

**MARKET**

Tank container prices and lease rates are at historic lows, for good reasons

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Dalian CRRC focuses on tank containers for Chinese rail operators

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**OPERATOR**

Shanghai-based 3PL S&W chooses its tank container partners carefully

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**MARKET**

The impact of COVID-19 on tank container volumes and trade routes

PP3 & 27

# Tankcontainer MAGAZINE

Volume 7 | Issue 3 | September 2020



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LEASING & RENTAL  
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Peacock Leasing's MD  
Jesse Vermeijden explains  
how the move to Asia  
underpins sustainable growth

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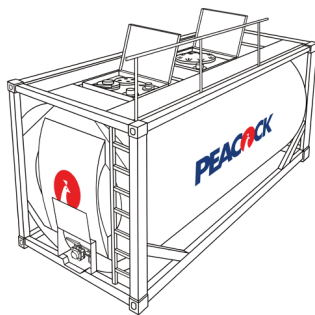
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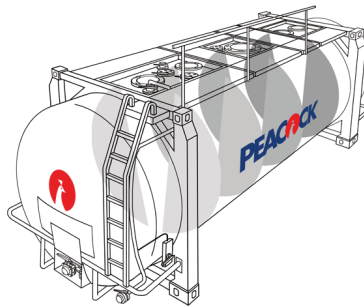
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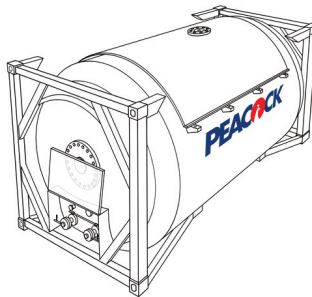
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### NEWS

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HOYER Group has one of the biggest fleets of foodstuff tank containers in the sector. Experts in the company's own ranks constantly set new standards by developing container technologies and logistics solutions. Fifty new ISO Reefers, 25 of which have integrated stirrers, have been brought into the fleet. These tank containers score points with a newly developed cooling system and the latest smart technologies linked to the Smart Portal – for greater product safety, economy and sustainability.

### Front Cover Interview

Tankcontainer Magazine explores how mid-sized lesser Peacock's move to Asia underpins its sustainable growth. Managing Director Jesse Vermeijden explains



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### MANUFACTURER



Dalian CRRC is one Chinese tank container manufacturer whose name looks set to become increasingly familiar

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S&W International Chemical Logistics has the network to ensure its products arrive at their destination efficiently

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### OPERATOR



The COVID-19 pandemic could accelerate the trend towards intermodalism and digitalisation, writes Brian Dixon

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### EQUIPMENT



Demand for military tank containers may grow significantly due to political tension and the threat of new military conflicts

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# HIGH QUALITY GRP FOR TANK CONTAINERS



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# The impact of coronavirus

Wisdom is said to be knowing the difference between bravery and foolishness, so it is with some trepidation that I risk looking foolish by bravely attempting to summarise the effects so far of the coronavirus pandemic on the tank container industry.

The direction of travel of the sector in the first half of this deeply impacted year is becoming apparent. Lockdowns across the world led to the closure of many production and distribution sites, leading to disrupted chemical supply chains. Ironically, the relentless drive for supply chain efficiencies – which save cash and boost margins but leave little slack – often demonstrated a lack of resilience in the face of the pandemic, turning the cherished goal of super-efficiency into a vulnerability for many chemical-dependent businesses.

Specialty chemicals – of the sort carried by tank containers – account for less than 10% of the overall chemical market, with the largest market being, of course, China, which consumes a quarter of the world's specialty chemicals production. However, the import of several critically-important chemicals has occasionally been interrupted by coronavirus constraints, leading planners to consider a substantial increase in investment in Chinese specialty chemical production. This augers well for those tank container companies that are well-positioned in China. The move would be part of an industry-wide reassessment of the virtues of globalisation, with anecdotal evidence suggesting that trade flows will become less global and more oriented around regional blocs.

Despite the pandemic, overall tank container shipments in Q2 have been surprisingly good. Volumes understandably slowed as the quarter developed but picked up at the start of Q3, with some regional nuances. Tank container exports from South America were strong, as were imports into the region from Asia. Tank containers from the US, and within Asia, were very active. Europe had a gloomier feel to it, despite some seeing increased tank container imports from Asia.

Low-sulphur bunker fuel – mandated from the start of 2020 – inevitably led to higher prices in Q1. These are usually contractually passed through to tank container customers with Bunker Adjustment Factor and Environmental Fuel Fee surcharges. Higher fuel prices were also supported by capacity constraints on some

liner services carrying tank containers, especially in North America. Reefer space – often needed for tank containers with food grade cargoes – was particularly tight. More positively, these cost pressures eased in Q2, generating increased margins for deepsea tank container operators.

Large-scale tank container manufacturers continue to have a torrid time, with plain vanilla T11 tank container prices said to have collapsed to under \$12,000 when part of a large order.

Intense competition has depressed operator and lease rates, where *per diems* can come in at under \$4 in exceptional cases (even at this rate, the one-year US\$ LIBOR rate of 0.44% – its lowest historical level – means that returns can still made). That said, there are global hot spots where some tank container players have enhanced bargaining power, leading to more robust rates.

One bright spot has been the much higher level of demurrage revenues in Q2, due to the sudden closure of production plants, restricted access to ports and distribution centres and slower customs clearances. Higher demurrage (and ancillary revenues) accounted for nearly 70% of Stolt Tank Containers' quarterly increase in Q2 operating profits.

Technology has been a key enabler in the sector during the crisis. Those operators and lessors that successfully met the considerable and urgent challenge of remotely managing their operations performed well and won customer praise (a useful asset when contracts are renegotiated).

Telematics reassured both customers and asset owners of the condition of their tank containers and cargoes. More broadly, tank container players are investing heavily in technology upgrades this year as AI, cloud computing, network security and reliability become *sine qua nons*. Those that do not, will be left behind. Shippers are doing the same, with BASF committing to an accelerated learning programme focused on new digital solutions for full end-to-end supply chain visibility.

Haruki Murakami, the Japanese writer, once wrote: "When you come out of the storm, you will not be the same person who walked in." The same can be said about tank container companies coming out of the storm that is coronavirus in 2020.

**Leslie McCune, Editor**

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# HOYER Group developing new ways to transport food

The HOYER Group has one of the biggest fleets of foodstuff tank containers in the sector. Experts in the company's own ranks constantly set new standards by developing container technologies and logistics solutions.

Fifty new ISO Reefers, 25 of which have integrated stirrers, have been brought into the fleet. These tank containers score points with a newly-developed cooling system and the latest smart technologies linked to the Smart Portal – for greater product safety, economy and sustainability.

Brian Woudsma, Global Food Director of the HOYER Group, explains the company's reasons for deciding to invest in 50 new ISO Reefer tank containers: "The HOYER Group is a specialist for intermodal transport operations to meet the food sector's high demands in the overseas area. With customised logistics solutions, we have made a strong name for ourselves in the market. This greatly increased the demand for transport services, which led us to take further strategic steps." The logistics specialist's Reefer fleet size has doubled to 100 units.

Special feature of the new units are the refrigeration units attached to the tank containers, with the latest control technology and integrated stirrers. This system allows the HOYER Group to guarantee the required temperature is maintained during the entire transport movement within the whole tank space evenly – from loading to unloading. Parameters are defined according to the respective product. This guarantees the quality of sensitive liquid foods such as fruit juices, alcoholic drinks, liquid yeast and many other products, even on



lengthy transport journeys. A heater can be used to ensure complete emptying of the tank container of certain products.

A key benefit compared to big drums is the smaller risk to the product, e.g. resulting from frequent pump transfers into different tanks. Another advantage of ISO Reefer containers is that they can be used for storage purposes. This increases flexibility when planning and carrying out transport movements. The standard equipment also includes CIP (Cleaning-in-Place) cleaning units that meet high hygiene standards.

The heart of the ISO Reefer tank container is the telematics system integrated into the refrigeration controller. As part of its digitalisation campaign, the HOYER Group is progressively equipping all its tank containers with telematics to measure parameters including location, temperature, pressure and filling level. More than half of the fleet is already "Smart", and the entire tank container fleet, currently 40,800 units, is scheduled to be equipped as Smart Tanks by the end of 2021.

Combination with an information and warning system that collects all the sensor data and displays it in its own online portal, almost in real time, enables optimum monitoring of the load, with

proactive analysis options. This avoids the need to manually create and update complex overview tables. A single glance shows where a tank container is located, whether its temperature, filling level and pressure are within pre-defined limits, or if there is a need to take action. Brian Woudsma says: "Continuous temperature monitoring is especially important when transporting foodstuffs. The system raises an alarm immediately if the temperature deviates." Correction can take place either through the Smart Portal or directly at the tank container.

Smart Tank and Smart Portal make logistics not only safer and more secure, but also more cost-efficient and environmentally friendly. In addition, there are constant technical optimisations on the tank containers. To achieve this, the HOYER Group has its own in-house specialists. Chemists, engineers, sales and marketing experts work as a team to drive forward developments.

The team also works constantly on payload optimisation of the ISO Reefer tank containers to enable transport movements to be carried out even more efficiently.

Together with the ISO Reefer tank containers, the HOYER Group also brings foods safely to their destination in other means of transport.

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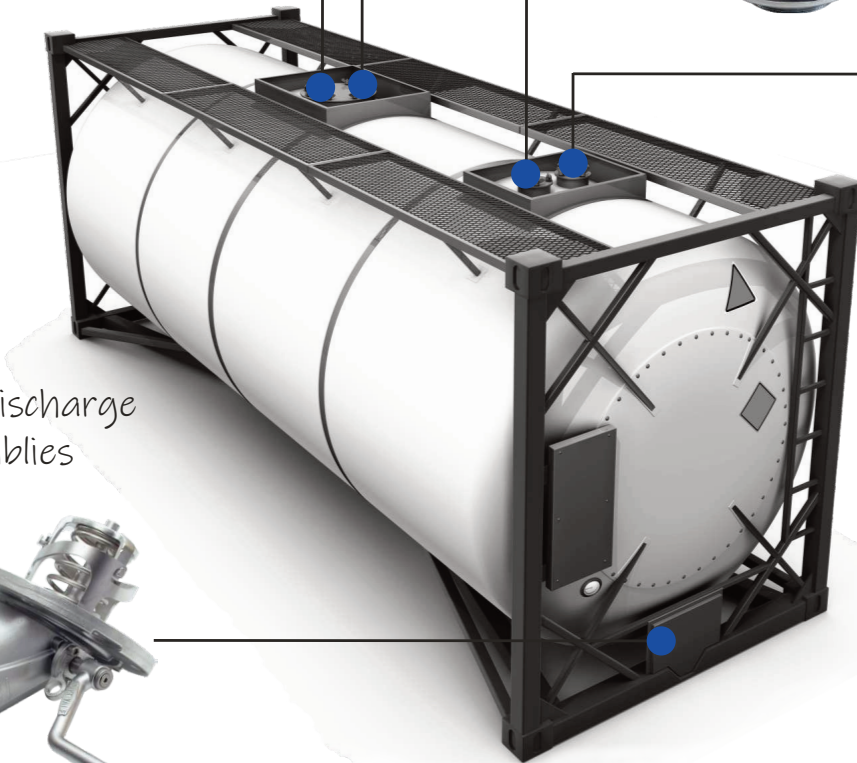
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# GCC chemical sector must prepare for post-Covid era, says GPCA

The chemical industry in the Arabian Gulf must plan and prepare for the post-Covid period, turning adversity into advantage, and capitalize on the lessons learned to retain and enhance its global competitiveness, according to the Gulf Petrochemicals and Chemicals Association (GPCA).

In a newly released white paper entitled 'Covid and Chemicals' GPCA provides exclusive insights into the impact of the coronavirus pandemic on supply and demand, petrochemical prices, the dual shock from the pandemic and the oil price collapse, as well as the implications on the region's supply chain and international trade.

According to the paper, the pandemic is revealing flaws in the supply chain that the chemical industry has relied upon for decades, which presents an invaluable opportunity to address existing weaknesses and transform the region's supply chain.

Like the chemical industry globally, the GCC petrochemical sector has felt the strain from the Covid-19 pandemic in the form of plunging petrochemical prices, disruptions on the Chinese market, travel and export restrictions, as well as collapsing demand due to a slowdown in key end-user industries.

On the positive side, demand for products used in the manufacturing of sanitizing products, personal protection, and health care remained upbeat and the production of fertilizers was not impacted.

For chemicals used to fight Covid-19, prices have stayed moderate, while fertilizer prices improved by 3% in March 2020 compared with February 2020.

According to estimates by global consultancy firm McKinsey, the oil and gas and chemical sectors will start to recover in Q3 2020.

Prices are expected to rebound with the resumption of consumer demand.

However, if the situation persists and prices remain depressed beyond a year, the long-term impact will be severe.

Dr. Abdulwahab Al Sadoun, Secretary General, GPCA, commented, "These are unprecedented times for the industry not just in the region but all over the globe, and GPCA remains committed to supporting its members in navigating the ongoing challenges.

"With this in mind, GPCA has released its latest white paper on the impact of Covid-19, which provides exclusive insight into implications for the regional



Dr. Abdulwahab Al-Sadoun, Secretary General, GPCA

chemical industry and highlights the opportunities to transform the challenges into opportunities."

He added, "The time is now for chemical players to focus on key areas to strengthen their competitive position and emerge stronger from the crisis.

"Companies must study lessons learned during Covid-19 period to improve their organizational effectiveness.

"They can further use changing consumer attitudes due to Covid-19 as an opportunity to improve their product offering, address new customer needs and focus on innovation.

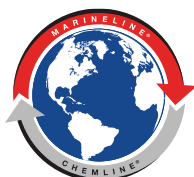
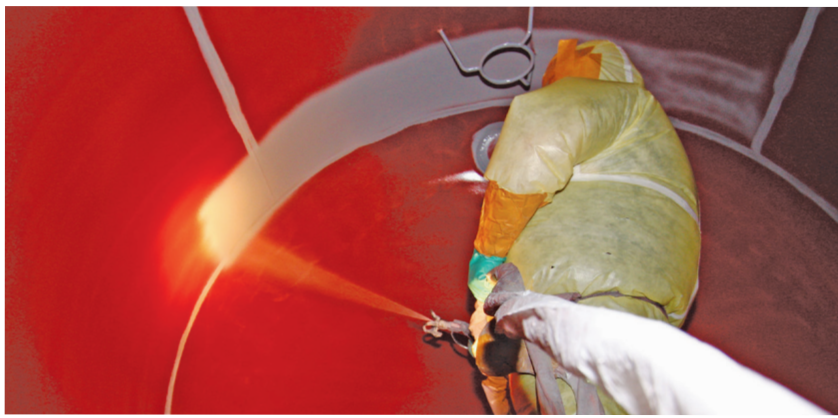
"Finally, the Covid-19 crisis has amplified the importance to diversify regional economies and focus on value-added chemicals that can not only play a key role in providing unique solutions in healthcare, but help insulate the region from future oil price shocks."



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# H Essers expands multimodal capability with acquisition of Tank Management

Logistics service provider H.Essers announces the acquisition of the Norwegian-French company Tank Management, more than two years after acquiring tank container specialist Huktra.

Tank Management specialises in multimodal transport services of liquid chemicals. With branches in Oslo, Le Havre, Milan and Rotterdam, their geographic coverage complements Huktra's European presence. The further development of multimodal liquid bulk transport fits in H.Essers' strategy of delivering integrated and sustainable logistics solutions to the hazardous chemical goods industry.

The Tank Management family business was founded in Oslo in 2006 and has evolved into a European specialist in the temperature-controlled transport of liquid loads, mainly organised by rail, apart from shortsea and road. The company is a multimodal player, with offices in Oslo, Le Havre, Milan and Rotterdam.

Tank Management has a turnover of €40m, with 35 employees. Its fleet consists of 800 modern ISO tanks capable of transporting liquids at different temperatures with a range going from -10° to +120°C.

As with Huktra, all units are equipped with real-time track & trace. The temperature inside Tank Management's fleet can be remotely monitored and controlled.

The development of liquid chemical bulk transport is part



of the long-term strategic plan of logistics service provider H.Essers. The company provides integrated logistics solutions to the chemical hazardous goods industry.

Huktra, a family business based in Zeebrugge and specialising in multimodal transport of liquid chemicals, had branches in Belgium, the UK, Spain, Italy and Romania. The takeover of Tank Management has added France, the Netherlands and Scandinavia.

With this takeover, there will be an even stronger focus on temperature controlled liquids transport for the chemical industry. Tank Management provides heated and cooled transport of liquid pharma goods and food products.

"After the substantial growth Tank Management has recorded in recent years, it is now time for the next step," said the families Nordbo & Philippe, owners of the Norwegian-French company. "Thanks to the acquisition by a strong industrial player such as H.Essers, Tank Management will continue to excel in service, to grow and to expand its expertise."

H.Essers' CEO, Gert Bervoets, also has strong confidence in the future. "The acquisition of Tank Management fits into our strategy of sustainable development of synchromodality within the chemical segment.

"It's a win-win situation for all parties: customers, logistics service providers and our community.

"Tank Management is a family business that shares our values. As is the case in our company, safety and quality are paramount."

The takeover was completed at the beginning of July. The Tank Management directors will remain on board, as was the case with the Huktra takeover. The focus in the first phase is on integration and consolidation, specifically for conditioned liquids transport for the chemical industry. This entity represents a turnover of €100m and a fleet of 2.000 ISO tanks.

It is a full takeover. No further financial details will be disclosed. Future acquisitions are not being ruled out.

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## Chemspec Europe postponed until May 2021

Mack Brooks Exhibitions has announced the postponement of Chemspec Europe, scheduled to take place at Koelnmesse, Cologne in Germany from 11-12 November 2020.

The new dates for the 35th International Exhibition for Fine and Speciality Chemicals, are 19-20 May 2021 in Hall 12.1 at Messe Frankfurt in Germany.

This decision was taken after extensive conversations with all exhibitors and partners over recent weeks and months.

Nicola Hamann, Managing Director of Mack Brooks Exhibitions said: "Whilst it is

possible to hold trade shows again in Germany and our security measures would have helped to ensure the safety of all participants, we have decided to postpone the show to next year.

"Due to the truly international character of the exhibition on both the exhibitor and visitor side, many participants raised concerns around their ability to attend this year's event because of on-going travel restrictions globally.

"Participants' feedback is very important to us, hence the decision to postpone the event to next year. We are pleased to be able to offer our usual event slot

at the end of May and announce the new venue in Frankfurt, Germany.

"Chemspec Europe is the platform for the fine and speciality chemicals industry to develop business opportunities, network, exchange ideas and build new relationships.

"The desire to conduct business virtually this year was clearly confirmed when speaking to exhibitors, partners and visitors. Therefore, we will be offering a digital event, as in our opinion we need to provide this marketplace for the industry, especially in challenging times like these."

## TT Club issues fresh guidance on tank container operation

The new StopLoss advisory from TT Club follows on from the success of TT's tank container seminar in late last year and "further confirms the club's commitment to provide supportive understanding for those businesses entering or on the periphery of the industry as well as established operators.

Additionally, the TT Club collaborated with a number of industry and technical experts to produce this new guidance focused on managing tank

container risk", it said.

The guide is aimed at all stakeholders through the tank container transport chain whether operating, filling, discharging, cleaning or handling tanks. Informed by typical incidents, the document is structured in such a way that it follows the natural chronology of the transport chain in order to provide ease of access.

The publication incorporates several pieces of valuable operational insight, with

references to applicable regulations. In the interests of increasing the longevity of the tank as an asset, the topical subject of corrosion/pitting is extensively covered within the guidance, likely of interest to tank owners and operators.

Those who operate in the tank sector or are considering doing so will find the 13-point checklist, which aids and informs consistent and successful outcomes for tank container operations of particular interest.

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**Stolt Tank Containers**



## Den Hartogh celebrates 100 years in business and joins ePIcenter project

Den Hartogh Logistics has celebrated its centenary – in business for 100 years.

Launching a celebratory video on its website, it said: “Enjoy our rich family story that started August 27, 1920.”

According to a report dated August 24 1960, in the *NieuweLeidsche Courant* newspaper, Jacobus den Hartogh, known as Ko, made his first voyage on Friday August 27, 1920 in a rented barge, the *Niets zonder Gods Zegen* (Nothing without God’s blessing), from Hillegom via De Kaag to Leiden, to deliver miscellaneous cargo goods for various small businesses in Hillegom.

This was the start of his inland shipping activities.

Meanwhile, under the coordination of Port of Antwerp, Den Hartogh Logistics, together with a consortium of 35 partners representing leading ports, forwarders, cargo owners, logistics providers, knowledge institutes and technology firms, officially launched the ePIcenter project. The project is funded by the European Horizon 2020 programme.

Den Hartogh joined forces to provide hands-on solutions that turn global supply chain challenges caused by increasing length, complexity and vulnerability into opportunities. It



said: “The goal will be to enable seamless transport of goods, focusing especially on the technological and operational opportunities the physical internet, synchro-modal operations and other disruptive technologies provide.”

ePIcenter has a global scope, with a number of large-scale demonstrators on main shipping routes from Europe to Canada and the US, as well as new trade routes such as the Northern Sea Route and the new Silk Road. Technology innovators and environmental experts will collaborate to develop new solutions which increase the efficiency and sustainability of global supply chains.

As a “world-leading provider of specialist multimodal services for bulk products” Den Hartogh said it

is the ideal end user for this test case of ePIcenter solutions, “providing grounded, real-world opinion and feedback on how to work in a global network”.

It added: “Our expertise in transporting dangerous goods and our partnership with MOLCT will be relevant to standards and design of synchro-modal optimisation rules and our strong focus on digitalisation and supply chain visibility will contribute to realising innovative solutions for the supply chain of the future.

“With result-oriented field trials and working with some of the most ambitious players in the trade and logistics sector, ePIcenter aims to “create solutions with tangible impacts towards the sustainable logistics chain of the future”.

## ITCO publishes new guide to tank entry

The International Tank Container Organisation (ITCO) has published a new guide to tank entry. The guide, freely available on the ITCO website, outlines the legislative background and the steps needed to ensure safety when working in tanks.

ITCO has also cancelled its two members’ meetings planned for

this year in light of the ongoing Covid-19 pandemic.

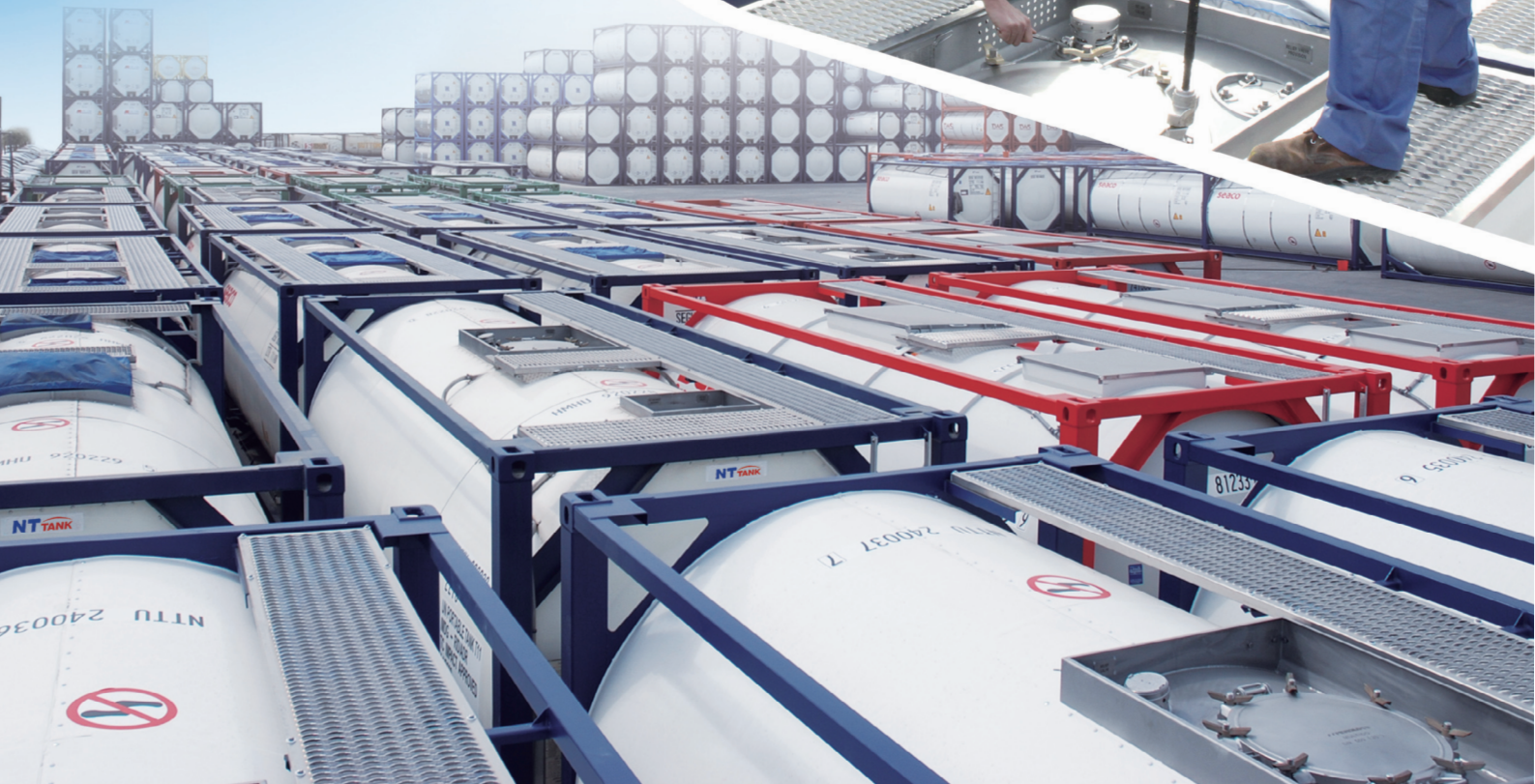
“For the foreseeable future, there are too many risks inherent in running conferences – with the time spent travelling and at airports and in hotels, etc – to justify organising them. At the same time, the board is very well aware of the tough business

environment that member companies will be facing for many months to come” ITCO says.

It is planning to re-schedule the meetings – one in Europe and one in Asia – for 2021 and is also anticipating hosting its Tank Container Village during the Transport Logistic show in Munich next May.

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## Stolt Tank Containers joins Clean Cargo

Stolt Tank Containers (STC) has joined Clean Cargo. STC is the world's leading provider of logistics and transport services for door-to-door shipments of bulk-liquid chemicals and food-grade products.

Clean Cargo said: "STC's global fleet of tank containers is the world's largest, with over 40,000 units. Their capabilities include specialised tank containers for aggressive or high purity products, compressed gases and cryogenic cargoes, as well as a specialised fleet for food-grade products."

Clean Cargo is a business-to-business leadership initiative that



involves major brands, cargo carriers, and freight forwarders dedicated to reducing the environmental impacts of global goods transportation and promoting responsible shipping.

With 50 members, Clean Cargo represents around 85% of global container cargo capacity and constitutes the leading buyer-supplier forum for sustainability in the cargo shipping industry.

## Contank expands its fleet of tank containers with new lightweight Tankwell units



Contank SA has continued to expand its fleet of composite tank containers with a new series of Tankwell lightweight tank containers.

With this green investment, Contank shares with its customers the goal of reducing CO<sub>2</sub> emissions and to exploit the benefits of the lower tare weight to increase payload per service.

This reduces the number of transportations by 5% and therefore the cost.

Next to the higher cost efficiency, each tank container will save 15-20 tons of CO<sub>2</sub> annually.

Tankwell said: "Tankwell congratulates Contank SA on their choice, for efficiency and sustainability."

## EFTCO welcomes first global member

The European Federation of Tank Cleaning Organisations (EFTCO) has welcomed its first global member, from Israel.

Gold Bond is the first cleaning station outside Europe to obtain EFTCO Global Member status and the permission to use EFTCO's Global Membership logo and the EFTCO Cleaning Document (ECD).

The ECD is a support document for every tank cleaning in the supply chain process. It is the documentation of the cleaning process having been carried out.

In 2019, EFTCO members decided to implement global membership to cover the increasing global demand for structured quality control and a consistent documentation method of tank cleaning services.

According to the organisation, Gold Bond proved high technical quality and environmental protection standards during the cleaning process and waste treatment.

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# Bertschi Group well positioned for the future, despite Covid-19, and expands the Board

The Bertschi Group cannot escape the impacts of COVID-19. Shareholders were informed about current developments at the Annual General Meeting on 4 July 2020. The company handled the first wave of coronavirus "with aplomb", thanks in part to its advanced digital transformation, which is to be further accelerated.

The group's major investments in its digital transformation over the past two years enabled it to shift 80% of its office-based staff to home office settings within days and with no impact on quality. Digitalisation efforts are currently being further accelerated. The focus on combined transport, in which block trains cross the national borders rather than trucks with drivers, has enabled smooth transport operations during the border closure phase in Europe.

Based on the financial scenarios for 2020 and 2021, Group Management and the Board of Directors have secured the Group's long-term liquidity with additional bank loans. The Group's robust financial footing and its outstanding rating by banks facilitated favourable borrowing conditions.

As a result of coronavirus, business volume in Bertschi's most important European transport segment has declined by almost 20% since April, due mainly to the slump in demand in the automotive and durable consumer goods sectors, which use many chemical products. But the coronavirus situation also yielded some new opportunities. The experience has spurred many customers to diversify and strengthen their supply chains, and greater sustainability is becoming increasingly important to them. Bertschi wants to seize

these opportunities with new services and thus compensate for transport losses.

Jan Arnet emphasised: 'Even during the crisis, Bertschi is proactively seizing new opportunities in the market and investing in innovative and sustainable customer solutions. This applies to both the European market and our global services, where we see considerable potential for future growth.'

Bertschi Group's business performance over the first five months of 2020 was satisfactory in view of the major challenges it faced. The road back to normality will take some time, however, and there is a continued risk of further setbacks. 'We do not expect global demand for chemicals to return to pre-crisis levels until the end of 2021. However, we do see short-term opportunities in the market and can implement the necessary investments very quickly thanks to our robust financial situation,' says Hans-Jörg Bertschi.

With a view to the future, the Bertschi Group Board of Directors has been expanded to include China expert Kurt Haerri and Jörg Berner, the first member of the third generation.

Kurt Haerri has worked for Schindler since 1987, currently as Senior Vice President. From 1996 to 2003 and 2017 to 2019, he worked for the company in China, where he managed the business for new installations, among holding other responsibilities.

Since 2016, Jörg Berner has worked for the Bertschi Group as a project manager in strategic projects.

With this expansion, the majority of the Board will continue to consist of members from outside the Bertschi family. At the AGM,

incumbent non-family members Alexander Krebs, Boy Litjens and Bruno Sidler, and family members Brigitta Berner and Hans-Jörg Bertschi were re-elected for a further two-year term of office.

## Christian Böttcher new Regional Head EMEA at Leschaco



Christian Böttcher is to take over responsibility for the EMEA region as new Regional Head at the globally active logistics service provider Leschaco.

Mr. Böttcher has more than 25 years' experience in freight and logistics and was most recently MD of Röhlig in Germany. Previously, he was Global Vice President Ocean Freight Forwarding at logistics company UTi.

"We are very pleased that Mr. Böttcher, a very experienced logistics expert, is joining our group of companies. He has comprehensive international professional experience and a proven track record in freight forwarding operational, product, procurement, sales and trade lane development," said Jörg Conrad, owner and CEO of the Leschaco Group

# Peacock focuses on diverse and sustainable growth

*Tankcontainer Magazine* explores how mid-sized lessor Peacock's move to Asia underpins its sustainable growth. Managing Director Jesse Vermeijden explains

**TCM:** What is Peacock Container's background and ownership?

**JV:** Peacock was founded by Van Ommeren (now Vopak) in 1987. It was acquired by its management and a former board member of Van Ommeren in 2000. A few years later, the company was sold to the current shareholder group of private investors with long track records in maritime and financial markets.

**TCM:** What drove the relocation of Peacock's HQ from Rotterdam to Singapore?

**JV:** Peacock was looking to create a more efficient corporate structure and to further develop Asian markets to support growth.

As a global maritime hub, Singapore offered sector-specific corporate infrastructure, access to global debt providers, skilled manpower, a business-friendly government and a stable legal environment. Additionally, with its strategically located position in Asia and chemical hub status, it was an ideal location to base the company to enable us to tap the region's potential.



**TCM:** Unlike in Europe, Singapore and China, Peacock has only an agency representation in the US - does this suggest there is less emphasis on the US?

**JV:** We support the US market from our European office, though our focus has been on growing the European and Asian businesses.

Our fleet size over the last couple of years was insufficient to service three markets - it would have led to the fleet being spread

too thinly and us being unable to service our existing customers to the same extent.

However, the US is certainly an interesting market and we continue to watch it closely, with a view to being more active there, perhaps opening an office in the future.

**TCM:** Do you manage the fleets of other companies?

**JV:** No, we do not. We own all the tank containers in our fleet.

**TCM:** Which markets does Peacock operate in? (i.e. food, gas, etc)

**JV:** Peacock's main exposure is to chemical markets, but we have tank containers for liquid food stuffs, liquefied gases, special chemicals and bitumen.

**TCM:** How has Peacock's fleet size, average age and composition changed over the past five years?

**JV:** The fleet increased from approximately 2,200 to 7,000 units over the past five years. Our strategy has led to an increasing proportion of non-standard tank containers being added over the last few years. As a result of above average growth over the last three years the average age of the fleet is less than six years currently.

**TCM:** Other than fleet size, what developments did Peacock go through over the last five years

**JV:** The relocation to Singapore in 2015, combined with the new corporate structure, gave us the strong base needed to implement our growth plan.

In line with Peacock's ownership profile we have focused on sustainable growth whilst further diversifying our portfolio of tank containers, customers and geographically.

Being a mid-sized lessor, we focus on value-added services linked to the tank containers. This support extends beyond the equipment rental and includes advice on chemical product compatibility, logistics, and innovations such as telematics and composite tanks which reduce the customers' carbon footprint.

**TCM:** Peacock offers swap bodies, standard and specialised tank containers. What does the 'specialised' range include?

**JV:** It includes tank containers equipped with electrical heating

## CV: Jesse Vermeijden



Jesse Vermeijden has been managing Peacock since 2009. He previously worked for Fluvia, which operates a fleet of chemical and mineral oil barges in Europe. With a master's degree in Finance and Investment from Rotterdam's Erasmus University, and a Bachelor in Logistics, the tank container leasing market combines both interests perfectly. After Peacock's acquisition of its Singapore-based agent he moved to Singapore where he further developed and expanded the business.

systems, reefer units or highly insulated tank containers for products where temperature control is important, as well as tanks with linings for corrosive products and T20/T22 tank containers for products requiring higher working pressures. We also have multi-compartment and small capacity tank containers for use with small payloads or high density products.

**TCM:** What are key trends in the global tank container leasing segment?

**JV:** We can clearly identify several major macroeconomic trends which influence our sector. The abundance of money available

due to quantitative easing, as well as the low interest rate environment, has intensified the focus on companies to drive top-line growth and thereby shareholder returns.

This has resulted in margin pressure and, inevitably, a focus on (logistics) costs, driving the need for scale and efficiencies i.e. automation in our market.

There is also an ever-increasing demand for more transparency, safety and compliance within the supply chain. Major accidents like Deep Water Horizon and the explosions in Tianjin and Beirut have resulted in stakeholders pushing for more control and, with that, developments like digitisation and automation have accelerated.

In addition, this must all be done in a more sustainable and safe way, driving innovation and forcing all supply chain players to rethink their business models. Compared with other transport modes such as flexibags, drums and IBC's, ISO tank containers are the better and safer choice and we see a greater transition to tank containers, resulting in nearly 10% annual growth rate in the tank container market over the past few years.

**TCM:** What sets Peacock apart from other tank container lessors?

**JV:** The differentiation options in our market are somewhat limited. We therefore do not think Peacock offers a unique product compared to other lessors, in general. However, we do think we offer a different package compared to each of the other lessors. As a privately owned company, growth is not our highest priority. We are ambitious and like to grow, however we aim to do this in a sustainable way.

Over the last years we not only invested in the fleet but also in our platform and people. The team is relatively young, well-educated

and experienced. We have a clear focus on innovation and automation which allows us to be efficient and flexible towards customers.

**TCM:** Did Peacock exploit the historic lows in tank container prices?

**JV:** Like most lessors and operators, we have added many new units over the last few years when prices were low compared with other periods.

**TCM:** Are Chinese-manufactured tank containers different to those manufactured in South Africa?

**JV:** It is difficult to compare manufactures from South Africa and China as they serve different markets. We feel the manufacturers in South Africa certainly have a place in our industry and provide a counterbalance to Chinese manufacturers.

**TCM:** How successful are your new composite swap body tank containers?

**JV:** Like many new types it will take time to fully see the performance of the composite tank containers. They offer some clear advantages, but it is also important that supply chains are adjusted to fully utilise these benefits. We have seen multiple cases where composite swap bodies do allow higher volumes of product to be loaded, becoming more cost efficient and lowering the supply chain's carbon footprint.

**TCM:** Is the risk/reward balance about right for tank container lessors?

**JV:** In line with global trends it seems the focus is still very much on the short term and growth, rather than on sustainable long-term business. This results in margin pressure for all the actors in the supply chain. Whilst returns on tank containers remain at



similar levels to that of dry containers the balance is not right.

Transporting chemicals is not more risk than dry bulk products and tanks have a higher maintenance profile over their technical life compared to dry bulk containers. Lessors are insufficiently compensated for this risk. The long-term effects will only be clear in some years from now, when tank containers are off-hired and proper maintenance has to be undertaken to guarantee safe operations for the remainder of their technical and economic life.

**TCM:** How do you see the tank container telematics market for lessors developing?

**JV:** Developments like telematics are dictated by the chemical

producers so, as a lessor, we are in the back seat of this ride.

However, we do believe in further digitisation and are following developments closely. Almost 50% of Peacock's swap body fleet has been fitted with a telematic units, allowing customers to monitor locations and product temperatures.

**TCM:** Is further consolidation likely among tank container lessors?

**JV:** This would be in line with global trends and the need for scale. However, some lessors are privately or management owned and will have clear thoughts on the direction of their organisations. For consolidation to take place some of the lessors must be willing to make concessions.

# Enter the dragon

Dalian CRRC is one Chinese tank container manufacturer whose name looks set to become increasingly familiar

Despite supplying more than 10,000 units to the Chinese market a year, Dalian CRRC Container Company is relatively unknown outside its native territory.

However, that could all change, as the company sets up a special international marketing department led by Angela Zhang. She explains that the company has also expanded its already extensive range of tank containers by the addition of LNG and asphalt units, specifically aimed at the overseas market, as well as the development of similarly export-focused speciality bulk containers for grain, timber and steel coils.

A subsidiary of CRRC Qiqihar Rolling Stock Company – arguably the largest manufacturer of railway freight wagons in China – Dalian CRRC maintains a 73,800 m<sup>2</sup> production facility within the Dalian Lvshun Economic Development Zone. Built at a cost of around CNY459m (\$67.2m), the plant operates production lines for standard tank container designs, another for cryogenic gas units and a third for dry bulk systems. In 2018, the company also added a further line for the manufacturing of super-volume tank containers.

## The bigger the better

While equal in length to a standard 20' unit, super-volume tank container designs eschew the traditional cylindrical barrel, employing instead an eight-sided receptacle, capped with more efficient ends to maximise the use of space within the outer frame. Depending on the customer's



choice of height and barrel girth, these models can be supplied with filling volumes of up to 34,000 litres, significantly more than can be loaded in a conventional 20' design.

Employing a number of patented technologies, super-volume tank containers are capable of handling a broad spectrum of hazardous and non-hazardous substances, ranging from liquid foodstuffs and vegetable oils to alcohol, gasoline and yellow phosphorus (under water). Furthermore, these units can be readily tailored to meet the needs of individual shippers and can provide, for example, different loading and unloading options; pressure levels; heating and insulation capabilities; and remote monitoring systems.

Super-volume models are clearly proving popular with customers,

while tank containers account for around 70% of Dalian CRRC's output, some 80% of that figure comprises super-volume designs. The company started this field of business to find a logistical solution for rail operators in China.

They are also part of a wider trend in the industry. Noting that "T11 tank containers are still the most popular" design on the market, Zhang observes a clear move towards models with larger filling capacities.

She cites both the rapid adoption of the company's own super-volume units but also the growing interest in the mega-sized BASF-class tank containers (B-TCs) that can handle loads of up to 73,000 litres.

Zhang also identifies an increasing preference among customers for new materials, such as carbon fibre, and the addition

of telematics and other digital technologies, and describes the tank container market as one that is generally "moving towards larger volumes and intelligence".

However, that is certainly not the only change happening.

Explaining that the majority of tank containers produced by Dalian CRRC are "used in China by railway operators", Zhang reveals that over the past 12 months, the company has observed the emergence of numerous small third-party logistics companies. As a result, "with the growing economy in China", she expects to see more such firms appearing, with a degree of consolidation likely to follow. "Probably some will merge, or be acquired, as there are few large-sized logistics companies in China like those in Europe or in the US," she says. "In the future, we hope that we can work with other overseas operators or logistics companies to expand their markets in China."

And when it comes to the world, Zhang notes that the global economy is "still in a downturn due to COVID-19", which will probably continue to impair demand for tank containers for some time to come. That said, she remains optimistic, and believes the outlook for tank container demand is positive and will likely be "followed by product upgrading" once the pandemic has been consigned to history.

"Different countries need different things to keep their economies rolling. That will accelerate the transportation of chemical products and food products and, of course, rising demand for tank containers," she states.

"I think there are several positive factors affecting the tank container market. First, the tank container is a product that can be operated in a safe, environmental-friendly and efficient way," she says. At the

same time, they offer shippers a safe and efficient means of transporting a very diverse range of goods. Adding to all this, their intrinsic intermodality means they can help a company avoid excessive fuel emissions as they can be transported long distances by rail instead of road.

However, Zhang is well aware that there is more to meeting the needs of the market than simply producing units and hoping they will somehow tick all the boxes. "We must work closely with our customers. Our working principle is to provide tailor-made transportation equipment for customers and make our customers feel that we are by their side."

### Design and testing

Given the often-hazardous nature of the products transported in its units, Dalian CRRC puts great emphasis on the need for safety.

"We believe product safety relies on design and testing, materials control, production quality control and document control," Zhang says. "We have a professional design team that is familiar with the various technical standards and specifications for containers, complemented by years of experience in designing and developing railway wagons. They are very good at structure optimisation, strength validation, finite element analysis and fatigue calculation to ensure that the products designed meet the requirements of operational performance and safe transportation."

Designs, however, need to be validated by testing, which is precisely where the company's own impact test lab comes to the fore. The first such facility to win approval from the China Classification Society, the lab, Zhang reports, has also officially been recognised by a number of other inspection firms and

classification societies around the world, including the UK's Lloyd's Register, France's Bureau Veritas, US-based ABS and the German Motor Vehicle Inspection Association (DEKRA).

"In addition to the impact test lab, we have the world's most advanced fatigue and vibration test rig for railway freight wagons," she continues, explaining that the company is working with a variety of experts "to use it as the way to do research on fatigue reliability testing and simulation technology for railway tank containers".

"In terms of material control, we have appliances to test chemical composition and mechanical strength as one way to ensure material quality," Zhang continues.

Meanwhile, when it comes to the physical manufacturing of units, Dalian CRRC boasts state-of-the-art production lines able "to achieve 100% automatic welding" backed by "real-time image weld detection equipment and [the ability] to do water-pressure and air-tightness tests to control product quality".

Importantly, these processes are all supported by "comprehensive quality management documents to ensure product traceability".

Priding itself on the strength and experience of its design, marketing and project management teams, the company, she asserts, has an unparalleled ability and reputation when it comes to the "understanding of railway operations". By listening to the needs of its tank container users, the company claims to be well placed to "provide special services and products" to its customers. Indeed, Zhang sees the success of the company's super-volume tank containers as very much a reflection of all these factors and asserts that Dalian CRRC is "confident that [it] can contribute to the tank container business globally".



# Shanghai to the world

**S&W International Chemical Logistics has the network to ensure its products arrive at their destination efficiently**

Headquartered in Shanghai, S&W International Chemical Logistics (S&W) has over two decades of experience as a third-party logistics operator. Fully licensed to undertake the transport of a wide range of hazardous and non-hazardous goods, it operates a tank container fleet of around 1,000 units with standard filling capacities of 24,000 litres and 25,000 litres.

"In general, our tank business customers are chemical manufacturers and trading corporations, including local Chinese and Sino-foreign joint-ventures," a company representative says, noting that the majority of its clients are drawn from the petrochemical sector and use S&W's tank container services primarily for import and export trade. Over the past one to two years, "product oversupply, environmental protection and raw material price fluctuations" have negatively influenced both trading volumes and manufacturing capacity. However, the representative reports that "there are also many businesses experiencing good growth".

"We provide a full scope of tank services, including spot hire and long-term leasing, and also provide door-to-door, port-to-port and round-trip transports," they continue. Similarly, S&W is also well positioned to work with customers to provide specialist tank equipment in addition to being able to modify or custom manufacture units to meet specific requirements if needed.



As well as its own domestic branch offices and facilities within Tianjin, Qingdao, Ningbo, Guangzhou, Dalian and Nanjing, the company also maintains locations within Europe, Singapore, the Philippines, Australia, South Korea and Brazil. It complements these with various agency agreements throughout China and South Korea, Thailand, Malaysia, Indonesia, India, the Mediterranean region and the Middle East. S&W's domestic and international reach is further bolstered by its membership of the WCA network of independent freight forwarders, which encompasses more than 9,000 member offices in 194 countries around the world.

The company also works with various third-party tank container operators to ensure a smooth provision of service to its customers, regardless of geography.

"We have longstanding partners for the tank container business and we are open to business cooperation and commit to good quality services and value-added services to customers," the representative says, reporting that partner firms are selected according to a number of key criteria. These include the ability to meet customer/project requirements and to pass an internal S&W risk review that, among other things, takes into consideration their overall competitiveness, their ethical principles and, very importantly, their safety practices and record.

"Safety is our priority and has been our fundamental principle for more than 20 years," the S&W spokesperson states, adding that the company strictly complies with the ISO9001-2015 standard as well as the Road Safety and Quality Evaluation System (RSQAS) for both domestic and



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international operations. Fully committed to achieving its target of zero occupational injuries and incidents, the company maintains a belief that all its staff members have the responsibility and duty to uphold the highest standards of health, safety and environmental performance, something it attains through *inter alia* continuous improvement and the belief that all risks and accidents can be predicted and avoided.

The company maintains a policy of fully adhering to all applicable laws and regulations while ensuring all personnel receive thorough and appropriate orientation and guidance to ensure equipment and cargoes are always handled safely and responsibly. "We provide regular work training and International Maritime Dangerous Goods Code training to our staff members," the representative says. Furthermore, the company's "online operational review system and local expertise also guarantee safety at a maximum level".

But why should a company opt to send product in a tank container in the first place? To S&W, the answer is quite simple, with the company seeing these units as being far more cost effective, efficient, environmentally friendly and indeed safe compared to shipping packed consignments in drums, for example. After all, while occupying the same footprint as a 20' dry shipping container, one of the company's tank containers can enable a customer to transport up to 25,000 litres of product per single shipping unit as opposed to just 16,000 litres were they to load an ISO shipping container with 80 filled 200-litre drums.

The advantages do not stop there - the use of a tank container also frees the customer from having to purchase packagings in the first place. What's more, the company calculates that by regularly sending goods from, for

instance, Shanghai to Guangzhou in tank containers as opposed to using road tankers, a customer can potentially enjoy cost savings of around 30% while simultaneously enhancing their corporate image and performance in terms of safety and environmental protection.

Buoyed by these benefits and coupled with a general increase in global trade, the tank container market, the representative notes, "has increased dramatically" over the past decade. However, things rarely remain static, with the Chinese tank container market undergoing a period of transition and upgrading in the past three years.

#### Playing a key role

The local sector has witnessed a rise in demand for tank container services due in part to rising environmental awareness that has played a "key role in encouraging more tank transportation in China".

Nevertheless, things could be better. "At the moment, supply and demand, global circumstances, oil price and commodity fluctuations are affecting the market," the representative explains, describing 2020 as being marked by "the largest economic setback for decades" because of the ongoing global COVID-19 pandemic. Fortunately, things may well be looking up, for while the initial lockdown period at the start of the year meant "most operations stopped in China", the subsequent lifting of many restrictions has resulted in a solid bounce back as operations across the country reopened for business. As a result, the economic situation, they report, is "now recovering to almost the pre-COVID-19 summer level".

S&W has recently upgraded its cloud-based online logistics system, enabling customers to securely connect to it via an

Application Programming Interface to track the movement of their shipments in real time and with full transparency. As well as greatly reducing a customer's costs, the new system, the representative says, allows them to "transfer most offline work online" while solving the traditional weaknesses and blind spots of international transports.

"We are also undergoing the process of network logistics operator approval, which requires a value-added telecom license (ICP), a level III system security certificate and other registrations," they report.

Once achieved, this "will provide customers with online trucking services" with many "safety, cost-saving and efficiency advantages". Both these initiatives, they assert, tangibly demonstrate S&W's commitment to "providing high quality integrated services [while] improving capabilities through innovation and sustainability".

When it comes to integrated services, S&W supports its tank container operations with a raft of adjacencies, including dangerous goods warehousing, supply chain management, customs clearance and the provision of flexitanks for the shipping of non-hazardous liquids. In 2010 the company teamed up with the Shanghai Maritime University (SMU) to establish the SMU-S&W Research Institute for Chemical Logistics and Supply Chain Management.

Offering training, consultancy services and professional studies within these allied fields, the Institute provides a platform from which industry and academia can develop best practices and foster innovation. Together, these highlight S&W as a company that "thinks ahead, prepares in advance and implements safety in a dynamic industry [that is] constantly evolving with opportunities and challenges".

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# In sickness and in health

The COVID-19 pandemic could accelerate the trend towards intermodalism and digitalisation, writes Brian Dixon

Whether the global response to COVID-19 coronavirus has been appropriate, too little, too late, or an egregious overreaction remains a moot point. What is not in doubt is that the ensuing restrictions have placed an unprecedented burden on industry around the world, with the global tank container sector being no exception.

"The impact of lockdowns initially hit product manufacturers, starting in China, and then progressively impacting Europe and the Americas. A fall in supply-side demand followed shortly after, again cycling from Asia to the Americas. This disruption led to erratic volumes and delays in discharging tanks, which in turn lead to tank shortages in some areas," says Keith Broom, group finance director for UK-headquartered tank container operator Suttons.

"We quickly adapted our operations to ensure that we could maintain the standards of safety and quality that our customers expect from us, and to respond to changing demand patterns for certain products," he continues.

Suttons was certainly not the only logistics service provider that had to rapidly respond to the unfolding global pandemic. Germany's Hoyer, for example, promptly established an Emergency Taskforce at group level, identifying the minimum skeleton staff needed for each part of its operations before introducing remote working wherever possible.



Across the border, Netherlands-headquartered Den Hartogh launched a 24/7 dedicated driver service in which the same driver(s) would be assigned to work at a particular customer's site on a regular basis thus "significantly reducing risk of cross infection".

US tank cleaning specialist Quala sought to reduce such risks by expanding the use of its QualaTrax online customer portal in addition to "continuously certifying [that its staff] have not put themselves at risk through contact either at home or at work".

And when it comes to contact, Australian leasing firm SCF implemented a broad range of general hygiene protocols for its employees and its tank and box containers. Whenever a unit is returned to one of its depots, all touch points undergo thorough disinfection, with the container then placed in an isolated area for a period of 48 hours. It also

disinfects touch points on every outbound container immediately prior to dispatch.

Companies have had to make changes in other parts of their business. Suttons, for example, "had to react quickly".

"The initial problem was trying to model what the impact on the turnover and cash flow of the business might be in a situation that no one had ever lived through before," Broom says.

"Our two biggest concerns were that we did not know how far demand would fall and whether or not some of our customers would be unable to pay us. We moved quickly to preserve cash. Capital expenditure plans were reviewed and some projects that were deemed non-essential were deferred or re-scheduled to ensure we balanced operational needs with cash management."

The financial results reported by companies during the pandemic have perhaps not been quite as



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alarming as some might have feared. Admittedly, the six-months to June 30 did see Singapore's highly diversified CWT incur a loss attributable to its owners of HKD95.1m (\$12.3m). However, this was still a marked improvement on the loss of HKD260.7m it recorded the previous year.

Meanwhile, in July, Stolt-Nielsen reported that its Stolt Tank Container business had successfully increased both its second-quarter revenues and operating profit, from \$129.4m and \$6.7m the previous quarter to \$135.2m and \$13m, respectively.

This was followed in August by VTG announcing first-half revenues of €605.8m (\$714.4m), up from €599.3m 12 months previously, and an EBITDA of €245.8m, down just 0.5% on the corresponding 2019 figure of €247m.

All these announcements were, however, tempered with a degree of caution and an acceptance that things could well get worse before they get better. There is, after all, a lag between a company's books closing, the reality at the time of the financials being formally reported and the outlook, especially in turbulent times.

As Stolt-Nielsen CEO Niels G Stolt-Nielsen put it: "The net financial impact of the COVID-19 pandemic on our businesses, excluding Stolt Sea Farm, has so far been relatively modest. That said, we are seeing indications that the third quarter will be more challenging."

While there are definitely green shoots emerging in terms of the world returning to some semblance of normality, the full economic effects of the pandemic are still brewing. Some trades, such as water treatment chemicals and the manufacturing of pharmaceuticals and packaging, have remained steady. Others, such as chemicals destined for the automotive, durable consumer

goods or other manufacturing sectors, have been hit much harder. When these markets will return to pre-COVID-19 levels remains uncertain, although few expect a recovery until well into 2021 at the earliest.

### Every cloud

It is possible that COVID-19 may prove positive for the tank container sector as sending goods via rail instead of road requires significantly fewer points of human-to-human contact.

This is something noticed by Bertschi, revealing that its focus on combined transport and the use of block trains to cross national frontiers, rather than trucks with drivers, resulted in "smooth transport operations during the border closure phase in Europe".

This could be just a short-term fillip for the sector, but it could also provide the nudge some see as needed to permanently shift the bulk of freight movements off the road and onto rail. Virus or no virus, the long-term prognosis for tank containers remains healthy thanks in no small part to their multimodal versatility, something supported by a number of market reports published during the summer which take into account the current pandemic.

Industry Research, for example, expects the global tank container manufacturing market to achieve a compound annual growth rate (CAGR) of 8.9% over the period 2021-26. This, the company calculates, would increase the market's worth from just under \$1.1bn to nearly \$1.8bn.

Global Industry Analysts anticipates a more subdued, but nevertheless still positive, CAGR of 4.4% over the period 2020-27. It calculates that the LNG tank container market will increase by a CAGR of 5.6% over the same period, increasing in value from \$109m to \$159m.

The accuracy of these

projections is, of course, questionable. What is inevitable, though, is that the post-COVID-19 world will be much more digital than today. Indeed, tank container operator Bertschi, noting that its "digitalisation efforts are currently being further accelerated", puts much of its ability to deal with the pandemic down to "major investments in its digital transformation over the past two years". These, it says, "enabled it to shift 80% of its office-based staff to home office settings within days and with no impact on quality".

Such sentiments are echoed by US-based Odyssey, which offers tank container logistics for both chemicals and foods through its Optimodal and Odyssey FoodTrans businesses.

"Organisations that have met the challenge of the coronavirus pandemic have done so by making calculated investments in technology and processes that have limited the disruption to their business," it says, citing a study of shippers it conducted via Peerless Research in May.

Having polled 363 such firms, the study found that by focusing on improving such key areas as visibility and communication, they successfully "insulated themselves from customer defections" while the digital automation of traditional shipping functions meant they were also "less reliant on rate negotiation to maintain strong margins".

At the same time, the use of transport management systems and control tower solutions minimised risk while improving supply chain workflows, safety and environmental performance.

"When the world looks back on this time of crisis, it will be clear that businesses that thrived did so on the strength of their vision for a more digital, economical and efficient approach to logistics," it says.



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# Set to break through

Global demand for military tank containers may grow significantly due to existing geopolitical tensions and the threat of new military conflicts, writes Eugene Gerden

According to leading shippers, using such types of tank containers and representatives of global producers, the geopolitical uncertainties will contribute to the more active use of tank containers in the majority of regions of the world, with Russia and the US expected to be at the forefront of these market trends.

In the case of Russia, there is a high possibility that its military may participate in the large-scale military exercises in Belarus.

According to some analysts, such exercises by Russia and Belarus will require massive supplies of weapons, combat equipment, foodstuffs, fuel, medication, fuel and other stuff, the delivery of which will be associated with the use of special tank containers.

The importance of military tank containers for Russia's armed forces has significantly increased in recent years, resulting in large scale purchases of tank containers by the Ministry of Defence in recent months.

According to some sources in the ministry and some leading local military papers, currently Russia operates one of world's largest fleet of military tank containers, which is actively used within the territory of the country and abroad, particularly Syria.

So far, most of Russia's needs in tank containers have been met by the local UralVagonZavod enterprise – one of the largest scientific and industrial complexes in the country and the largest main battle tank manufacturer in



the world (pictured above).

While its annual output for military tank containers is not disclosed, Russian analysts position the company as one of top five global producers of military tank containers.

Due to recently announced plans to significantly expand and intensify military training next year, most local analysts expect annual growth in demand from the country's military forces to be in the range of 10-15%, significantly higher than the average growth rates of the global market of 3%.

Despite the fact that the pandemic, and associated economic recession, has resulted in the slowdown of these growth rates in the first half of the year, most analysts expect the market to recover to the level of 2019 in the second half.

In general, the importance of tank containers both for the Russian and western military will continue to grow and will be also related with planned expansion in some of the remote and isolated

regions of the world, where there will be strengthening of military presence.

Successful implementation of these plans will depend on the ability to ensure regular supplies of necessary goods to the military units sent to these regions.

Of strategic importance, both for Russia and NATO, is the Middle East, particularly Syria, where scarcity of water, fuel and foodstuffs remains a typical problem for the local population and where the use of tank containers may become at least a partial solution for this problem.

In addition to the growing use of military tank containers, the structure of their consumption, according to analysts, will also change.

According to a report by the Transparency Research Agency, the growing demand for more complex, technically sophisticated military tank containers will remain one of the major market trends in years to come.

Analysts at Transparency also

expect a further tightening of competition in the market, which will force producers to focus on enhancing tank container technology through the improvement of protection, strike capabilities and durability.

These innovations may also involve the more active use of lightweight materials, electric technologies, robust systems etc.

One example is DSS technology, which has already been used by some manufacturers for tank containers, intended for military needs. The technology prevents explosion of inflammable fluids, and limits the time for spreading of fires. The DSS technology is poised to fuel the growth of the military tank containers market in future.

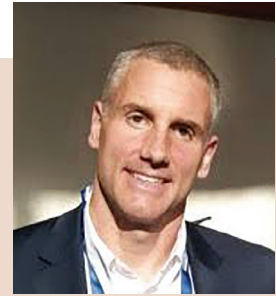
In general, according to analysts, the beginning of more active use of some innovative technologies as well as various armor protection systems, (which could ensure their protection in the case of enemy attacks) will contribute to the additional growth of the demand for military tank containers from armies throughout the world.

So far, perhaps the biggest progress in this field has been achieved by the US, where manufacturers have started the production of special tank containers with an incorporated anti-tank weapon, a grenade launcher and a machine gun, which makes them capable of detecting attacks and responding to them.

The Containerized Weapon System (CWS) of the US Army can also provide a defensive firepower boost, and also helps in the detection and differentiation of enemies.

In the meantime, analysts at the Russian Ministry of Industry and Trade, a state agency responsible for the development of the transport sector, expect a stable demand for custom-made military tank containers, particular those

Allan Klinge, President of the US Klinge Corporation in an exclusive interview commented: "In general, we have not seen as large military investments in recent years (even before the pandemic), but the pandemic seems to have further reinforced this trend. We would expect as commercial activities resume more fully, both commercial and governmental (military) purchasing, including military tank containers, will increase, as well.



"In terms of structure of the market, analysts expect the refrigerated tank containers segment will continue to dominate the market within the next several years with the share up to 60% in the overall structure.

"These tanks are important for the deployed armed troops as they ensure that the vital supplies such as foods and pharmaceuticals remain in usable condition and for longer period. So far, several global producers have announced their plans to introduce innovative products to maintain the usability of temperature-sensitive tank supplies. For instance, Klinge has designed a new refrigerated tank container that can keep supplies at their optimal temperatures. These refrigerated containers are made up of components that have been certified by the container transport industry, and they require very little maintenance.

"In terms of geographical structure, the EMEA region will continue to dominate, accounting for around a 50% market share.

"In addition to existing military threats, the growth of the demand for military tank containers will be also supported the growing influx of illegal immigrants into the EU. The use of such tank containers has a particular importance when dealing with illegal migration, as they could ensure a regular provision of basic supplies such as food, water, and medicines to the affected regions. In addition, the growing border tensions in Afghanistan and Iraq have increased their procurement of military tank containers, which will positively aid the growth of the market in this region in the coming years. Finally, the demand for military tank containers will be growing from Italy, the situation with illegal immigration in some of its islands, such as Lampedusa, has significantly deteriorated in recent months.

which are built in accordance with the needs of a particular customer.

In the meantime, leading producers are aware of the existing market trends, planning their further expansion in the global market in years to come.

For example, according to some sources, such plans could be considered by Uralvagonzavod, which is ready to accelerate its efforts for the development of advanced military tank containers with improved protection, better

durability, strike capabilities, and more effectiveness.

There is a possibility that Uralvagonzavod will not be the only global producer that plans to expand its range and increase its production, while the same plans may be considered by other leading market players, among which are Textainer, Klinge Corporation (US), WEW Container Systems GmbH (Germany), KrampitzTanksystems GmbH and others.



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