

ALBATROSS participated in the international exhibition KHIMIA-2018, which took place in Moscow, to inform current and potential customers about the extensive service in the Russian Federation including domesticated tank containers and high quality maintenance and repair software system in partnering depots.

The ALBATROSS Sky application attracted interest in the market and offers a large variety of management applications, not only



to control the actual movement of the tanks but also to analyse the efficiency of the fleet. Schoeler says: "It is quite a unique tool compared with the more basic tracking and tracing systems offered in the market. It is proving its value when used for dedicated tanks and supports the chemical industry when leasing more special and/or dedicated tank containers."

Workers wanted

The dilemma of the leasing sector is the lack of interest of the new generation to engage in this business, being a very small and exotic part of the broader container world.

"In reality, there are no trained staff available and newcomers to the industry need the passion and patience to go through the learning by doing time before they become an accepted member of the tank container industry," he says.

"Our preference is to train staff on the job instead of taking them from other leasing companies. Our concept is more service-driven, with the tank containers but supported by different service elements. It's a simple fact that experienced staff from the transport market with technical and customer focus are probably the better choice to enter the industry, which is going long term through some fundamental changes.

"We are running the international fleet with a staff of five. However,

based on the management systems we are using, we could double the fleet size without adding more staff.

The International division was formed April 2016 and became fully operational by end of that year. In China, the first units came into service in 2004 and were primarily offered to the local domestic customer base. The company has seen on-going consolidation in the market, but this has mainly between the volume players in the deep sea market, which does not really have any significant impact on ALBATROSS.

In 2016 ALBATROSS Tank-Leasing moved into the new office in Beethovenstraße in Mönchengladbach. From that date, a historic city house was the new home of the tank container leasing company.

On the basis that the company is based on Beethovenstraße, when asked if ALBATROSS is making music in the industry, Schoeler says:

"Within the short history of the international division we have managed to find the attention of the audience in the concert hall and established ourselves in the orchestra of the tank container world.

"We are not playing the first violin but it is work in progress. The curtain has come down on the overture and now we are approaching the first act, which we are sure will convince the audience to stay and listen."



LogiChem

Europe's Only Event
for Chemical Supply
Chain Leaders

17 - 19 March, 2020

De Doelen ICC Rotterdam

Book your place online using code

LOGICHEM2020

to get 15% off the current ticket price.

www.logichemeurope.com

Geared for growth

Russia's Spectransgarant continues to expand its fleet, scope and capabilities while broadening its national and international footprint. Brian Dixon reports

With a national market share of around 46 per cent, Moscow-headquartered Spectransgarant (STG) claims to be both the oldest and largest domestic tank container operator in Russia.

"The history of our company began with gas tank containers," explains STG CEO Maria Surina. "With the development of the Russian tank container transportation market, we began to expand our fleet and acquired equipment for the transportation of chemicals and food cargoes. Now we have in operation tank containers of various types that allow us to transport a large range of goods and thereby fully satisfy customer requests."

Breaking this down, she reveals that STG currently operates 3,550 tank containers for chemical consignments, a further 1,750 for gases and around 100 food-grade units, with the company's fleet growing at a rate of around 10 per cent a year.

"We regularly analyse the market, evaluate demand, determine development vectors for the near future and adapt to the needs of customers, increasing different types of tank containers in our fleet," she reports. "So far, tank containers for transporting food cargoes [comprise] the smallest share, but we hope that this segment will begin to develop more actively."

"In general, our services are used by manufacturers of chemical and petrochemical products, traders and consumers of raw



STG CEO Maria Surina

materials. The share of traders and buyers who purchase raw materials directly from chemical enterprises and independently export products, turning to us for transport services, has grown over the past year," Surina says. "In 2019, we focused on the development of international multimodal transportation and also increased the number of foreign customers."

International expansion

The company's international expansion has led to it recently opening a representative office in Beijing, China. Meanwhile, STG has further expanded its domestic footprint with the addition of a new depot in Omsk, near the border with Kazakhstan, that, among other things, undertakes equipment repair and inspection. It will be expanded in 2020 to include a tank container cleaning station.

"Given that we are represented

in many regions of Russia, geographically it is even more convenient," she says.

In terms of its offering, STG prides itself on its ability to furnish customers with a full gamut of services for the carriage of more than 150 different product types, including temperature-sensitive cargoes.

"We organise a comprehensive service for the transportation of goods in tank containers, which includes not only the provision of equipment for transportation, but also route planning, full technical support [for] projects, regular dispatch control [and the] payment of railway tariffs along with the [routing] of tank containers and terminal services," Surina states.

Moreover, the company's ability to provide door-to-door transport services is proving highly popular with customers as "it is more convenient" and frees them from the otherwise complex and time-consuming need to deal with multiple service providers. "Our task is not only to help the client solve its [problem], but to do it as efficiently as possible, offering alternative delivery options. Customers must have a choice," she says.

When it comes to choice, Surina reports that the number of companies offering tank container services in Russia is continuing to rise, with the entry of these newer players understandably resulting in a more competitive environment. "On the one hand,

these are positive changes because they allow the client to choose," she says. "On the other hand, new companies often do not have the proper transportation experience; they propose very low prices to some enterprises while not being able to provide [a] quality service, which does not always positively affect the image of the entire tank container segment."

At the same time, Surina says, there has been no "large increase in the production volumes" of the tank container sector's main customer groups and therefore no significant rise in the overall tonnage of product transported. However, STG continues to win business and the company is clearly upbeat about the future. "Despite all of this, we look forward to an increase in container traffic next year, up by approximately 10 per cent," Surina reports, adding that the company "will continue to focus on international projects" as it sees positive prospects in this direction.

While the local market for tank container services continues to develop, Surina reveals that it has done so "more actively than infrastructure projects related to their maintenance". After investing in a fleet, any company will at some point have to undertake certain repairs, she observes, adding that "this is simply a prerequisite for ensuring safety". Nevertheless, while STG has seen its fleet enjoy rapid growth, "the maintenance services provided by third parties has left much to be desired".

As a result, STG opened its own repair and maintenance depot in Shakhunya, located within the country's south-western Nizhny Novgorod region, in 2014. "We need to be sure that our equipment is always in good technical condition, which can guarantee safety during its operation," she says. "The tank

container market in Russia is different from the European one: here, more equipment is damaged and some elements are stolen. We are particularly focused on anti-vandal processing and on maintaining the suitability of tank containers."

Keen to share its experiences with its partners "to bring this service sector in Russia to a new level", the company has now expanded the Shakhunya facility to include a new tank cleaning station. In addition to being able to repair up to 1,500 tank containers a year, the depot can now also clean 1,200 units a year as well. What's more, STG not only plans to further increase capacity at the site, but also to "develop new types of repairs" there, such as those pertaining to the maintenance of internal protective coatings.

"We have already completed such repairs on four containers in this quarter; two more will be repaired before the end of November," she says.

While allowing STG "to carry out the full range" of maintenance work needed to keep its tanks in safe working order "without the need to move them to different depots", the expansion of Shakhunya has also "solved all the difficulties with poor-quality cleaning and the need for re-washing" that the company had previously encountered.

"At the same time," Surina continues, "we not only repair and wash our containers, but also provide services to third-party organisations."

SQAS assessed

A member of the International Tank Container Organisation (ITCO) since 2012, STG has also now been fully audited and assessed as part of the European Chemical Industry Council's (CEFIC) Safety and Quality for Sustainability (SQAS) initiative, receiving its certificate of

attestation at the end of October last year.

This followed an 18-month process that saw the company tasking itself to ensure all its business processes, behavioural safety programmes and all-round competencies were in line with the highest international standards.

"We are constantly improving the quality of our services," Surina states. "We want to develop a multimodal business and this SQAS certification gives us new opportunities in terms of maintaining a certain accounting and structuring of the work of the company."

"We gained good foreign experience and raised our work standards, which in turn allowed us to work with different companies around the world. For us, this is a new level in the provision of services."

"We have been on the market for 15 years," she adds, citing the company's ability to provide a broad range of services and its "wide experience" in the field as all helping it to differentiate itself. "Another significant advantage of ours is that we do not stop at one point of achievement and are constantly looking for something new, more effective ways to implement this or that project," Surina continues.

"We improve service; develop new more efficient logistics transportation routes. We are open to new things."

"For example, we previously organised almost all the shipments to Europe through St Petersburg and then transported tank containers to Rotterdam by sea. However, this year we worked out a new scheme using only railway transport with a change of gauge through Brest, Frankfurt and with the final destination the same in Rotterdam."

The cost of transportation is almost the same as when using the ferry, but the delivery time is much shorter," she says.

As you like it...

Baltica-Trans Logistics continues to win and retain customers both in its native Russia and beyond, reports Brian Dixon

It's been a pretty good year for St. Petersburg-headquartered Baltica-Trans Logistics (BTL). "In 2019, we have reached the majority of planned targets and were lucky to get some additional business which we did not even forecast," says BTL's foreign trade expert, Nadezhda Tulupova.

As well as taking "new colleagues on board", the company also launched new intermodal shuttle services from Russia to countries in Eastern Europe and Central Asia; added a new regular service from the North Caucasus; and expanded its intra-European business.

"We see a big interest for business in niche markets, so we're planning to continue growing isocyanates, and have significantly increased our share in foodstuffs," she reports.

To meet this growing demand, the company continues to invest in and expand its tank container fleet.

"At the beginning of 2019, our fleet was around 1,300 units. Now we have 1,500," Nadezhda says, explaining that these new tank containers were all specifically constructed for BTL's needs. Primarily consisting of 26,000-litre T11 units, they employ "certain special features" to meet "some peculiarities of the domestic business area", including "additional insulation and various anti-vandal solutions".

While the majority of the company's fleet consists of single- and multi-compartment T11 tank containers with capacities ranging from 21,000 litres to 35,000 litres,



all its tank containers are insulated and incorporate steam heating systems to deal with the "weather realities" of the Russian market. The company can also provide reefer tanks. This combination of units allows BTL to "participate in different projects [for the] transportation of chemicals and food grades requiring constant temperature maintenance".

Specialised equipment

"The other important part of our fleet, T14 tanks, are traditionally used for isocyanates," Nadezhda says. Reporting that BTL also offers units for the transport of gases that are typically used for long-term projects, she notes that over the past few years the company has witnessed "increasing demand for more specialised equipment".

Among other things, this includes lined tank containers, units for bitumen, temperature-controlled systems and cryogenic tank containers. "We must also

stay in line with the trends among our western European customers," she says. "Therefore, we have increased the share of ground-operated units in our standard liquid tank containers. For 2020, we are budgeting for further investments to increase our fleet of liquid tanks. For special equipment, we prefer to cooperate with our partners from the tank container leasing business."

"One of the advantages of Baltica-Trans Logistics for customers and partners from the tank container industry is its reasonable flexibility and rational approach to the challenges of daily business," she says. "We are convinced that by joining with our trusted partners we can provide customers with the most competitive and high-quality solutions, as well as creating a higher added value for our services."

"This is the basic policy in our relations with those third-party

tank container operators with whom we already have a long-term cooperation for shipments to and from CIS countries. We can ensure a full support and proper care of their equipment when it [arrives in] the CIS and, on the other hand, we can always rely on their support when our tank containers get to the territories where our partners are in full control of the situation."

"We have several agency agreements with global tank container operators," she continues. "Such partners are chosen by clear and simple criteria: full compliance with the highest standards of the industry, trust and sharing our values and policies. As per our assumption, this model of cooperation is a natural trend across the world's tank container market, and we are happy that in 2019 we have increased the number of our trusted partners [with the addition of a] respected global western European tank container operator."

International scope

Founded in 2000, BTL began offering bulk liquid transport services in 2005, becoming a tank container operator in 2007. With the company serving the needs of customers in more than 30 countries worldwide, Nadezhda thus describes it as "the leading Russian tank container operator from the perspective of international geographical coverage".

"Historically, the share of CIS customers within our portfolio has always been large due to a strong position on the domestic market but, from the very beginning, Baltica-Trans has specialised in supply chain solutions for international business," she says, noting that as a result of this a significant proportion of its customer base is now located beyond Russia's borders.



*BTL's foreign trade expert,
Nadezhda Tulupova*

"BTL works with expensive and sensitive products. That's why safety is the main priority for our company. We maintain ISO, SQAS and Responsible Care certification, choose approved and professional long-term vendors and have continuous training programmes for our employees and regularly update their working instructions," she reports.

Furthermore, due to "specifics" affecting the carriage of tank containers by rail in the CIS, BTL has also now increased the number of "in-service checks of equipment" when changing transport modes.

Growth twice as high

With the CIS enjoying market growth rates that are "at least twice as high" as the global average, so the number of companies offering tank container services there has continued to increase. However, the lack of experience among some of these new market entrants, she warns, can arguably incur risks not only in terms of safety, but also equipment availability, especially if, as "agents of third-party operators, they are totally dependent on import flows to Russia" for their units.

"From feedback from our

existing customers we know that they value reliability and commercial flexibility. The fact that our customers are increasing their business with us, in our opinion, confirms that Baltica-Trans Logistics is capable of providing it," she says.

What's more, being part of a "bigger business structure" means that in addition to tank containers and the short- and long-term leasing of equipment, BTL can also offer numerous other services, including inter alia freight forwarding from all Russian ports, "all types of inland logistics", storage, dry box and reefer container transports, customs clearance and insurance.

Furthermore, while Tulupova notes that the Russian tank container market "is definitely still" an emerging one where plant, equipment and related technology can sometimes lag behind that of western Europe, BTL sees "huge potential for telematics and digitalisation". Indeed, the company, Tulupova reveals, "is actively supporting" such technological developments, deploying, for example, GPS tracking systems across its tank container fleet.

Consequently, BTL, with its proven abilities and competence, access to the latest equipment and broad service portfolio, "is ready to meet any challenges" while complying "with the highest requirements" of both CIS and western customers.

"The fact that the majority of our customers are already our long-term partners confirms the sustainability of our service," she says.

"We consider Baltica-Trans Logistics different from the competition due to our more active, innovative and really customer-oriented approach to the challenges which we might face. Our motto is to be an integral part of our customers' business."

Modul's model

Russia's Modul says its success is based on flexibility, innovation and, above all, understanding what is inside the tank container being moved. Felicity Landon reports

Modul likes to tell people: we are not delivering tank containers, we are delivering cargoes. It's a philosophy that seems to encompass the Russian forwarding group's approach to this specialist area of its business.

"We are not the owner of cargoes and we know we can't have any influence on cargo flows. But we must react to changing demands, explore opportunities and respond to some very specific challenges," says Julia Nekrasova, head of the tank container group at Modul.

"We need to know exactly what the cargoes are and what they are used for – that may not seem so important for logistics itself, but we prefer to understand about the cargo, because you never know when that kind of information will be useful during the journey."

Equally, she says, it's important to keep an eye on market developments. "If a new type of cargo appears on the market – and a lot of chemical production is being built in Russia – then that cargo will need to be delivered and the tank containers will need to be cleaned. We need to know as much as we can."

Modul doesn't own any tank containers, but it does own 1,500 of its own specialist rail wagons and a fleet of 130 trucks. Its tank container activities are split into two divisions – logistics and services, including cleaning, repair and inspection.

"In logistics, we can arrange full door-to-door services, and this



includes movements to central Asia – Kazakhstan, Azerbaijan, etc. – as well as across Russia divisions."

Usually shipments are handled through the port of St. Petersburg and, given the long distances and often heavy cargoes involved, rail is generally the best option. Some clients arrange their own ocean freight, and Modul will arrange transport to/from the port, including customs clearance and final delivery. This includes shunting the tank containers between the port and Modul's two rail-connected terminals in St. Petersburg.

"We have our own block train services to destinations in Russia, so we can offer a very efficient and cost-effective service our clients, directly to the destination with no stops," says Nekrasova. "We also deliver to Central Asia by standard rail service using our own fleet of rail platforms. Some cargoes have to be delivered by truck – for

example in Moscow, which is close and therefore there is no reason to deliver by rail. We will also arrange multimodal solutions with last-mile trucking in many cases where there is no railway station close to the consignee."

Modul was founded 27 years ago initially as an export company; today it handles imports, exports and transit movements. Exports still represent the larger slice of business, and some 60-65% of all container exports via St. Petersburg are handled by the company.

In the services division, Modul arranges cleaning for the full range of hazardous and non-hazardous cargoes, including class 6.1. It does not handle any food cargoes.

Modul carries out periodic inspections for clients across all tank types and is approved by BV and the Russian Maritime Register of Shipping for inspection and repairs.



**INTERMODAL
ASIA 2020**

集装箱多式联运亚洲展

17-19 MARCH 2020 | SHANGHAI | CHINA

FREE
EXHIBITION
AND CONFERENCE

17-19 MARCH 2020 | SWEECC, SHANGHAI

YOUR PLATFORM IN ASIA TO MEET THE GLOBAL INTERMODAL MARKET



Bringing together professionals from the following areas:

Cold Chain Management
and Storage

Container Leasing

Finance / Private
Equity

Freight Forwarding
/ NVOCC

Rail Freight

Container Trading
and Resale

Transport
and Logistics

One Belt
One Road

Tank and Special
Containers

Shippers /
Cargo Owners

Shipping Lines /
Carriers

Smart Shipping

Container Manufacturers
and Components

Container Repair,
Modification and Conversion

Ports

Organised by



Primary Event Sponsor



Follow us on



REGISTER ONLINE TODAY
www.intermodal-asia.com

"We will do any kind of repairs – not only the frame but also to the tank shell," she says.

Modul also offers transshipment of cargo, which is valuable when the owner or operators doesn't want the tank container to go a great distance away. Cargoes can be moved to and from flexi tanks, tank containers, railcars and road tankers, and also between tank containers.

Sanctions and other pressures keeping the Russian rouble low against the dollar and euro means exports are strong and growing. Modul is seeing an increase in particular in exports of oil and gas and associated products, fertiliser products and a range of by-products from factories. One example is lignosulphonate, a by-product of wood pulp production that is used in the production of concrete, cement and drilling mud. "Production of paper is huge in Russia and the amount of lignosulphonate being shipped is growing fast," says Nekrasova.

Modul is also working to develop solutions to clients' problems, one being the increase in corrosive cargoes. "Some types of cargo really are affecting the steel of tanks very badly. Sometimes we see containers coming in for cleaning and inspection which have only been used for one year to deliver a special kind of cargo – and they are almost destroyed. Inspection shows that the thickness of the steel no longer meets the standards. The average lifespan of a tank container should be 20 years but that, of course, is only guaranteed when a tank container is used normally and not for this type of very corrosive cargo which reacts with the steel."

In response, Modul has been working on a special internal liner for tank containers, designed to stop the corrosion process in its tracks. "We have applied for a patent and we are testing the liner now on tank containers. Once we



Julia Nekrasova, head of Modul's tank container group

have approval, we will definitely be announcing this to the tank container world," says Nekrasova. "This was developed by Modul – not by an institute or external scientists. Our own specialists formulated and engineered this. We know the market needs this liner product and we are very proud of it."

Another unusual development has been an 'anti-vandalism' offering. As tank containers make their way across vast distances, the theft of copper CSC plates has become a problem. Modul is able to make replacement CSC plates and send these to the client. They are increasingly being made of composite materials to reduce the temptation for thieves. Modul's anti-vandalism service can also include the welding of accessories such as ladders, stairs and valves to provide a fixed and permanent attachment.

Another criminal threat is that of fake certificates. Modul issues a certificate for each tank container that is cleaned, giving the date of cleaning, type of cargo, name of client and other details. These are produced in both Russian and English, and other languages are also used if needed.

"We have a very robust system which means we can detect if there is any fraud or fake certificate," says Nekrasova. "We say to the market, be careful – if you have any doubts about the condition of a tank container, please contact us. We take photos

before and after cleaning and we keep all this information very carefully in our system so that you can track back to a cleaning job even if it was several years ago."

Modul is strongly focused on safety and the environment, says Nekrasova: "Because our facilities are in the city, we are even more conscious of safety and of taking care of our people and our facilities," she explains. A new wastewater treatment facility was opened in 2019.

Safety is controlled extremely carefully, she says. "The service we provide is very dangerous. We double check everything before we start work. This concerns not only a plan for the job – you also need to be sure that all workers are wearing the correct clothes, PPE and masks. Every day, morning and evening, they have a medical check to ensure they are in good condition and not sick."

Once a year, employees go through a detailed medical. "We are taking care of our people and the environment," says Nekrasova.

"Our price in the market is normal but it will never be the cheapest, because we handle residues carefully; we would never violate the rules to reduce the price, and we are taking care of our workers."

Both of Modul's tank container terminals are south of St. Petersburg – about 20 minutes' drive apart, they have easy access to the city's ring road. That access is important when shunting to and from the port, says Nekrasova.

"Both terminals have full rail and road connections and are open 24/7, so tank containers – full or empty – can be delivered any time. For services including cleaning, inspection and repair, the hours are normally 8am to 8pm, although we will work outside those hours if there is demand. We are very flexible – we can usually find a solution that works for us and for our clients."



Chemical Management Resources Limited

Short-term, project-specific expertise for ISO tank container projects

- **Independent petrochemical and petrochemical supply chain expertise, focused on the rapid growth Middle East**
- **ISO tank container market research and business planning**

Independent advice on:

- **Competitive intelligence** Competitor and market analysis
- **Business development** How and where to position assets ahead of competition
- **Strategy development** How to penetrate the chemical market or grow share
- **Business plan review** Does it reflect market reality? Will it get Board approval?
- **Petrochemical training** Understanding petrochemical dynamics and product flows
- **Partner selection** Identification, screening, market reputation

Project examples:

- Commissioned by the Gulf Petrochemicals and Chemicals Association (GPCA) to produce the seminal study of the Middle East petrochemical supply chain
- Produced the world study of the tank container market and players
- Identified Middle East partners for world leading tank container operators and leasing companies
- Identified tank container acquisition targets
- Produce the quarterly 'Middle East Tank Container Market Review'

Leslie McCune, Chemical Management Resources Limited

lm@chemicalmanagement.co.uk +44 7783042664 www.chemicalmanagement.co.uk



Goldilocks has left the room

Independent tank container market expert Leslie McCune sees short-term weakness in the tank container sector

The attractiveness of the tank container sector has peaked. It still, however, has attractive defensive qualities but, in stock market parlance, its rating has moved from a 'Buy' to a 'Hold'.

Why the change of view? Firstly, let's start with one of the most popular fairy tales in the English language – the story of Goldilocks, who comes across the forest home of three bears. No one is at home so she eats the three bowls of porridge she sees on the table, complaining that while one dish is too hot, and the other too cold, the third dish is 'just right'.

The well-known children's story has become a modern day metaphor - the three so-called Goldilocks conditions for life are the right amount of energy, a diverse array of chemical elements and the presence of liquids. In planetary astronomy, a planet orbiting its sun at just the right distance for liquid water to exist on its surface – neither too hot nor too cold – is referred to as being in the 'Goldilocks Zone'. A Goldilocks economy is one sustaining moderate economic growth and low inflation, allowing market-friendly monetary policies.

Recently, the global tank container sector has enjoyed Goldilocks conditions – demand and margins have been strong while the cost of capital and price of tank containers have been at

historical lows. These conditions have driven record profits for many players except, of course, tank container manufacturers. In the last three years, tank container manufacturers – representing 86% of 2018 global production – issued profit warnings, despite the price of nickel, the largest cost component in stainless steel, touching its lowest level for over 15 years.

What's changing for the worse?

Firstly, let's consider the demand drivers for tank containers. Well over 80% of tank container demand relies on the need to move liquid chemicals - usually hazardous specialty chemicals - with much of the remaining demand coming from the food sector. In Europe, however, there has been a constant stream of bad news about slower industrial activity.

Slower growth is not just a regional issue – chemical companies around the world are cutting their outlook for earnings in the face of retreats in key markets such as automotive. Global auto markets, a major market for specialty chemicals, are now clearly in decline, down 5% in January-September compared with 2018.

Capacity utilisation in the global chemicals sector, widely viewed as a lead indicator of the global economy, has also been declining

since December 2017.

Chemical sector confidence low

A PwC survey reveals that the 3-year growth outlook by the CEOs of chemical companies is at its lowest point in five years, with economies around the world signalling a slowdown and worsening trade tensions. Protectionism, trade conflicts, unpredictable energy prices and exchange rate volatility worry CEOs. Economic uncertainty has driven the US dollar higher, creating currency risk – at a time of reduced liquidity in financial markets – for those such as tank container lessors who typically borrow in dollars.

Downbeat demand is not just a commodity chemical issue - specialty chemical producers (i.e. those most dependent on tank containers) are also experiencing weaker markets. BASF, the world's largest specialty chemical producer, warned of a sharp profit fall, as have smaller scale specialty chemical producers. Water-based polymer producer Synthomer, for example, issued a profit warning in October, citing a lack of confidence across the chemical sector.

Shipments weaken

US/China tariff tensions are also taking their toll on the chemical trade flows between the two blocs with market leader Stolt Tank Containers reporting a 65% year-

to-date reduction in their China-to-US shipments and a 35% reduction in US-to-China.

More broadly, Stolt's tank container shipments have fallen in each of the past four quarters, compared with the same quarter in the previous year. This is the first time this has happened for over nine years and comes despite a Q3 increase in intra-regional trade, which typically involves a greater number of shorter-length shipments. According to Stolt, 'The cyclical strengthening of tank container markets that we typically see [in Q3] did not materialise'.

Apart from weaker customer demand, Stolt's decline in tank container shipments could be attributable to a loss of market share due to pricing pressure from competitors and/or a relative increase in the share of its tank container business committed to longer (i.e. intercontinental) deepsea routes. Utilisation fell from 71.6% in Q3 2018 to 67% in Q3 2019, perhaps signalling underlying demand weakness for tank containers.

It can be expected that tank container operator margins will be depressed by over-capacity in the tank container sector while shipping rates also seem structurally weak due to vessel over-capacity, depriving tank container operators of stronger transportation margins (operators make more money when shipping rates are high).

Larger tank container operators have greater purchasing power when buying deep sea freight, which they buy in 1,000 lots on transatlantic and Asia Pacific routes. Freight rates dictate the profitability of deepsea tank container movements, given that maritime charges are the largest cost element.

Cost pressures increasing

Other new negatives include increasing cost pressures on the

industry. The price of nickel, the costliest component of the 316L stainless steel which can account for 60% of the total raw material cost of a standard T11 tank container, is now twice the price it was 3-4 years ago, when tank container prices were falling to an ultimate bottom of \$13,000 for a generic T11 unit. When nickel, now \$17,000 per tonne, was \$14,400 per tonne in 2015, tank container prices were \$17,000-\$17,500.

China-based Tsingshan, the world's largest stainless steel producer, expects tight conditions in the nickel pig-iron market next year and has been drawing down inventory from the London Metals Exchange's stockpiles. Huge quantities of LME nickel were withdrawn in September and October.

CIMC, by far the world's largest tank container manufacturer, orders stainless steel no more than three months ahead and gets two-thirds of its supply from TISCO (Taiyuan Iron & Steel Corporation) with most remaining demand sourced from Belgium-based Aperam.

The sharp rise in nickel presents a windfall for lessors in the form of higher terminal or residual values for their tank container assets. Expect greater emphasis on low-nickel stainless steel alloys, rather than the commonly used 316L (1.4404) stainless steel which typically contains 10.1% nickel. In theory, lower and more stable tank container prices should result because the nickel content, with its volatile pricing, is reduced.

Interest rate concerns

Upward pressure is anticipated on the cost of capital as central banks seek to normalise interest rates after this year's US and Eurozone cuts. Low global interest rates have forced investors to seek out decent yields in a spectrum of riskier asset classes that pay higher returns. Tank containers lie

on the spectrum – one reason why Apollo Global Management, China Cinda Asset Management and Sumitomo Mitsui Financial Group were said to be interested in buying Seaco/Cronos from debt-crippled HNA, which had China's largest corporate debt pile (\$89 billion).

Lower interest rates inevitably produce lower lease rates, making it attractive for some tank container operators to supplement their owned fleets with leased equipment to meet incremental demand. Larger tank container operators often purchase equipment using their own credit lines, rather than lease, saving up to 25% on per diem lease rates. The fundamental leasing business model remains, quite straightforwardly, a net spread between rental income and interest expense.

Overall, the financial situation is less certain than in mid-2015, when per diem tank container lease rates were \$5.50 and the Weighted Average Cost of Capital was 3% in Europe and below 2% in the US. Credit quality - essentially the ability to service debt interest costs out of earnings - is also expected to deteriorate.

Less attractive market

After a recent good run, Goldilocks has left the room. With reduced short-term demand, players will place more emphasis on free cash flow and re-financing rather than top-line growth and/or additional capacity increases. Headline-grabbing profitability growth will be less evident and there will be more focus on balance sheets than P&Ls. Utilisation improvement will be prioritised and expect more consolidation. More positively, gas tanks and cryogenic tanks for LNG offer attractive growth while secular trends are driving the market up in the medium-to-long term.



INTERNATIONAL
TANK CONTAINER ORGANISATION



ITCO

Promotes and represents
tank containers as safe, cost-efficient
and flexible means of transport.

In doing so, the organisation has a
strong focus on enhancing
technological and business
developments for the sake of quality,
health, safety, environment, and
Corporate Responsibility in the tank
container industry.

www.itco.org

THE International Trade Association
for the Tank Container Industry.

- 150 Member Companies
from around 30 Countries
- Representing around 90% of the
Global Tank Container Capacity
- Manufacturing, Operating, Leasing,
Service Providers, Inspection,
Surveyors



EDUCATION
INFORMATION
COMMUNICATION
REPRESENTATION
NETWORKING

Take tank telematics to the next level

IMT is the independent telematics solution partner for the tank container and rail car industry and is the world leading telematics company. We develop and produce standard and customised industrial intelligent sensors which generate and transmit data about the tank container and its cargo to a web application or mobile app.

NT Tank, the world's second largest tank container manufacturer, chooses IMT as its partner in creating smart tanks. On all new builds NT Tank will install the IMT Pre-Kit including the digital thermometer at no extra cost.



1. Communication & Location Terminal (CLT)

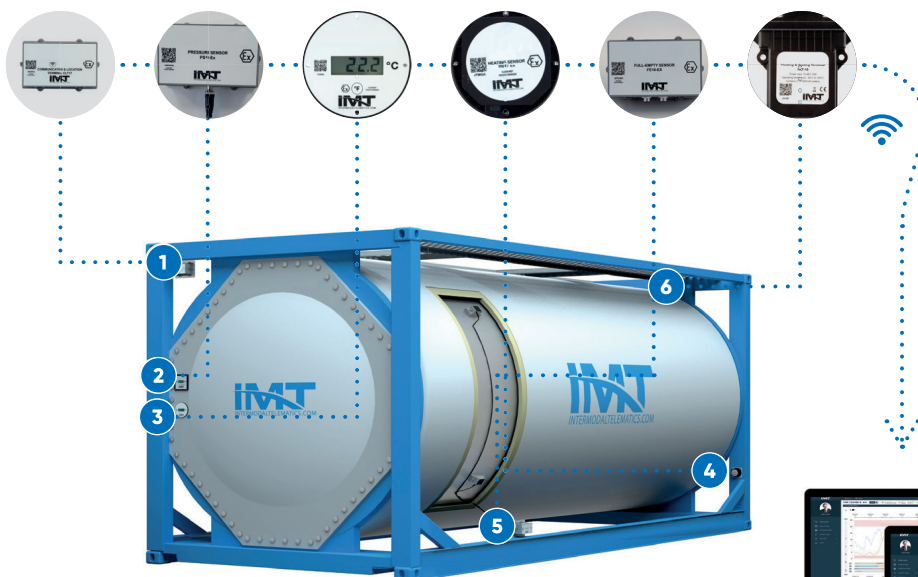
2. Pressure Sensor

3. Temperature Sensor

4. Heating Sensor

5. Full-Empty Sensor

6. Heating & Cooling Terminal (HCT)



Our sensors and platform offer you better insights, enabling you to better monitor product quality and improve the safety and efficiency of the logistics process.

- ✓ Improve operating efficiencies.
- ✓ Secure quality of cargo.
- ✓ Provide track history of all relevant data of each container: location, temperature, pressure, full-empty, heating, ...

So take your tank telematics, and your business, to the next level. With IMT.



IMT
INTERMODALTELEMATICS.COM