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Tankcontainer MAGAZINE



Silvia Ohara, Bertschi's General Manager South America explores the changing characteristics of this expanding regional tank container market

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It was the best of times, it was the worst of times, ..' wrote Charles Dickens, the greatest writer of the Victorian era.



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Operational difficulties *will lead to higher profits*

'It was the best of times, it was the worst of times,' wrote Charles Dickens, the greatest writer of the Victorian era. As it was then, so it is now. Operationally, it is the worst of times - fractured by the speed of the post-pandemic bounce-back after the worst economic contraction in living memory, the tank container market continues to be volatile, disrupted and unbalanced. Freight costs are likely to stay at historical highs for some time with certain routes increasing further due to the seasonal demand for reefers, which has crowded out booking space for tank containers. Slot capacity remains extremely tight with ocean carriers often prioritising the containers of their global network partners - such as Kuehne+Nagel and DHL - over shipper-owned containers. Tank containers are often left behind at transshipment ports and newly ordered box carriers will not ease capacity until they enter service in 2023.

Chaotic supply chains have left orders unfulfilled, creating cash flow pressure as the time lengthens between buying goods and selling them. Longer tank container cycle times through ports have only worsened terminal congestion with repositioning costs ballooning. Load/discharge locations for tank containers have become less predictable as supply chains flex to accommodate demand fluctuations and uncertainties.

This issue focuses on South America where - as elsewhere - port congestion has, if anything, deteriorated and is adding to supply chain complexity. Ports, terminals and logistics services - not least quality drivers - still experience protracted delays with many gateway ports experiencing operational interruptions.

Inflationary pressures abound - dramatic rises in raw material costs are driving standard tank container prices to \$20,000, up from last year's Q2 low of under \$13,000.

Financially, however, 2021 looks to be among the best of times for shipping lines, tank container lessors, operators and manufacturers. Although global trade may be lower in volume terms, skyrocketing freight rates have led to record profits for market leader Maersk, whose full-year profit will match its combined results from the past nine years and generate the biggest profit in Danish history. It has never been a better time to be an ocean carrier.

For the tank container industry as a whole, the weighted average cash-on-cash yield for new builds is increasingly attractive compared with the 14% average over the past decade. GATX's acquisition of Trifleet Leasing last December coincided with the

low point of the global tank container market, making the timing of the acquisition near-perfect.

Tank container operators have been fortunate to be contractually able to pass through the extraordinary increases in shipping rates and typically enjoy higher margins when ocean carrier rates are high. With equipment short, and the physical supply of products a top priority, the negotiating power of operators has increased markedly.

Several have de-risked their exposure to shipping lines by adjusting their contract lengths while demurrage revenues have increased due to higher volumes being moved and longer retention times. Most operators have improved their efficiency, cost management and fleet management during the pandemic while many have invested in upgrading their fleets with sensor systems and/or special coatings. The result will be much stronger operating cash flows in 2021 and significant improvements to EBITDA in the second half.

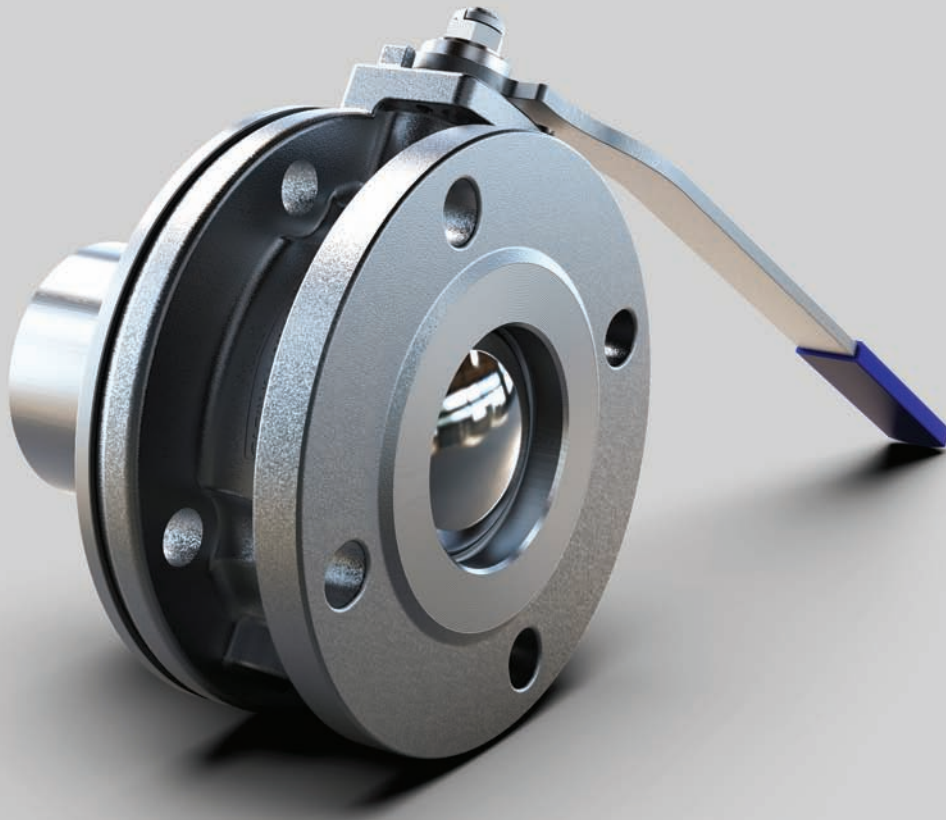
Asia remains the strategic opportunity, supporting Den Hartogh's merger with MUTO, while the acquisition by Suttons of VTG's relatively insignificant overseas tank container interests helps re-focus VTG on Europe and Eurasia. At the other end of the M&A spectrum, asset manager DWS and global investment group CDPQ completed their equal-share acquisition of freight railcar and tank container lessor Ermewa (including Eurotainer and Raffles) from SNCF in October for \$3.7 billion.

Lessors will have a good year, helped at the margin by consolidation among lessors and the difficulty of securing funding - especially for non-standard tank containers - due to the banks' retreat from smaller players. With long new build lead times, demand has been boosted for leased and rental equipment with per diems continuing to rise from Q2's benchmark of \$5/day.

Tank container manufacturers have seen profits rebound after last year's huge slump, with LNG equipment in especially high demand in Asia. Market leader CIMC saw profits rebound 78% in the first half of 2021 as revenue in its chemical division increased 42%.

All in all, the tank container sector continues to demonstrate its exceptional operational and financial resilience in the best of times, and the worst. ■

Leslie McCune, Editor



SIZE REALLY IS EVERYTHING.

Compact, lightweight and slimmer by 30mm - this is the new, ultra low profile, DN80 ball valve.

Made with 316 Stainless Steel for maximum corrosion resistance, this valve allows customers to use a DN80 connection for loading or unloading on top of a tank container where space is limited.

Instead of operators being forced to use smaller equipment, the DN80 ball valve allows for maximum capacity - even at a reduced size.

This new design offers a reduction in height of the overall assembly, and compared with standard DN80 ball valves, is 30mm slimmer due to the integrated syphon tube and seal carrier design. The contained seal design also improves sealing performance affected by uneven loads when connecting heavy hoses and pipework.

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15 IVECO S-WAY delivered to Chemical Express for chemicals transport

IVECO delivers 15 IVECO S-WAYs to Chemical Express Srl, a company specialized in bulk liquid chemicals and liquid industrial waste transport throughout Europe.

The delivery, which took place in Naples at the customer's headquarters, was attended by Vincenzo Romano, director of Chemical Express Srl, Giuseppe Avallone, Chemical Express CEO, Michele Valiante, CEO of Socom Nuova, Carmine Ceglia, specialist Heavy Trucks Socom Nuova, Alessandro Oitana, IVECO Italy Market Medium & Heavy Business Line Manager, and Fabrizio Scirè, IVECO District Manager.

The 15 IVECO S-WAYs, model AS440S48T / P, will be used for a wide range of chemical and liquid products, including flammable, corrosive and other products. The road tractors equipped with 480 HP Cursor 11 engine and 3650 wheelbase, are equipped with Hi-Tronix 12-speed automated gearbox, Active Space Cab, ideal for long-haul journeys, and ADR preparation for transport of dangerous goods in total safety.

Alessandro Oitana, IVECO Italy Market Medium & Heavy Business Line Manager, declared: "Our IVECO S-WAYs are the ideal solution for efficient and safe transport, as in the case of chemical products and industrial wastes transport, both for domestic and international. We are proud to provide Chemical Express Srl

with high-performance vehicles that adapt to every mission requirement".

Vincenzo Romano, director of Chemical Express Srl, commented: "Our company pays particular attention to the search of high innovative transport solutions; with this in mind, we evaluated the new IVECO S-WAY extremely interesting thanks to the greater connectivity. The support of the Socom Nuova dealership, through the work of Carmine Ceglia, was also indispensable in choosing the vehicles most in line with our transport and outfitting needs".

The delivery was carried out by Socom Nuova Srl, the reference IVECO dealer in Campania region, with almost 60 years of experience in sales and after-sales assistance services. ■



Stolt Tank Containers (STC) reports profits of \$24.7 m for third quarter

The increase partly due to rates, up 12.6% compared to the prior quarter.

"Markets continue to show strength with rising freight rates and higher

demurrage revenue compensating for the rising costs," notes Niels G Stolt-Nielsen, CEO Stolt-Nielsen Ltd.

"Even though we are operating under very challenging circumstances we are able to pass on the additional costs and improve margin per shipment." ■



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Chemion specialises in logistics operations concerning hazardous goods containers and tank containers – it is also one of the leading German container terminal operators.

The company offers a complete range of services including box and tank containers for these units. Storage, handling and transport are a critical part of this operation as well as cleaning, repair and maintenance.

Chemion's state-of-the-art Dormagen terminal is now operational

The firm's container terminals have approximately 2,800 storage spaces at the CHEMPARK sites in Leverkusen and Dormagen.

These sites are among the largest of their kind for hazardous goods in the country.

The new state-of-the-art terminal in Dormagen is Chemion's way of responding to the high demands of its customers, in terms of capacity, efficiency and safety.

Chemion's chemical industry customers rely on its services at the CHEMPARK sites in Leverkusen and Dormagen. Now, the special logistics company has opened a second container terminal in Dormagen.

The infrastructure for the handling and storage of 1,000 box and tank containers was created in an area of about 15,000 m².



The construction and subsequent trial operation took a year to complete.

CHEMPARK's operator in Dormagen was delighted with the new terminal. "We are very pleased with Chemion's investment," said CHEMPARK director Lars Friedrich "Manufacturing companies at the site are constantly investing in their operations and needed well-developed, efficient logistics for their businesses."

The expansion is a boost for production companies at the site, which are increasingly reliant on tank containers for their operations. Raw materials as well as intermediate and final products are stored at the newly named CT DOR II terminal. ■

Automated container conditioning monitoring from Finland

Finland-based [ConexBird](#) uses vibration and oscillation technology to determine the condition of cargo and tank container. Invented by Teuvo Heikkilä, co-founder and CEO of ConexBird.

ConexBird has developed different options for portable and spreader-



based hardware that collects this data, which is then sent wirelessly to a cloud application for analysis and reporting.

ConexBird said it has collected data on "tens to hundreds" of tank containers to date.

From the data, ConexBird generates a 'mechanical age' for the structure of each container and an estimate of repair costs over the next few

years based on that condition. An advantage of using vibration and oscillation technology is that it can detect and assess structural issues beneath the paint.

"We are very pleased to show the world what can be done with ConexBird's solution. ConexBird's mission is to make container logistics faster, smarter and greener," it said. ■

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Isotank Services, completes acquisition of PM Rees & Sons

Isotank Services, a wholly owned subsidiary of Boasso Global, has completed the acquisition of PM Rees & Sons and its affiliate Atlantic Tank Clean Barry from owner Peter Rees. PM Rees is the leading provider of tank container services and transport in Wales, UK.

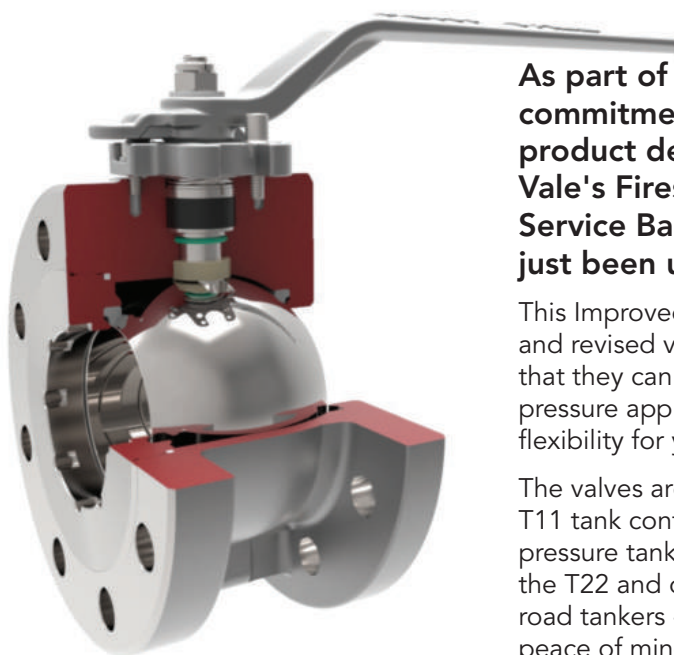
"We are tremendously excited about the acquisition of PM Rees, which helps continue to build out our international footprint with a strong position in the strategically important chemical manufacturing hub in southern Wales," says Joe Troy, chairman/CEO of Boasso Global.



"More importantly, we are fortunate that Peter Rees has agreed to stay on with us in a leadership role, providing Boasso Global with his enormous depth of knowledge of the tank container services and transportation space, and his unparalleled customer relationships."

Peter Rees will work directly with Colin Garnett, senior vice-president of European operations at Boasso Global. "I have known Colin for many years and look forward to working with him to grow our collective UK business and find ways to enhance services to our customers," Rees says. ■

Fort Vale announces new Firesafe and Lethal Service Ball Valve range



As part of their ongoing commitment to continual product development, Fort Vale's Firesafe and Lethal Service Ball Valve Range has just been updated.

This Improved sealing performance and revised valve body design means that they can be used in higher pressure applications, giving greater flexibility for your fleet of tanks.

The valves are suitable for standard T11 tank containers and for higher pressure tank requirements, such as the T22 and others, as well as most road tankers - giving the customer peace of mind, whatever the situation.

The valves are available in 1", 2" and 3" sizes - all manufactured in stainless steel as standard. If customers require additional corrosion resistance for specific products, then Fort Vale are able to manufacture in exotic materials on a bespoke basis.

Jonathan Parker, Business Development Manager at Fort Vale, said: 'We were approached by a number of our customers to enquire if we could modify our existing Ball Valve Range and adapt it for extreme hazard situations. After rigorous testing over the last year, we are very happy with the result - and so are our clients.' ■

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Van den Bosch acquires TCS Trans in Barcelona



Spain is a growth market with a lot of potential. With this acquisition, we are taking the next step in developing our intermodal network in southern Europe

Rico Daandels,
CEO of Van den Bosch

Van den Bosch has acquired transport company TCS Trans in Barcelona, including its tank container fleet. TCS Trans is a pioneer in intermodal transport in Spain, with a focus on dry bulk for the petrochemical industry.

"Spain is a growth market with a lot of potential. With this acquisition, we are taking the next step in developing our intermodal network in southern Europe," said Rico Daandels, CEO of Van den Bosch. TCS Trans is an established name in Spain.

The core activity involves the transport of dry bulk, such as PVC powder and granulate, for the petrochemical industry. The company is also active in the bulk transport of liquids and gases. From its office in Barcelona, TCS mainly serves the Spanish and Italian markets, and invests in the development of the intermodal network.

With the acquisition of TCS Trans, Van den Bosch is committed to further development of the intermodal network in Southern Europe. CEO Rico Daandels said: "As a logistics service provider, we have gained a strong position in European logistics. With the acquisition of TCS, we are taking the next step in developing our intermodal network. We have been investing significantly in the Spanish

market in recent years, as the demand for intermodal bulk transport is increasing and offers a lot of potential.

Thanks to the acquisition, we will now also have a physical presence and will be pooling our strengths. From Barcelona, we will now be offering solutions for both dry and liquid bulk for the food and chemical industries."

Van den Bosch is acquiring the shares of TCS Trans. The activities will continue under the same name from the present office in Barcelona. The 40 employees will be retained. The fleet, consisting of 30 trucks, over 300 tank containers and 100 trailers & chassis, is also part of the transaction. ■

Alfred Talke tests blockchain solution for tank cleaning



Alfred Talke has begun testing of a blockchain-based solution to handle tank cleaning certificates, developed in collaboration with Fraunhofer Institute for Applied Information Technology (FIT).

The digital solution avoids the risk of forgery and inaccuracy by using machine-readable digital documents that are registered in the blockchain, making them forgery-proof.

Inspectors can access the digital cleaning certificate on a smartphone by using a QR code.

"We are at the beginning of a solution in which we not only digitise cleaning certificates. The blockchain technology also ensures that the certificates are forgery-proof and traceable across companies. This improves security-relevant processes in our industry," says Armin F Talke, member of Alfred Talke's advisory board. ■

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Legend Logistics opened a new office in Shanghai



Legend Logistics has opened a new office in Shanghai as part of its ongoing efforts to expand its reach in the Asia-Pacific region.

The new office provides logistics solutions for bulk liquid chemicals, consumer perishables and dry bulk commodities. It also offers agency services for tank container and container shipping.

"With China being one of our key markets, the Shanghai office will enable us to further strengthen our capabilities in the Far East region by leveraging our global network and reliable logistics services," the company states.

Singapore-headquartered Legend has offices in India, Indonesia, Malaysia, Thailand, Vietnam, Australia and the Netherlands, as well as China. ■

Suttons International establishes dedicated shortsea tank container fleet for Asia

Suttons International has established a dedicated shortsea tank container fleet for Asia, following the trend towards more regionalised supply chain and the shortage of shipping capacity. The Asia Short Sea initiative operates between the main markets in the region: China, Singapore, Malaysia, Indonesia, South Korea and Japan.

Suttons reports that the fleet was put into service over the past two months and is already fully utilised,



with additional tanks to be added in the near future.

"As part of the initiative we have been able to add significant value to new and existing customers by concentrating on dedicated loops to assuring continuity of supply," Suttons explains. "We have been able to support some of our key Japanese clients by shipping tanks on a round trip basis from Japan to China and as a result have prevented plant shutdowns for these customers." ■



Den Hartogh Logistics has merged its operations in South Korea, Thailand and Malaysia with the **MUTO** group of companies.

The move is another step in realising Den Hartogh's ambition to be a leading tank container operator in the Asia Pacific region in both deepsea and intra-regional trade. It will add five offices, giving direct access to the local markets.

As a result of the merger, MUTO Global Thailand and MBT Global Malaysia will be rebranded as Den Hartogh Thailand and Den Hartogh Malaysia, respectively. The MUTO Logix Korea branding will be retained, with the additional mention of it being a member of Royal Den Hartogh Logistics.

"With this merger, Den Hartogh is confident of further increasing customer satisfaction by providing tanks at the right place, right time and right quantities," the company states. "Den Hartogh will be positioned to serve its customers better now in Seoul, Bangkok and Klang with more personalised and innovative logistics solutions." ■



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Promoting Tank Sustainability: Repurposing and Recycling



The inherent sustainability of the tank container is a key asset to the growth of the tank container industry - ITCO and its members continue to promote awareness of the tank container as the transport mode providing superior environmental performance.

The tank container operates in a business world where beneficial cargo owners (BCOs - the producers of chemicals and liquid foods and drinks) are increasingly active in their obligations to implement environmental initiatives throughout the transport chain. ITCO members are engaged in environmental

programmes such as Ecovadis Assessments and sustainability policies.

ITCO's latest Technical Guidance document **"TG-08 Tank Sustainability Repurposing and Recycling"** provides sustainability guidance - from procurement to safe end-of-life repurposing and eventual recycling. TG-08 provides guidance to ITCO members for the purpose of supporting:

- Environmental processes that enhance the tank container industry's cradle-to-grave-to-cradle sustainability;
- Awareness of the tank container as superior transport mode providing environmental performance.

Intermodal tank containers are widely recognised as a safe and reliable means of global transport of liquids and liquified gases in bulk. The tank container is also an environmentally sustainable mode of transport. A core environmental advantage of the tank container is that it is manufactured from sustainable materials, designed for continued re-use over a period of 20 years or more; and, in due course, it is proven to be suited to repurposing and recycling.

Low carbon footprint transportation is achieved by the tank container because it is dimensionally compatible with standard shipping containers, which ensures that the tank container benefits from the efficiencies of global intermodal containerisation.

The tank container operates in a business world where beneficial cargo owners (BCOs - the producers of chemicals and liquid foods and drinks) are increasingly active in their obligations to implement environmental initiatives throughout the transport chain. The tank container is the transport mode that is uniquely positioned to fulfil eco-friendly and safe use objectives.

Whereas the tank container is superior to other transport package modes, it is necessary for industry to build on this leading position and strive to achieve ever higher standards by continuing to invest in innovative technology and processes.

This document provides sustainability guidance to ITCO members from procurement to safe end-of-life repurposing and eventual recycling. ■



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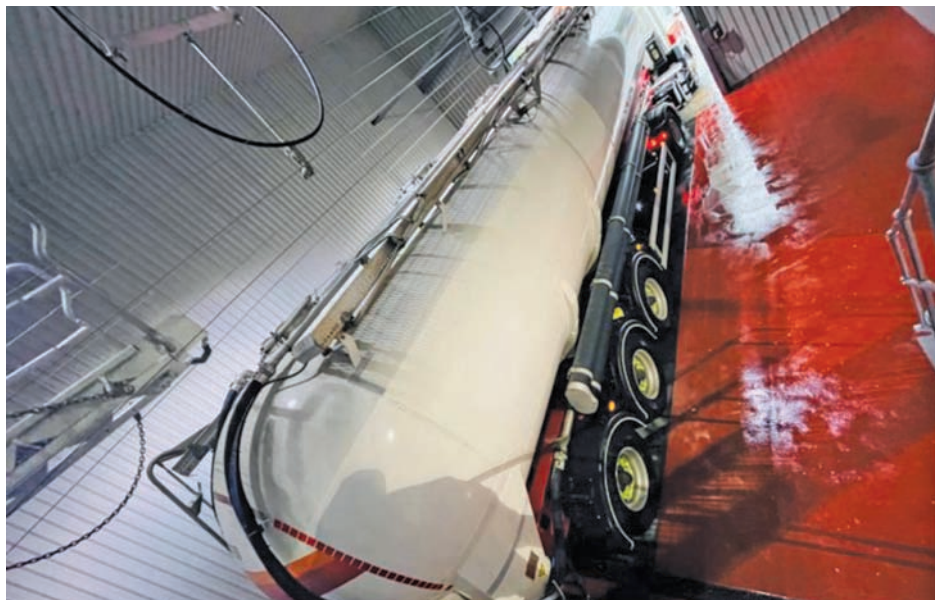
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LPW Group opens new tank wash facility in Manchester



Situated next to major motorway links, the LPW tank wash facility near Manchester in the UK will introduce a new and accessible facility for the city and surrounding networks.

Equipped with the latest technology and equipment, the site provides a specialist cleaning and sanitisation service for road tankers, tank containers and all other intermodal equipment.

The complete pressurised tank washes can thoroughly clean a vast range of food substances including edible oils, sugars, chocolate, flour, juices and dairy products. As a dedicated food grade tank wash, no chemical cleaning takes place on the site, meaning the possibility of cross-contamination is significantly reduced.

The LPW teams are highly skilled and experienced, enabling a fast turnaround time – saving invaluable time in transit – without any compromise on quality and service.

The seals necessary to comply with stringent food safety regulations are also provided by the team.

The site services include food grade tank washing, IBC cleaning, steam heating, sanitisation, air filtered blow drying, hose and flex cleaning and ISO 9001\2015 certified washes. The Manchester site adds to LPW's existing network of national site locations including at Purfleet and Avonmouth in the UK.

Gary Moon, managing director of LPW Tankwash, said: "We are delighted to open our brand-new Manchester tank cleaning facility. From initial planning to building developments, we have committed these last few months to create a state-of-the-art site to suit our customers' requirements in Central Manchester and the surrounding areas."

"From speaking and listening to our existing customers across the UK, it became apparent that an accessible location in Manchester was needed. The latest LPW tank wash site answers these needs, and will provide accessible, convenient, and professional service for drivers," Moon added. ■



Milkyway Chemical Supply Chain Service agrees to acquire Shanghai Stolt-Nielsen Tank Container Service

Shanghai Stolt-Nielsen Tank Container Service operates a tank container depot in Shanghai. The deal expands Milkyway's capacity to handle tank containers in eastern China and it notes that the Stolt-Nielsen facility is the only tank depot in China with an independent foodgrade cleaning bay and pipeline.

Milkyway currently handles some 2,000 tanks per month at its three existing depots in Shanghai, Zhangjiagang and Yingkou and says it will continue to invest in new cleaning and storage capacity in port cities and chemical parks, with the aim of owning 10 such facilities by 2023.

As part of the transaction, Milkyway has signed a long-term service agreement for the cleaning, maintenance and heating of tank containers in China with Stolt-Nielsen. ■

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Stolthaven Terminals and Rönesans Holding announce plan to build new terminal in Turkey



Stolthaven Terminals and Rönesans Holding have signed a partnership agreement to jointly develop a new greenfield terminal ('Terminal') in Ceyhan, Adana, Turkey.

The terminal will provide storage and handling services to the Ceyhan Petrochemical Industrial Zone, which

is being developed by Rönesans Holding.

Ceyhan Polipropilen Üretim announced that it has selected LyondellBasell's Spheripol technology for the Polypropylene unit. Plans for the terminal include the construction of additional storage capacity which will likely be added during the first phase of the project to serve customers who have expressed an interest in the import and storage of

liquefied petroleum gas (LPG). A final investment decision is expected in the fourth quarter of 2021, subject to final internal and external approvals.

Guy Bessant, President Stolthaven Terminals, commented: "The terminal will initially focus on the safe and efficient handling and storage of industrial gases, but early market studies also indicate that there is potential to develop chemical storage capacity to service the Eastern region of Turkey, which is currently serviced mainly by trucks from the West of the country. The investment in Turkey, a country with a growing economy and strong demand for chemicals, would be complimentary to our existing global network and increase the reach of the supply chain solutions that we are able to offer our customers."

Öncü Apaydın, Managing Director of the Ceyhan Petrochemical Industrial Zone said: "We are looking forward to create significant and sustainable value by bringing core skills and abilities of both corporations together for the infrastructure development in the Ceyhan Petrochemical Industrial Zone by investing in the terminal". ■

Legend Logistics has inaugurated a subsidiary in Pakistan in a joint venture with local third-party logistics provider Bilal Associates.

"The establishment of Legend Pakistan is part of our business strategy to expand and grow our presence in the market and to better serve our customers in the Indian sub-continent region," the company says. "Legend Pakistan provides logistics solutions for all types of freight, including bulk liquid chemicals, consumer perishables and dry commodities." ■

Legend Logistics joint venture in Pakistan



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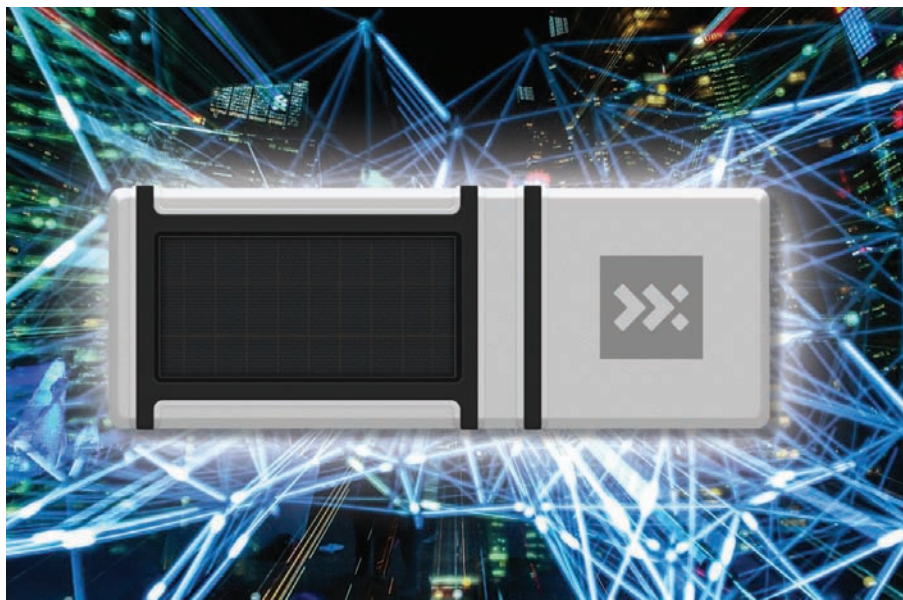
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Nexxiot Unveils New Hardware



Nexxiot Unveils New Hardware with Unparalleled Big Data Traceability and Analytics for Cargo Containers Worldwide

'Globehopper Edge' is a self-sustaining, zero-maintenance wireless device delivering constant intermodal visibility

Logistics digitization pioneer, Nexxiot, the leading provider of cargo IoT solutions around the world, has unveiled its latest gateway device for intermodal shipping containers that will revolutionize the global cargo industry through unparalleled big data enabled traceability and visibility of critical assets.

The Globehopper Edge (pictured) is a self-sustaining, zero-maintenance wireless connectivity device capable of transmitting thousands of data points every day from multiple onboard sensors that transmit crucial information about a container's cargo such as precise location, temperature, environmental conditions and more. Designed to communicate in real time with Nexxiot Connect, the company's customizable, cloud-based software solutions, Globehopper Edge optimizes asset utilization through AI

powered machine learning that has proven to positively impact on-time performance, asset management and achieve intermodal shipping efficiencies.

Nexxiot CEO Stefan Kalmund said: "Combining state-of-the-art sensors, gateways and global connectivity, Globehopper Edge is the most advanced cargo monitoring device in the world today with the present and future capabilities to provide our customers with the most accurate and reliable information possible about their cargo, ensuring unsurpassed accountability across all modes of shipping."

Custom engineered by Nexxiot's own Zurich based R&D lab, Globehopper Edge is built using the most advanced engineering methods and is designed for effortless use. As with all devices in the company's hardware suite, it is solar powered and built to provide zero-maintenance connectivity with a guaranteed lifetime of more than six years. The device is fitted to the outside of a standard shipping container and is onboarded and paired within 90 seconds, providing access to essential data, powerful dashboards and actionable insights for many years into the future.

Kalmund added: "Nexxiot is focused on the highest strategic level of supply

chain digitization and optimization. We work in close collaboration with our clients and partners at the C-suite level to define optimal shipping performance outcomes, then deploy our technology to achieve those results. By remaining focused on the most impactful mega-trends across the shipping world, we are redefining the standards and capabilities for future-proof TradeTech."

Nexxiot Co-Founder Daniel MacGregor has always had a clear goal to drive positive change for both people and planet. His ambition is to reduce world-wide supply chain emissions by five percent over the next five years by preventing empty moves and by removing process inefficiencies around ports and shipping hubs. MacGregor said: "We created Globehopper Edge to take that next step in trade facilitation. Aimed squarely at the 30 million standard intermodal containers that travel around the planet, the rugged IP65, custom engineered, energy harvesting hardware provides unprecedented access to critical data to enable radical transformation for all participants and stakeholders in the global value network of trade, finance and transportation."

Already a dominant presence in the digitization of European cargo shipping, Nexxiot has been building up its Dallas-based U.S. team of engineers and technicians to help fuel the company's expansion throughout the North American market.

Globehopper Edge arrives at a critical inflection point for the global shipping industry as an unprecedented 70+ container vessels languish off the coast of Los Angeles, unable to offload their cargo. The industry must come to grips with wide-scale supply-chain disruptions around commodities and consumer products as well as a total lack of asset and cargo transparency on a global scale. TradeTech powerhouse Nexxiot is on a mission to deliver a new standard in IoT employing advanced data driven intermodal visibility at just the right moment. ■

Global clients require

BERTSCHI



Silvia Ohara,
General Manager South America, Bertschi

South American service capability

Silvia Ohara, Bertschi's General Manager South America explores the changing characteristics of this expanding regional tank container market

TCM: What is the background to Bertschi's involvement in South America?

SO: Since creating our global business unit in 2012 Bertschi has been asked by global customers to extend our service to include both North and South America, adding to our well-established presence in Europe, Asia and the Middle East.

We started our operations with an agent, mainly in Brazil, Argentina and Colombia. We had very few tank containers initially but quickly developed relationships with local suppliers and global customers.

In 2017 we opened our own office in Sao Paulo, Brazil, establishing our regional culture and international standards in the region. This extended our global network while working closely with our customers on their regional South America needs while maintaining Bertschi's global standards.

TCM: What services does Bertschi provide in South America?

SO: Today we provide door-to-door service to most of the countries we cover in the region with the exception of Peru, which we service on a pier basis (although full service operation starts this quarter).

TCM: What assets does Bertschi have?

SO: Bertschi as a group has a strong European asset footprint and is busy expanding into Asia. Our growing fleet has approximately 40,000 tank containers, 18,300 of which are ISO tank containers used for deep sea transportation. The group has about 1,000 trucks and owns 30 terminals in Europe. We also operate hubs for liquid and dry bulk products, where we offer storage, handling, and value-added services such as drum filling or heating. In Asia, these hubs are in Singapore and - from 2022 - in Zhangjiagang, China.

In South America, we created a network of partners with agents and depots, catering to our growing tank container fleet. This is operated by an outstanding team in Sao Paulo which works in close cooperation with our agents.

TCM: What is the company's geographical spread in South America?

SO: We have our own office in Sao Paulo, Brazil, focused on Brazil, and cover Argentina, Uruguay, Colombia and Chile, and we just started operations in Peru, together with our agents, which will have our company-wide quality and safety standards.

TCM: What are the main cargoes moved by Bertschi in South America?



Training Bertschi's Sao Paulo team

SO: Chemicals, petrochemicals, vegetable oils, fatty acids, ethanol and agrochemical products. We do not move food grade products yet.

TCM: Where are the main tank container hubs in South America?

SO: Santos and Salvador are the main hubs today.

TCM: Santos is notorious for high demurrage. Can operators reduce this?

SO: As in any other region, demurrage income largely depends on economic circumstances. We have seen major demand swings - including times when tank containers have been called-off immediately - to other times where equipment was stored for longer periods. We believe this is the ultimate advantage of using tank containers as they provide enormous flexibility - we continuously work with our customers to find the right setup for their specific needs.

TCM: What are the unique characteristics of the South American tank container market?

SO: The majority of the intra-regional logistics matrix still relies on road transport. There is also a large demand from the agrobusiness sector, where FOSFA (Federation of Oils, Seeds & Fats Association) requirements need to be met to move their products in tank containers. The region also has a lot of complexity concerning customs and taxation.

TCM: Do all Bertschi tank containers used in South America have 'smart' capabilities?

SO: Not yet but we have tested our smart capabilities in our Europe business. ➔



TCM: Is the tank container infrastructure (depots, cleaning stations, etc) sufficiently well-developed in South America?

SO: We have a few well-developed cleaning stations and depots in Santos as it is the main tank container hub in South America. We see the chemical industry - together with global tank container operators, leasing companies and global surveyors - increasingly pushing local depots and vendors to improve their processes to meet safety, quality and sustainability requirements.

Today, Santos is the benchmark for other parts of South America in terms of safety and quality procedures but it is interesting to see how networking between the regional depots and global tank container operators has sped up this process, which is good for everyone.

Safety and risk management are high priorities for Bertschi and depots are key partners. We regularly train our staff and work closely with depots to make sure our local partners have their service levels aligned with our global standards.

Some regions of South America still need improvement but may not have the infrastructure to manage tank containers. However, the market and vendors are open to learning about tank containers as an alternative to dry box, drums and/or tank trucks. There are definitely many opportunities to come.

TCM: Does the region require more, or less, specialised tank containers than the global norm?

SO: We work mainly with standard T11 tank containers in the global division, which obviously includes South America, and can provide small adjustments if necessary but, at this moment, we are not prospecting for specialised business and will only consider this for special demand situations.

TCM: What are the biggest challenges for moving tank containers within South America, and for export/import?

SO: The biggest challenges are understanding the temporary admission permits necessary to bring equipment into the region and the complexities around taxation. Each country has different, and complex, customs regimes requiring local expertise to meet local legislation.

Another important topic is the balance between chemical and food grade equipment because the region imports far more industrial raw materials and chemicals than food and pharmaceutical exports. There are complex requirements regarding social and environmental responsibilities.

We also have to be creative and responsible to optimise tank container flows and costs since the majority of the regional logistics matrix is road-based, where there is strong pressure to reduce diesel price variations. Very few players

Today we provide door-to-door service to most of the countries we cover in the region

Silvia Ohara, General Manager South America, Bertschi

in South America offer service by sea, making intra-regional costs very high compared to the global market. This empowers local truckers, who have been strongly impacted by increasing diesel prices.

TCM: What are the key trends in chemical logistics in South America?

SO: The key trends are sustainability, reliability, multiple sourcing, risk management, ESG (Environmental, Social and Governance), safety and multimodal logistics.

TCM: How will tank containers benefit from the recent harmonisation of dangerous good regulations within MERCOSUR?

SO: This is a big step for the region, and important given that working with dangerous goods requires particular attention and risk management. The MERCOSUR harmonisation will reduce the uncertainty of working in the region for global companies and will bring more stability for intra-regional moves. We truly believe that sharing best practice supports the sustainable growth and development for all stakeholders.

TCM: What will be the lasting impact of Covid-19 on the business?

SO: Covid disrupted everything, including sourcing and supply chain strategies. How does Just-In-Time compare with safe stock? Single sourcing compared with multiple sourcing? Global supply compared with local? It has affected the way we communicate with our employees, customers and vendors.

The market has gone through a strong transformation over the past two years, so customers and vendors are now more open to working together to build solutions. ESG topics are also being raised to everybody's attention, by both companies and individuals.

Contingency planning, safety, digitalisation and agility are also top priorities and customers will look for more reliable partnerships, with possibly less focus on pricing and more on added-value services.

The disruption process has just started and we need to be resilient, creative and responsible as a company - and individually - and prepare for the new normal that is coming. ■

Biography:

Silvia Ohara is based in Sao Paulo and is General Manager South America for Bertschi Global AG, a subsidiary of Bertschi AG, based in Dürrenäsch, Switzerland.

She graduated in Business Administration, has an MBA in Project Management & Marketing and is a certified coach. Ohara has been involved in the shipping and tank container industries for 20 years, having worked for tank container operators, a lessor, a flexibag supplier and a shipping line. In 2017, she was invited to start Bertschi Group operations in South America.

In the past 10 years, she has helped global companies build their local teams and reframed their reputations in South America, extending their core HQ values and standards into the region and managing the local and regional needs of their global customers.



TANKS

ON A MISSION

South American tank container use is on the up, with Argentina's MissionLine Logistics very keen and well-placed to continue its key role in driving this ongoing growth.

Despite being marked by "constant change", the various markets for tank container logistics in South America are nonetheless showing clear signs of growth, says Richard Kraayenbrink, managing director of Argentina's MissionLine Logistics. Among other things, this trend is being fuelled by a general movement away from road tanker transports to intermodalism, he reveals, explaining that in the context of his own company's operations Brazil represents the largest single market followed by Argentina, Uruguay and Paraguay.

"Many spot and, of course, regular steady business is offered to us from abroad thanks to our active participation in professional web-based networks, like LinkedIn, and our attendance at international fairs and exhibitions, like Transport Logistic, Intermodal Europe, Intermodal South America and the Asociación Petroquímica y Química Latinoamericana (APLA)," he continues.

Unit shortages

While tank container use is on the up, however, the regional South American market is not without its difficulties. For example, specialised equipment is not always available when and where it is needed, he notes, with tank containers not only used to move product long-distance around the globe, but also employed by many users for intermediate storage. This can impinge on the pool of available assets.

The ongoing Covid-19 pandemic has also given rise to numerous disruptions and headaches, ranging from booking delays and the lack of available space on shipping lines, to roll overs, port skipping and the cancellation of routes, such as those between South America and India. Furthermore, in terms of the leasing sector, there is currently "a shortage of all kinds of units"

caused by lockdowns and similar restrictions. This has halted the usual flow of tank container movements around the planet. ➔



“As agents for VTG Tanktainer, we offer all types of moves - door to door, pier to pier, door to pier, pier to door - according to our customers' needs

Richard Kraayenbrink, Managing Director, MissionLine Logistics

When exactly the world and its markets will return to some semblance of normality is, of course, difficult to predict, although Kraayenbrink reports that things do appear to be going in the right direction. Having previously been required to implement remote working arrangements, MissionLine is now, for example, beginning a return to more conventional office-based practices in Argentina and Brazil.

Partnering for success

Headquartered in the San Isidro district of Buenos Aires, MissionLine has, since its founding in 2005, been registered with the Argentine customs authorities as a non-vessel operating common carrier (NVOCC), freight forwarder, container operator and import/export license-holder. "Our involvement with tank containers comes from previous professional experiences in the Argentine market and in 2006 we were appointed by VTG Tanktainer as their sole agents for Argentina," he says.

After expanding the scope of this arrangement to include Uruguay and Paraguay, MissionLine then became VTG's agents for Brazil in 2014. Five years later, this was further enlarged, with the two companies forming VTG-MissionLine Tanktainer do Brasil, a joint venture that, Kraayenbrink notes, "has been very successful to date" and which is readily able to serve the bulk of global destinations.

Certainly, it would appear that that partnership between the two companies has been highly beneficial to all concerned, including their many national and international customers. "As agents for VTG Tanktainer, we offer all types of moves - door to door, pier to pier, door to pier, pier to door - according to our customers' needs," he says, explaining that the arrangement also sees MissionLine acting as the German company's "local representative before the authorities, customers, customs, shipping lines, port terminals, cleaning stations, depots" and more.

Local expertise

"We have had a long and fruitful relationship with VTG and all their management and different divisions all these years," he says, citing the support given "by one of the top players" in the field as having greatly aided MissionLine and its operations. "The multinational companies in Argentina we used to deal with before the agency agreement had ongoing contracts/operations with VTG in our and other markets. This boosted our commercial relationship with them," Kraayenbrink continues. "Like most markets, the South American market has many particularities, regulations and a defined local business personality and our commercial teams have that expertise, which was a plus for VTG."

Few things stay the same, though, and at the start of November VTG Tanktainer's Overseas Division was acquired by the UK-based Suttons Group. "Suttons wasn't present in South America - it was in their planning and this opportunity proved perfect. VTG's shares in the Brazilian joint venture were also included so, from 2022, we shall be Suttons' partner in Brazil and their agents for Argentina and Uruguay," he reports.

"We would like to thank VTG Tanktainer's management and personnel for the 15 years of working together and for the opportunity given to us to develop the tank container business in these countries," he says, describing the relationship between the two companies as both "professional and friendly" and the agency network as "very important" and mutually conducive. "As they say, you need two to tango," he states.



Products and customers

Serving a broad range of industries, MissionLine maintains a customer base comprised primarily of large local and international companies, including traders and brokers. Importing and exporting a host of diverse products, from chemicals and petrochemicals to base oils and used cooking oil as well as glycerine, fatty acids and turpentine. However, the highest standards of safety and quality remain universal requirements across the board.

"These issues are very important to us," Kraayenbrink states, reporting that this is another area in which the company has benefitted from the exchange of expertise with VTG. "We also have a series of points that we pass on to our customers every time we receive enquiries, such as the Safety Data Sheet of the product required to transport or store it; advice about the minimum/maximum loading authorised; technical information on equipment; and recommendations when loading/discharging. Every product is different and some can be very hard to handle," he notes.

Advancing the cause

MissionLine's enviable reputation as an expert in containerised bulk transport and handling has not only helped it win and retain many different customers, but it has also seen it regularly approached by top-tier firms in Argentina and elsewhere looking for input and advice on a host of industrial projects. The company, has, for example, been requested to evaluate LNG virtual pipelines; design custom bulk containers for frac sand logistics; and develop specialist systems for the importation of cocoa liquor and cocoa butter in active heating units both with and without agitators.

At the same time, the company's leasing arm, which services spot, short-, medium- and long term-contracts via a mixed fleet of standard and specialist tank containers, has also played its part in advancing the use of tank containers in the region. "Among our milestones in the leasing division, we are proud to have been part of the first Argentine reefer juice export in ISO tanks," Kraayenbrink states.

By switching from traditional drums to tank containers, the client in question was able to ship chilled lemon juice in volumes of 19,000 litres per single consignment as opposed to the 17,000 litres of packed cargo in a traditional box container. Meanwhile, as testament to the adaptability and rugged dexterity of its units, MissionLine's leasing business is also a supplier of what it terms 'flying tanks' to the Argentine navy's South Orcadas Antarctic base, further proving that there are few places on the planet where tank containers cannot operate successfully.

"Promoting the usage of tank containers and bulk containers has always been a priority for us," Kraayenbrink explains. A good example of this came in 2019 when MissionLine organised the first Intermodal Bulk Container Exhibition in Mendoza, Argentina. One of a number of events staged by the company, it saw MissionLine unveiling a range of novel tank container designs previously unseen on the local market, including temperature-controlled, half-height, bitumen and copper concentrate units.

Able to offer a full gamut of tank containers and related services, backed by extensive technical support and know-how, MissionLine prides itself on the strength of its commercial and operations teams. "We know the market, we keep close contact with our clients and we listen to them as we are customer-oriented. We're always there," Kraayenbrink states. "We keep updated of the latest innovations and products on the market in order to solve any problem or improve any logistics our customers could benefit from." ■

Brazil's tank container market 'has been booming'

The large east coast South America tank container market is struggling, as elsewhere, with logistics issue but its leading operators are improvising to contain costs.

Brazil is by far the largest market for tank container cargoes in South America with the port of Santos being its most important gateway. The port handled 35,300 TEU (20' Equivalent Unit) of tank containers in the first nine months of 2021, accounting for 46% of South America's east coast market (which includes Uruguay and Argentina) and 57% of Brazil's 62,312 TEU loads. The four dry freight box terminals in Santos are BTP, DP World Santos, Santos Brasil and Ecoporto Santos. They handled 18,485 TEU of export tank containers from January to the end of September this year, up 9% compared with the same period of last year and 16,923 TEU of imports, virtually the same as 2020.

Santos ended the 12 months period having handled 46,800 TEU out of Brazil's overall total of 81,830 TEU, 13% up on 2019 and a 45% higher than that handled in 2016.

"The tank container business in Brazil has been booming in recent years and nowhere moreso than in Santos," said Daniela Neves, the country manager at CSA do Brasil, a Swiss-based freight broker focuses on shipping commodities and works with leading commodity companies such as Bunge, Louis Dreyfuss and Cargill.

CSA is a major player, shipping around 69,000 TEU per year in and out of Brazil of which around 18,000 TEU is in tank containers, with the largest cargoes being glycerine, peanut oil, alcohol, soy lecithin and corn oil. The remaining 51,000 TEU handle coffee, cotton and sugar.

"As well as using Santos - which has five inland depots for empties - we use Paranagua, where we see a lot of growth potential, but at present the latter only has two depots for empties while Navegantes only has one and this, to a large degree, is why there is such a concentration of tank containers in Santos," explained Neves.

The five key 'inland depots' used for tank containers in the port of Santos are Depotrans; Tecnitainer; Alamo; Deptece; and Sitrassa.

CSA do Brasil is responsible for the movement of around 69,000 TEU out of Brazil and has been growing its share of the market since it was first established in Brazil eight years ago.

Paranagua, 151 nautical miles from Santos (or 174 miles by road), is the second largest port with just 6,618 TEU for the first nine months of 2021, slightly down from 6,640 TEU for same period of last year, and accounted for about 10% of the Brazilian total.

Exports were up by 22% from 3,332 TEU to 4,182 TEU, but imports were down, from 3,259 TEU to 2,636 TEU.

Behind the Parana state port comes Salvador (4,597 TEU) in the northeast of Brazil and Itapoa (4,540 TEU), just south of Paranagua.

According to CSA's Neves, Paranagua could be the gateway for more tank containers - especially for growing bio-diesel shipments - if it improves its storage facilities.

Stolt Tank Containers are also a major tank container operator in Brazil, running their tank container business along side its liquid bulk terminal and chemical parcel tanker shipping businesses. Operating as Stolt-Nielsen Afretamento Brazil Ltda, out of their Sao Paulo office, the Bermuda-headquartered, Oslo-listed multinational has a global fleet of over 40,000 tank containers, 150 deep sea and coastal vessels and 26 offices worldwide. The company handles around a quarter of the overall Brazilian market of nearly 82,000 TEU.

Stolt-Nielsen is also the owner of the Stolthaven Santos liquid bulk and break bulk terminal in the Alemoa area of the port of Santos, close to the key Anchieta and Imigrantes highways which serve Sao Paulo, the industrial and commercial hub for Brazil, some 50 km away.

Maury Rovai, Brazil Country Manager and Operations Manager for the Latin American region for Intermodal Tank Transport (ITT), a tank container logistics and transportation company, said the tank container market in Brazil is split into two sectors: chemicals and food.

"Brazil is the biggest market in South America and one of the biggest markets in world for the importation of chemicals in containers," explained Rovai, but the business is tricky because of the import/export imbalance and lack of available empties.

"We also deal in huge volumes of food but more on the export side than imports so we have a big imbalance there too. Unfortunately for us, tank containers for chemicals cannot be used for food so we have a shortage of empties of one type of tank container, for food, and a surplus of the other type, for chemicals.

"How to counter these imbalances? That is the big challenge for the tank container business in Brazil," says Rovai, "and we are becoming very creative in finding solutions, despite logistical bottlenecks and sky-rocketing ocean freights." ➔

Brazil is the biggest market in South America and one of the biggest markets in world for the importation of chemicals in containers

ITT is the second biggest Non-Vessel-Operating Common Carrier in Brazil, dealing with tank containers, with around 20% of the 81,830 TEU overall market in 2020, according to Rovai. This is second only to Stolt Nielsen, which has about a 24% share.

Santos is the biggest port in South America with 140 million metric tonnes of trad and 4.4 million TEU forecast for 2021 but there have been a number of high profile fires at liquid bulk facilities with the most recent incident at the Ultracargo terminal in the Alemoa district in 2015. The fire took nine days and 80 firefighters to get under control. There was another conflagration at the Localrio container storage facility on the left bank in Guarujá in January 2016, after which safety measures, including those affecting tank containers, were tightened. Further measures were introduced after the massive Beirut explosion in August 2020.

"Since those fires, the Brazilian authorities have been focussing even more on safety, both at liquid bulk terminals and with hazardous cargoes, and we welcome this going forward," said the manager at a Santos terminal.

Several others confirmed that tank containers are carefully stored, and incompatible cargoes are separated into different parts of the container yard, with hazardous containers often being trucked straight out of the terminals to outlying areas.

A 20-month survey was taken in mid-2020 and included Argentina and Uruguay. It reported 280,000 tank containers being handled by ocean carriers, with Hapag Lloyd leading the way with a 27% share of the ECSA (east coast South America) market, followed by Hamburg Sud with a 24% share, MSC with 12%, Maersk Line (now the owner of Hamburg Sud) with 11% and CMA CGM with an 8% share.

The majority of tank containers pass through the BTP terminal, in which Maersk (and its sister company Hamburg Sud), together with MSC, have a joint shareholding, but there is a good spread of business for DP World Santos and Santos Brasil.

According to Brazilian data company Datamar, there are hundreds of different products that are shipped in tank containers in Brazil

but more than 85% of the overall market are non-hazardous liquids with hazardous liquids accounting for just 14%. Only 0.8% of tank containers handled in Brazil are filled with gases.

As in the rest of the world, the situation for the shipping of tank containers in Brazil is typified by congestion, logistics logjams, extremely high freight rates and a shortage of empties.

In many ways Brazil's beneficial cargo owners have been even more badly affected than in other parts of the world, because east coast South America trades are considered a low priority by many of the major shipping lines.

However, the Brazilian branch of ITT seems to have come up with a solution for the foreseeable future: take out unused space on break bulk vessels and use under-utilised port terminals for cheaper handling rates.

It is all part of a "Logistics Revolution", spear-headed by Amazon, that has begun to shake up the global economy.

"With container freight rates going to astronomical levels, and container shipping lines not providing enough space for our tank containers, we have been thinking out-of-the-box and come up with another way of getting our containers to their destinations," explained Maury Rovai, the country manager for ITT in Brazil.

He said that, before the pandemic, it used to cost \$700 per TEU to ship an empty tank container from Santos to Houston. Now, however, the freight rates on conventional container vessels have escalated to an average of \$5-6000 per TEU and "on occasions it hit \$8,000 for the space, which is a more than 1000% rise!".

"The market has seen Amazon buy its own fleet of containers and charter in its own break bulk vessels to bypass the regular dry freight box carriers and in Brazil we are seeing major coffee exporters switch from container vessels to break bulk," said Rovai. "Now, I am starting to ship my empty containers in break bulk vessels. Last week, we piggy-backed 60 containers on a break bulk vessel shipping wood to the US Gulf, then we did 70 this week



The tank container business in Brazil has been booming in recent years and nowhere more so than in Santos

Daniela Neves, country manager, CSA do Brasil

and I am paying around \$2,000 to \$2,500 per TEU, which is a huge improvement."

"Looking ahead, we are planning to use the Ecoporto break bulk facility far more in the future and the intention was to get this 'alternative routing via alternative terminals, such as Ecoporto' up to around 200 to 300 TEU per week.

"I am not disregarding the box carriers but I want to see a good percentage of our business go via break bulk to give us more options. These astronomical rates have created new opportunities for shippers and we are now seeing a logistics revolution. We are the first to do this but I think others will follow."

Luiz Araujo, the terminal director for Ecoporto Santos, said that the arrival of ITT was "very welcome news" for the terminal, which had lost much of its containerised throughput over the past 10 years to its three rivals - at its peak twelve years ago Ecoporto (then called Tecondi) handled close to 300,000 TEU per annum but nowadays it is just a few thousand.

"It's very much a win-win situation," he says. "We lost a lot of our container business a few years ago and are now focussed on break bulk and congregating LCL (Less-than-container-load) cargoes, so extra cargoes like those from ITT are great for both parties. It gives us an extra revenue stream and keeps costs down for the shippers."

Ecoporto has three ship-to-shore gantry cranes and five mobile harbour cranes, the latter used to load ITT's tank container empties.

CSA slash ocean freight rates by half by going Ro-Ro

CSA do Brasil is another company with an openness to radical new ideas to overcome extremely high ocean freight rates and transport logjams. The company have begun to regularly load tank containers on Ro-Ro (Roll-on/roll-off) vessels out of Santos.

They arranged for 10 tank containers of soy lecithin, originating from the Brazilian Midwest, to be loaded onto a Wallenius Wilhelmsen vessel at the Santos Brasil box terminal, on the left bank of the port of Santos and, exported them to the US Gulf with a freight rate of less than half the current asking price.

Daniela Neves, the country manager at CSA do Brasil, say that with rates "going through the roof", and a shortage of space on box vessels, her team had to come up with an alternative plan ... so they did.

"About eight months ago we were paying \$2,000 to ship a tank container from Santos and now that has jumped to \$13,000," explained Neves. "So we then looked for a Plan B. Using Wallenius, it cost us just \$6,000 per TEU, less than half the going rate.

"For us to use Ro-Ro is something that would have been unimaginable a year ago, but the container world is really challenged right now, especially in the Americas."

The CSA executive said that CSA had agreed to export 10 containers of soy lecithin on Wallenius vessels out of Santos Brasil for the next three months, with vessels departing, on average, every 10 days. Neves added that the "Wallenius/Santos Brasil challenge was not easy" and she and her team worked on this "novel arrangement" for three months. So far - because of safety measures and other protocols - only soya lecithin had been accepted, out of 15 commodities that included cotton, sugar, oil, glycerin and alcohol.

The management of CSA felt that, because CSA annually handles around 69,000 TEU in Brazil, they would be able to keep rates low and reasonable with the ocean carriers. Despite this, however, they have been struggling to find space on regular container services for their imports and exports at the agreed contract prices and on the agreed schedules.

"If companies like CSA cannot guarantee their slots, you can imagine how difficult it must be for shippers of other tank containers in Santos and Brazil as a whole," said one shipping agent based in Santos. ■

See how CSA carried out this multi-modal operation on the following link: <https://www.linkedin.com/feed/update/urn:li:activity:6864582754382684160/>

View of Santos Sea Oort at evening





BIENVENIDO A
depotrans
Tank Container Cartagena S.A.S.

Expansion and harmonisation: Depotrans in South America

Harmonisation and the sharing of best practice and expertise across country borders are central to the strategy of **Depotrans**, the leading South American tank container depot operator.

Felicity Landon reports.

Depotrans has been active in the tank container market for three decades - its roots are in Santos, Brazil, where its first tank container depot was established in 1991. Since then, acquisition and expansion have added operations in Buenos Aires, Argentina; Barranquilla and Cartagena, Colombia; and most recently in Itajaí, Brazil.

The company's five depots are thriving, and there are clear ambitions for further expansion in the region. But this is not just a story about buying and building new terminals - instead, it is a story of identity and creating a uniform market presence.

"Harmonisation and best practices from each of those depots has been put in place over the past four years and, in 2020, we decided to rebrand all the companies to Depotrans to strengthen our identity and reinforce our presence in South America," says the company.

The company provides maintenance, repair, refurbishment, decontamination, transloading, heating, storage and other services related to tank containers, with all its five depots being located close to main ports.

Depotrans has grown organically at Santos, Cartagena and Buenos Aires as well as opening new depots at Barranquilla in 2014 and Itajaí in 2021, says Lucas Luckmann, Managing Director.

Before joining Depotrans in 2018, Luckmann had been working in the tank container industry and chemicals sector for more than 15 years which, he says, has given him a good basis on which to better identify customers' needs and demands.

"Our customers knew that our depots were all part of the same group but they were operating under different brands. We wanted to have uniformity in reports and services and this has been done more intensively in the past two years," he says.

"Each depot used to have its own operational system - now we are upgrading this to a cloud-based system, starting with Santos, so that all the information about tanks, repairs, cleaning, and so on, can be transmitted between ourselves and the customer via an internet link. We no longer have to download thousands of pictures of tank containers and send long emails and Excel lists back and forth - customers can just click on the links and approve or not approve. This makes life a lot easier for customers. Our system is also more integrated with invoicing and this definitely brings transparency to management.

"This has been completed in Santos, we are implementing the same system in Itajaí, and the project plan is to implement the system in Colombia in 2022."

Harmonisation cannot cover everything - depending on the country, the depots are subject to different taxes, training requirements and raw material prices, so tariffs cannot be uniform across the group.

However, Depotrans' commitment to research extends to every depot. "In Santos we have a university lecturer, a chemist - he combines working with us and doing his teaching. He is in charge of our SQM (System of Quality Management), environmental training, etc. We have one chemist like this in each Depotrans facility; it is our practice that we must have someone with a chemical background in place.

"Another important practice is that we are intensifying the sharing of expertise between our depots. For example, we have recently had two experienced people from Santos working in the Itajaí terminal. Sometimes we bring people from Cartagena to Santos. Both management and staff can really share the specifics of the process."

Depotrans' customers are mainly tank container operators and some leasing companies. But for the past four years, the group has been working to build relationships with the industry, in particular with the chemicals sector. "They are the shippers and they have their own demands in terms of heating and other services. Sometimes they have their own fleets of tank containers," says Luckmann. "However, those involved in procurement often don't have the broad view when it comes to the movement of their products - they may not be fully aware of the risks of cracking, for example, or where they should do transloading to avoid demurrage costs. We want to have them as a customer, so we need to show them where we can add value for them - we are always trying to show them the benefits of our services. We see lots of opportunities in the chemical industry and they are relying on our expertise, being positive for both sides."

So far, Depotrans has mainly focused on tank containers in the chemicals, petrochemicals and food sectors, but it is now looking to broaden the spectrum. "We are also doing decontamination of gases, which is a growing market in South America, and we are also offering services such as heating and loaded storage."

Each depot is strategically located in areas of high demand. The decision to open in Barranquilla was based on a specific, considerable outbound volume and demand, says Luckmann. "You need to have tank cleaning in Barranquilla. Operators were importing via Barranquilla, unloading/discharging, then bringing the tank containers to Cartagena for cleaning and back to

Barranquilla for reloading. So to avoid these shunts, we opened a small one-stop-shop depot so tank containers come in at the same port and can be cleaned, repaired and ready for reload."

"The same happens at Itajaí, located in the state of Santa Catarina, where the nearest depot for specialised tank container services was in the next state. To avoid shunts north or south, we are now cleaning and repairing so the tank containers are available for re-export out of Santa Catarina. Import tax incentives play a role as well in such analysis."

As he says, everything comes down to pricing - the worse the roads are, the higher the cost, and that's apart from the added dangers. "Everything is put into the tariffs - this makes the tank container market more expensive. Opening Itajaí has made the market more competitive and will encourage more tank container flows."

Investment in IT systems and physical equipment continues. The group has recently purchased a new lift machine for the Santos depot, which has brought increased reliability and consistency in operations, says Luckmann. A similar lift was installed in the Buenos Aires depot in 2020.

He says the best achievement in 2021 was getting through the Covid-19 pandemic despite all the difficulties. "We work in a dangerous environment already - with Covid-19, we had to consider even more aspects of working safely, and our success reflected the efforts we have made in training.

"When the pandemic started, all the necessary steps were made to work safely, because we could not just stop working. We are part of a supply chain that is hugely strategic - chemicals go into soap for washing clothes, are used for super-absorbents for diapers and are required for hand sanitiser. This will never stop. In the end, Covid-19 did affect the business, but we still had a great 2020. In 2021, we have seen a slowdown in the economy, which everyone is feeling, but we have still seen slight growth, which is a very good result when we are in such a complicated phase."

In August 2021, Depotrans became a member of the European Federation of Tank Cleaning Organisations (EFTCO), something Luckmann says is very important for the global operators it works with. The group has also gained the quality certification SASSMAQ, which was completed alongside EFTCO's quality interviews.

Environmental considerations remain at the fore. "In all our depots, the water that is collected from the wash racks after decontamination is processed and recycled. We have oil water separators and effluent treatment stations in each depot and we treat the water properly so it can be reused for the first cleaning rinse. We have machines to compress the sludge, which is then drummed and sent for final disposal with competent companies which provide certification.

"We work sustainably and correctly. In all our depots, we have well spots drilled so we can assure the quality of the water and soil. Another example is the precaution with the gas emissions. Recently we have also invested in a very robust scrubber for Santos, moving the previous scrubber to Itajaí, where there is less demand."

Depotrans' plans for 2022 are to 'keep working on the same path', says Luckmann, and that includes expansion.

"We are already working on the development of a business plan to open a new depot in northeast Brazil. We have identified the location and partner and now we await approval from the municipality. We are constantly looking for new opportunities and to open new facilities to strengthen our position in the South America market. The tank container market is growing and there are plenty of opportunities, including in Chile and Peru. The whole of the South America market is our goal." ■

PROST!

Deutsche Post DHL Group raises a glass as it buys Hillebrand



A major strategic move by one of Germany's largest logistics and freight forwarding players has seen the Mainz-based 177-year old wine and spirits freight forwarder **J.F. Hillebrand Group** acquired by **Deutsche Post DHL Group (DPDHL)**. Hillebrand generated revenue of approximately €1.4 billion in the last twelve months and shipped around 500,000 TEUs in the first part of 2021. It has more than 2,700 employees

Hillebrand is known as a market leader and expert in ocean freight forwarding, with a focus on beverages and non-hazardous bulk liquids, using innovative flexitanks and maritime ISO tank containers.

The strategic combination of Hillebrand with DHL's Global Forwarding, Freight (DHL) division will strengthen the group's position in the dynamic ocean freight forwarding market. Focusing on core logistics is a key element of the group's 'Strategy 2025', with priority for selected inorganic growth given to specific, strategically-relevant activities.

The move is a key acquisition in the ocean freight forwarding market, with its exposure to fast-growing bulk liquids, say observers. The complementary global footprint, with presence in over 90 countries covering the major worldwide trade lanes, aims to accelerate the Group's geographical expansion in ocean freight.

The development is in line with Deutsche Post DHL Group's strategic focus to strengthen its core logistics business and deliver profitable long-term growth. There are synergies in common in their digital agendas, which will be underpinned by myDHLi platform and Hillebrand's industry-leading customer facing tools.

"With the growing maturity of our freight forwarding business, this bolt-on acquisition of Hillebrand is highly complementary to our existing portfolio. In line with our Group strategy, we strengthen our core logistics business and deliver profitable long-term growth," says Frank Appel, CEO Deutsche Post DHL Group. "Using our financial strength, we are able to pursue quality investments while reinforcing our unchanged commitment to deliver on investor return expectations."

Core business

"After concentrating on improving the business operationally, we are now able to direct our core business towards sustainably higher margins by broadening our reach and service offering in specialised segments," notes Tim Scharwath, CEO DHL Global Forwarding, Freight. "In this context, Hillebrand is an exceptional opportunity and an excellent fit with our strategy. We are excited to work with the entire Hillebrand team to further develop their best-in-class business on our platform."

DHL will benefit from Hillebrand's know-how and customer experience in bulk liquids, and other adjacent special care commodities, and will be able to leverage the positive underlying growth pattern of these products. It also offers a wide range of value-added services, which will now be available to DHL customers. These services include industry-leading customer facing tools with best-in-class IT systems, as well as end-to-end service offers in the fast-growing bulk liquids segments.

Hillebrand will in turn benefit from DHL's large scale network in over 190 countries and its global forwarding expertise in air, ocean and road freight to ensure strong development opportunities for the business and its employees.

"Hillebrand is a leading ocean freight forwarder specialised in the transport, logistics and supply chain management of beverages, non-hazardous bulk liquids and other products that require special care. Deutsche Post DHL Group is a major global logistics company - the two companies are a perfect match and we are pleased to announce our agreement to unite and form a future together. I am proud of what the Hillebrand teams - in true

collaboration with our loyal customers and vendors - have built over our 177-year history and we now look forward to joining forces with Deutsche Post DHL Group," comments Cees van Gent, CEO and chairman of the executive board J.F. Hillebrand Group.

Ocean freight products

For DHL, the deal aims to include additional services within the ocean freight products DHL already offers its customers globally. It is expected, this transaction will generate healthy margins in will be a fast-growing business.

"The acquisition of Hillebrand is a unique opportunity for Deutsche Post DHL Group to add high quality ocean freight services with strong margin characteristics and high cash flow generation. We expect this transaction to be earnings and cash flow accretive from day one," confirms Melanie Kreis, CFO Deutsche Post DHL Group.

The transaction is subject to merger control clearance in certain jurisdictions, such as Europe and the United States. Such clearances are expected in the coming months. DPDHL intends to fund the acquisition with cash.

Hillebrand statement

Hillebrand CEO and chairman of the executive board, Cees van Gent, reassured stakeholders, staff and clients that the move was an "exciting" opportunity in a statement.

He wrote: "Hillebrand's shareholders have decided to enter into an agreement to sell up to 100% of Hillebrand to Deutsche Post DHL Group (DPDHL), the world's leading logistic company. The transaction is still subject to regulatory approval in certain jurisdictions. Such clearances are expected in the coming months.

"Hillebrand will remain a brand within DPDHL and fall under the umbrella of the group's Global Forwarding and Freight division (DGFF). DGFF is currently ranked worldwide as the #1 in airfreight (with more than 3 million tonnes shipped), #2 in ocean freight (with more than 3 million TEU's shipped) and holds a leading position in European road freight.

"Hillebrand will continue to build on its 177-year heritage and reinforce its strategy to lead the market in the forwarding, transport and logistics for beverages, non-hazardous bulk liquids and other products that deserve special care. By joining forces with DPDHL we expect to bring you the best of both companies, complementing Hillebrand's global service offering with the vast scale and capabilities of the Deutsche Post DHL Group. The size and activities of DGFF alone will allow us to further optimise our

specialised service solutions as well as provide you with a wider array of end-to-end offerings that will enhance your customer experience. In addition, we will be able to benefit from DPDHL's leading position in supply chain management, its fast growing e-Commerce capabilities and clearly defined sustainability roadmap. This will lead to more innovative, cost-effective and environmentally friendly solutions, while we ensure the high level of service to which you are accustomed.

"For the time being it is business as usual and your Hillebrand representative is at your disposal for any questions you may have. We would like to thank you for your continued loyalty and we look forward to taking this exciting next step in our journey together."

Hillebrand's acquisition of Braid

A year ago, Hillebrand acquired Braid, a key player in bulk liquids logistics. Through this acquisition, Hillebrand strengthened its expertise in handling non-hazardous liquids in bulk, such as wine, olive oil, non-hazardous chemicals, juices and edible oils, which added to its long-established experience in full service logistics services of cased goods.

"Braid offers an exciting opportunity for Hillebrand to strengthen its network of services, products, skills, knowledge and teams," explained van Gent at the time. "With its global reach, wide range of customised logistics solutions in bulk liquids transportation, as well as its manufacturing and technology know-how, the acquisition of Braid supports Hillebrand's strategy to not only lead the market in logistics services for alcoholic beverages but also for non-hazardous bulk liquids."

Braid was recognised as a diversified group offering innovative bulk liquid logistics services worldwide, which not only complemented Hillebrand's array of bulk liquids solutions, but also expanded its manufacturing capabilities, with two more facilities located in the United Kingdom and China. The combination of Hillebrand's bulk liquids services and Braid created an end-to-end service provider for bulk liquids and one of the largest food-grade ISO tank container operators globally.

At the time, Allan Leddra, CEO of Braid, commented: "Hillebrand's acquisition of Braid provides a major growth opportunity for both businesses. The two companies will achieve more as a unit, increasing value for customers, given both companies' high reputation for providing a leading customer experience in bulk liquids logistics." Allan Leddra and his management team joined Hillebrand to drive the successful integration and continue to grow the consolidated bulk liquids business of Braid and Hillebrand. ■

We also share the same values and culture, so we are confident our employees will smoothly integrate in the new organisation and will find new growing opportunities within Hillebrand.





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Increasing safety and quality by using telematics

TECHNOLOGY

Digitisation in the **logistics sector** is in full swing, prompted by the significant benefits it generates to **efficiency, safety, quality** and **cost savings**. The use of **telematics** has increased enormously in recent years and, as part of this change, **shippers, cargo owners, leasing companies** and **operators** - in both the **tank container** and **railcar sectors** - are equipping their fleets with **IMT's devices** and **sensors** to **optimise** their **logistics processes**.



Telematics is a game changer, particularly in the transport of chemicals. Monitoring both the transport asset and the cargo by, for example, pressure and temperature sensors is becoming essential for shippers and operators because it enables them to combine their data, which is the key enabler to higher efficiency, product quality and safety. In a "Telematics Special - Temperature Monitoring" case study, IMT offers practical insights into the use of telematics based on years of experience in telematics solutions in different segments, with a focus on the added value of telematics for temperature monitoring.

Chemical logistics specialist Kube & Kubenz provides logistics services for liquid and free-flowing hazardous goods, and extremely sensitive gases. The company uses telematics on a daily basis for their operations. Digitisation enables Kube & Kubenz to automate, increase transparency, better utilise equipment, and improve safety and quality standards, especially for the transport of sensitive and very dangerous goods. For the monitoring of temperature-sensitive goods, Kube & Kubenz uses IMT's telematics solutions for safety, product quality and cost avoidance.

Konstantin Kubenz, CEO and owner says: "When transporting chemicals, we see great advantages in using telematics in many aspects. For example, costs to manually check the temperature are no longer incurred and an accurate unloading date can be communicated to the customer earlier. In addition to an attractive price, we want to impress our customers with our outstanding quality performance. Telematics provides important data for monitoring and ensuring delivery reliability and product quality and provides us with valuable data that can be collected easier and more efficiently, enabling data-based decisions to be made. What is needed in terms of temperature monitoring, for example, depends on the product. We transport some very dangerous goods, such as ethylene oxide or acrylic acid, so safety is the top priority."



In the case study, Kube & Kubenz provides further insight into the specific deployment of telematics solutions from IMT, such as the Heating and Cooling Terminal. "Using the telematics solutions, we can seamlessly monitor our transport routes and ensure that temperature- or pressure-sensitive products are automatically monitored, thus increasing safety."

From a completely different angle, another expert provides insight into the importance of temperature monitoring. As Harbour Master for the Port of Antwerp, Paul Wauters is, together with his team, responsible for the efficient and safe day-to-day shipping of goods within the Port of Antwerp. This is a major responsibility as 20 per cent of all shipped goods contain hazardous products, including temperature-sensitive goods. With an annual volume of more than 231 million tonnes of maritime freight handled, the presence of the largest petrochemical cluster in Europe and extensive storage capacity, the Port of Antwerp is the largest integrated maritime, logistics and industrial platform in Europe. ➔

It is vitally important for the port to know what dangerous goods they are dealing with in case of an emergency so they can respond adequately to any unsafe conditions. In the "Temperature Monitoring" case study, Wauters shares his experience and vision of the importance of properly monitoring both transport assets and dangerous goods.

Another contributor to the case study highlights the potential impact of the process of polymerisation in cargoes, and the preventive role that telematics can play in this. Temperature-sensitive products have been transported safely for many years by multiple modes of transport but require the necessary precautions to do so as many of these materials have the ability to polymerise to form "polymers". Polymerisation of these products can be very violent, evolving considerable heat and pressure and the ejection of hot vapour and polymer which may auto-ignite. If a polymerising product is contained in a tank or container an explosion may follow due to extremely rapid pressure accumulation.

From both a hardware and software perspective, telematics offers a means to continuously monitor dangerous goods and, by setting

temperature thresholds, timely interventions may be initiated. In IMT's philosophy, this is called 'management by exceptions'. In essence, this means that notifications and alerts are issued at times when a threshold - for example, a certain minimum or maximum temperature - is reached. Temperatures above or below these limits can give rise to the process of polymerisation (or, in other cases, the pressure may become too high).

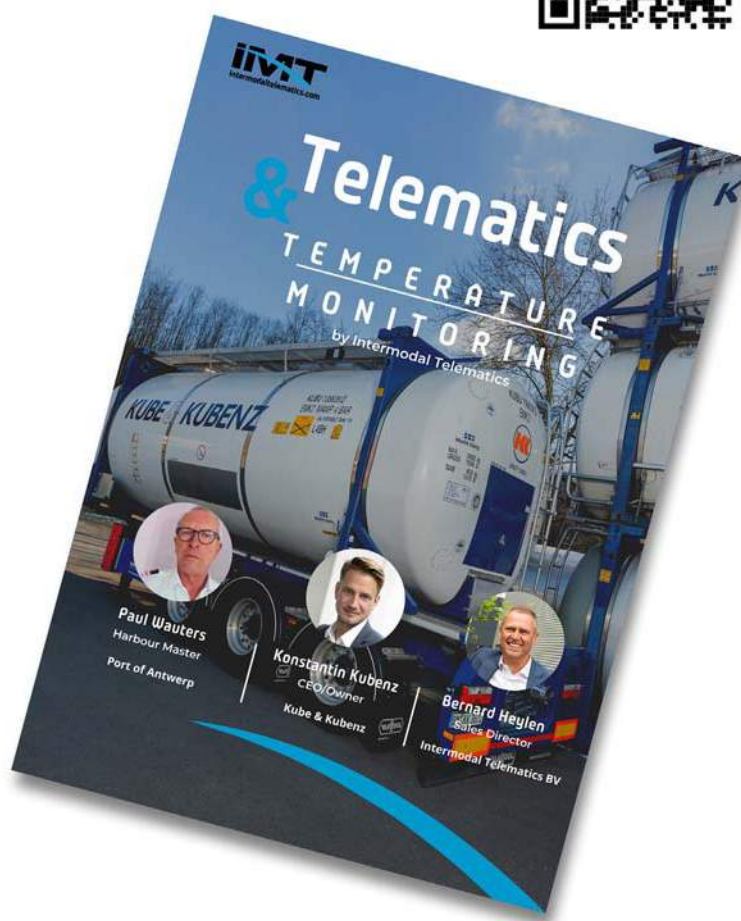
The "Telematics Special - Temperature Monitoring" case study not only gives a number of examples of the process of deploying telematics but also provides a 'Road map to telematics'. But the introduction of a telematics solution for any particular organisation cannot simply be summed up in a single generic road map. Each organisation - whether they be a shipper, manufacturer, leasing company or operator - has a unique role in the logistics process. Each fleet is therefore unique, and the way in which telematics can add value also depends on the type of products involved. That is why the 'Road map to telematics' offers a number of general guiding principles to consider but the end result always results in greater insights, increased efficiencies and better management of the logistics process. ■

IMT IMT Special Temperature Monitoring

Content: Telematics Special - Temperature Monitoring:

- Safe transport of dangerous goods in the Port of Antwerp - an interview with Paul Wauters, Harbour Master, Port of Antwerp
- The telematics shift, a contribution of Bernard Heylen, IMT Sales Director
- The importance of temperature monitoring: telematics solutions help avoid unstable conditions and/or polymerisation
- A telematics case study on temperature monitoring by Konstantin Kubenz (Kube & Kubenz)

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From the range of IMT’s telematics solutions we mainly use the Temperature Sensor (WT19-Ex) and the Heating Sensor (HS19-Ex), as well as the tracking solution, the Solar-powered CLT20-Ex. Thanks to these telematics solutions, we now have the opportunity to optimize certain processes and to save time and money, for example by being able to check product temperature remotely. ”

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