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10th anniversary
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Tankcontainer MAGAZINE

Dow Inc.: Global scale, local reach, collaborative innovation

In a rare interview with one of the world's largest tank container users, *Tankcontainer Magazine* explores Dow Inc.'s tank container preferences with Lennart Heip and Denis Filippov.

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inside

Volume 11 | Issue 2 | June 2024

Tankcontainer MAGAZINE

Dow's tank container preferences and priorities

In a rare interview with one of the world's largest tank container users, we explore the tank container preferences and priorities of **Dow Chemical** (Page 16). With a $46 billion turnover, Dow was the third largest global chemical company in 2023 and its annual requirement for approximately 100,000 tank container movements includes the road, rail, inland waterway and sea transportation of many technically-demanding specialty chemicals, including acrylates and MDI/TDI isocyanates. ■

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Dow's tank container preferences and priorities

In a rare interview with one of the world's largest tank container users, we explore the tank container preferences and priorities of **Dow Chemical** (Page 16). With a $45 billion turnover, Dow was the third largest global chemical company in 2023 and its annual requirement for approximately 100,000 tank container movements includes the road, rail, inland waterway and sea transportation of many technically-demanding specialty chemicals, including acrylates and MDI/TDI isocyanates.

The chemical major's annual tank container movements are equivalent to 70% of all those made by Stolt Tank Containers, the largest global tank container operator in terms of fleet numbers.

Dow uses tank containers for both storage and the transportation of chemicals with product transfers including terminal-to-customer moves, internal site-to-site movements or deep sea transportation between its many facilities in the major global regions.

Among the trends it sees is a **move away from chemical parcel tankers** to tank containers due partly to the increasing size of the smallest cargo tanks in ocean-going chemical parcel tankers. Built 27 years ago, the smallest cargo tank size in the 37,205 DWT chemical parcel tanker Stolt Inspiration is 351m^3 but, as these minimum cargo tank volumes get larger, they become increasing uncompetitive for the movement of small lot sizes of bulk liquid chemicals.

This trend was a major talking point in the AFPM international petrochemical conference in San Antonio in April where ship brokers were looking to safeguard their usual business by offering tank containers to their key accounts as a temporary alternative to the pressures caused by the restrictions in the Panama Canal - daily traffic has been reduced to 24 vessels from 36 and allowable draft sizes have decreased. May is the rainy month in Panama so much depends on a recovery of freshwater levels in Gatun Lake, an artificial lake to the south of Colón.

In the interview with *Tankcontainer Magazine* Dow made a point of registering its appreciation of the level of professionalism of its chosen tank container partners and, most importantly, their absolute commitment to safety. Inevitably, there are still areas it believes the tank container industry can more completely satisfy the requirements of its customers. For tank container service providers, these unmet needs should spell 'Opportunity'.

This issue of *Tankcontainer Magazine* features the next topic in our popular **'Understanding tank containers'** series. March's topic **('T-Codes and tank types')** generated a wave of very positive feedback from the industry and we continue the series with a focus on **'LEASES'** (Page 20). It explores how chemical and food producer 'shippers' - as well as tank container operators - reduce their business risk and improve their cash flow by choosing to lease tank containers. It also considers the drivers of lease rates and provides some indicative per diems. The various lease contract types are described as is the symbiotic relationship between lessors and operators.

September's issue will focus on finance and the deep-ocean-depth mysteries of **'CASH-ON-CASH YIELDS'** while, in December, we look at **'UTILISATION',** a prime driver of profitability for tank container operators and lessors.

Improved fleet utilisation is currently a top priority for many in the industry - it has been crushed by the combination of an over-stocked tank container fleet and continuing weak demand from chemical producers over the past 6-12 months, especially in Europe where chemical industry operating rates fell to 57% in February and where structural costs are likely to remain stubbornly high. This implies large-scale closures - as evidenced by the announced closures of SABIC's Olefins-3 cracker in Geleen, the Netherlands, and ExxonMobil's cracker in Gravenchon, France - and a change of trade flows and volumes with more chemical imports into Europe.

Elsewhere, the sentiment in the US chemical industry is very optimistic while Japan's chemical industry is accelerating its transition to more downstream chemicals. China's chemical demand growth has weakened substantially. All these changing market dynamics have implications for the tank container sector.

Poor utilisation comes at a time when tank container **revenues** have been hit by three factors: the lower volumes of specialty chemical being moved globally (although there are still some busy hot-spots), lower freight rates (from which tank container operators make a margin) and lower demurrage revenues. ITCO's latest fleet survey noted that there were indications that, at one time during the pandemic, up to 15% of the global tank container fleet was on demurrage. Given that demurrage charges are re-chargeable to customers, and several times more expensive than normal tank container per diems, this was a major income stream and profit opportunity for tank container operators. ■

Leslie McCune, *Editor*

cotac Joint Venture in Ludwigshafen begins operations

The new cotac site in Ludwigshafen, Kaiserwörthhafen, is the first facility of the Multimodal Tank Care GmbH joint venture – a partnership between the cotac group and Contargo – to go into operation. cotac stands for complete tank care, and offers certified quality standards for cleaning, repairing and maintaining tank containers at twelve locations worldwide. In Ludwigshafen, the full service also includes cleaning and workshop services for tank containers measuring up to 52 feet. It is the first location of its kind with a trimodal transport connection.

At the chemicals hub in Ludwigshafen, the cotac operation primarily cleans tank containers that were loaded with dangerous goods or harmless chemical products. The cleaning operation complies with the EFTCO standard (European Federation of Tank Cleaning Organisations) and is audited and certified. Up to 20,000 cleanings and 7,000 repairs can be carried out annually. Periodic maintenance and modifications also take place in the workshops.

According to Dirk Müller, Site Manager at cotac Ludwigshafen, "Our customers benefit from the fact that we are located in the immediate vicinity of a trimodal container terminal. This enables us to offer them all the services in accordance with established quality standards and brought together at a single site. For us, the fast and flexible turnaround time of tank containers is our absolute focus." In addition, the trimodal transport connections give customers the opportunity to reduce truck journeys and thus further decrease their CO2 footprint. Tank containers can also be heated with steam at six locations, and empty tanks can be temporarily stored in the company's own depot before and after cleaning and workshop services.

Jürgen Albersmann, CEO of Contargo, says, "We can now offer customers in the Rhine-Neckar metropolitan region an even more comprehensive service for tank containers, available immediately. To enable as many shippers as possible to benefit from these services, we are currently increasing the storage capacity for tank containers at our Ludwigshafen terminal from 430 to 730 spaces."

The partnership between cotac and Contargo provides the chemical industry with the ideal conditions for efficient trimodal turnaround with reduced downtimes for cleaning, repair and maintenance work: A strong partnership that will set up additional service locations with these advantages in the future. ■

Fort Vale awarded EcoVadis Bronze Medal

Fort Vale, a leading company in the industry, has recently been recognised for its commitment to sustainability. Ecovadis, the global sustainability ratings provider, has awarded Fort Vale a Bronze Medal, placing them among the top 35 percent of over 100,000 companies assessed for business sustainability.

The assessment conducted by Ecovadis covered various categories, including the environment, labor and human rights, ethics, and sustainable procurement. Fort Vale's strong performance in these areas highlights their dedication to responsible business practices.

Fort Vale firmly believes that everyone has a role to play in building a sustainable future. They are committed to setting ambitious targets and implementing projects that align with their customer base and contribute to reducing their environmental impact. By offering sustainable solutions for their industry, Fort Vale aims to be a catalyst for positive change.

This recognition from Ecovadis underscores Fort Vale's ongoing efforts and serves as a testament to their commitment to sustainability. They will continue to prioritise environmental responsibility and work towards creating a more sustainable and resilient industry. ■


CIMC SAFEWAY

Peacock appointed Hizam Shipping as Agents in Saudi Arabia

Peacock are excited to announce that Hizam Shipping Agencies has been appointed as the official agents for Peacock in Saudi Arabia. This strategic collaboration reflects Peacock's dedication to the rapidly expanding market for ISO tank solutions in the Middle East.

Based in Dammam, Hizam Shipping Agencies has an extensive presence across key gateways in Saudi Arabia, including Riyadh, Jeddah, and Yanbu. With their years of experience and a wide range of services, such as ship/port/NVOCC agency, operating container and dry bulk terminals, freight forwarding, and transport services with a fleet of 180 flatbed trailers and 75 dump trucks, Hizam offers comprehensive one-stop solutions to local and international customers.

Peacock is confident in the continued growth and success of their operations in the years to come, maintaining their leadership position in the ISO tank leasing market with an impressive fleet size of 23,000 tanks. The company remains fully committed to delivering exceptional service to their esteemed clients.

This collaboration between Peacock and Hizam Shipping Agencies sets the stage for a mutually beneficial partnership, combining Peacock's expertise in ISO tank leasing with Hizam's extensive network and local knowledge in Saudi Arabia. Together, they are poised to meet the increasing demand for ISO tank solutions and provide unparalleled service to customers in the region. ■

Falcon Lease awarded Silver rating from EcoVadis

Falcon Lease is excited to announce that they have been awarded a Silver rating from EcoVadis in their assessment of business sustainability.

This recognition is a testament to Falcon Lease's commitment to embedding sustainable practices into their company and their dedication to being a proactive and enabling force in the ISO tank industry's sustainable efforts.

Falcon Lease acknowledges that there is still much to learn and improve upon in order to achieve true sustainability, but they are proud to have received this initial recognition from EcoVadis. They are eager to contribute to the global movement towards sustainable business practices and are optimistic about the future. ■

falcon lease
A Sasser Family Company

Annual Production 12000 TK

01 Product

- Standard tank
- Lined tank
- Gas tank,
- Food grade tank
- Electrical tank
- Reefer tank
- Baffle tank
- AHF tank
- Hydrogen peroxide tank
- Metallic Sodium tanks
- IBC/SBC tank
- T20/T22 tank

02 Service

- Global service network

03 R&D

- ASME U&U2, C3, LR, BV, CCS, RMRS, DNV certifications
- 300+ patents
- 350+ engineers

Nantong Tank Container Co., Ltd

Established in May, 2007, NANTONG TANK CONTAINER CO., LTD (NTtank) is a professional ISO tank container manufacturer located in Nantong, Jiangsu, China, close to Shanghai.

NTtank supplies both standard ISO UN Portable tanks and customized special tanks, with annual capacity of 8,000 standard ISO tanks and 4,000 multi-type special tanks, like SWAP Tanks, Reefer Tanks, Electrical Heated tanks, Different lining tanks (rubber, PE, Teflon, Chemline, Saekaphen, etc.), AHF acid tanks, Hydrogen peroxide tanks, Metallic Sodium tanks, High purity ammonia tanks, T20/T22 tanks, T50 gas tanks (ASME U and U2 stamp), offshore tanks and other small pressurized / none pressurized IBC for liquid products transportation.

The faith of NTtank is to provide its customers with tanks and services of the highest quality and reliability consistent with sound commercial practices and economic consideration.


ISO tank


Ammonia Tank


Lined Tank


Reefer Tank


Super Insulated Tank


Gas Tank


AHF tank


Offshore Tank


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Leschaco opens new state-of-the-art chemical warehouse in Moerdijk, The Netherlands

The new chemical logistics centre in Moerdijk is strategically located between the busy ports of Rotterdam and Antwerp and offers optimal connectivity to the European hinterland, ensuring efficient transport of customer products in terms of cost, speed, accessibility, and frequency. The facility has optimal multimodal transport connections, including proximity to major seaports and important waterways such as the Rhine and Meuse.

Covering an area of 29,000 square metres, the warehouse offers space for around 45,000 pallets in five sections. Four sections are specially equipped with CO2 extinguishing systems for the safe storage of hazardous goods, while the fifth section is equipped with ESFR sprinklers for general cargo.

Constantin Conrad, CEO of the Leschaco Group, stated: "We are happy to further expand Leschaco's presence in contract logistics with the opening of our newest dangerous goods warehouse. This strategic facility in Europe enables us to meet the growing demand of our global customers in the region and reinforces our commitment to providing our customers with innovative and tailored supply chain solutions."

Sebastian Haebler, head of global contract logistics at Leschaco, emphasised the importance of the warehouse in Moerdijk: "The opening of our newest facility in Moerdijk is another milestone in Leschaco's commitment to providing its customers with world-class solutions to their logistics challenges. This strategically located warehouse enables us to provide customised support to our global customers across multiple sectors, including chemicals, healthcare, automotive, industrial materials, and consumer goods."

In addition to its operational capabilities, the new ADR warehouse in Moerdijk is also an example of Leschaco's commitment to sustainability. The facility is equipped with solar panels on the roof, which cover part of its electricity needs, and incorporates various environmentally friendly measures, including electric underfloor heating, LED lighting, and the highest building standards for insulation. In addition, the proximity to the port of Moerdijk enables environmentally friendly transport options such as barge and rail, complemented by e-charging stations for electric vehicles. ■

> *We are happy to further expand Leschaco's presence in contract logistics with the opening of our newest dangerous goods warehouse. This strategic facility in Europe enables us to meet the growing demand of our global customers in the region and reinforces our commitment to providing our customers with innovative and tailored supply chain solutions.*
>
> **Sebastian Haebler,** head of global contract logistics, Leschaco


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Leschaco Group – COO Oliver Oestreich retires at the end of the month

Oliver Oestreich, Leschaco Group

Nils Fahrenholz, Chief Operating Officer, Leschaco Group

Bremen, Germany | March 2024: The Leschaco Group, a global logistics service provider announced last year the retirement of Oliver Oestreich, Chief Operating Officer and member of the Management Board, effective April 2024. Oliver Oestreich has been a forming figure of the Leschaco Group for over 21 years, contributing significantly to the company's growth and success.

During his tenure, Oliver Oestreich played a pivotal role in expanding the Leschaco Group's global footprint and fostering a culture of excellence within the organization. His commitment, loyalty and dedication to Leschaco and its employees were outstanding and have left a lasting mark on the company's future.

"We feel gratitude to Oliver for his valued contributions and exemplary leadership over the past two decades," said Constantin Conrad, CEO of Leschaco Group. "His vision, integrity and passion have been key in shaping the development of the company and positioning us for continued success."

Following Oliver Oestreich's retirement, Nils Fahrenholz will assume the role as Chief Operating Officer, effective April 01, 2024. Considering Oliver Oestreich's long service to the company and his achievements for the Group, Leschaco had planned for a longer transition period. Nils Fahrenholz took over the role of Incoming Chief Operating Officer on April 01, 2023, and joined the Management Board at the same time. He was closely supported by Oliver Oestreich to ensure an optimum transition.

Nils Fahrenholz brings a wealth of experience and a proven track record of leadership within the Leschaco Group. Having served in various management positions, he is well prepared to lead the company into its next phase of growth. Nils Fahrenholz's journey with Leschaco began in 2004 when he embarked on his career as a forwarding agent. Over the years, he has held key positions in corporate functions and local country positions across different regions, demonstrating his versatility and dedication to the company's mission. His most recent role as Managing Director of Leschaco Singapore further underscores his ability to deliver results and inspire teams across borders.

"Nils Fahrenholz's appointment as COO marks a significant milestone for the Leschaco Group," remarked Constantin Conrad. "Nils is one of us. He started his career with Leschaco and so his deep understanding of our company and business, combined with his innovative approach and steadfast commitment to our values, make him the ideal fit for this role and the succession of Oliver."

"I am honoured and excited to take on the role of Chief Operating Officer at Leschaco Group," said Nils Fahrenholz. "I am deeply committed to build on the strong foundation laid by Oliver Oestreich and to be working collaboratively with our experienced teams to drive innovation, excellence, and sustainable growth." ■

Company information:

The Leschaco Group is a traditional, owner-managed logistics service provider and offers intercontinental logistics solutions for sea and air freight as well as contract logistics and tank container operation. As proven partner for leading companies in plant construction and mechanical engineering, automotive, chemical and related industries, producers of consumer goods and pharmaceuticals. Leschaco offers comprehensive logistics solutions from one single source. Our globally standardised IT–environment guarantees the required high process transparency. The company was founded under the name of Lexzau, Scharbau by Wilhelm Lexzau and Julius Scharbau in Hamburg in 1879. Today, the group is represented in 24 countries worldwide. This network is supported by a carefully selected network of agents. The company insists on a sustainable business development and its headquarters are in Bremen.

Royal Den Hartogh Annual Review 2023

Den Hartogh's Annual Review, where they reflect on the challenges faced in the past year and how they overcame them together. In 2023, Den Hartogh encountered global challenges due to geopolitical agendas and macro-economic headwinds. Despite these obstacles, their strong financial position at the beginning of the year provided them with a solid foundation.

However, Den Hartogh acknowledges that its volumes in 2023 were lower compared to the previous year, 2022. This decline in performance can be attributed to the economic and geopolitical turmoil that significantly impacted the chemical industry and many others. As a result, the company experienced a direct impact on its revenue.

Despite this setback, Den Hartogh has a long-standing history of adaptability in volatile markets and a strong track record of meeting changing demands. With the unwavering support of its exceptional team, the company approaches the year 2024 with confidence. Den Hartogh firmly believes that its resilience and determination will enable it to navigate any future challenges that may arise.

Den Hartogh recognises the importance of addressing these challenges together, not only with its customers and partners but also within its own team. Through collaborative efforts, the company has strengthened its bonds and enhanced its ability to overcome adversity. Den Hartogh takes pride in the progress made so far and remains committed to working hand in hand to achieve even greater success in the future.

Looking ahead, Den Hartogh will continue to prioritise innovation, sustainability, and customer satisfaction. The company's commitment to excellence remains steadfast, and it is excited about the opportunities that lie ahead. By forging a brighter future together, Den Hartogh aims to make a positive impact in the chemical industry and continue its legacy of success. ■

Barry Mol appointed as the new Managing Director of European Business Unit Liquids for Bertschi Group

The appointment of Barry Mol as the new Managing Director of the European Business Unit Liquids marks a significant moment for the Bertschi Group, as he steps into this pivotal role with enthusiasm and dedication. Barry's impressive track record within Bertschi, spanning Operations, Business Development, and his tenure as Subsidiary Manager of Bertschi Netherlands, reflects his strategic vision and commitment to success. With his wealth of experience and strategic acumen, Barry is well-positioned to lead the Liquids division to continued growth and prosperity.

As Barry assumes his new role, it's also an opportunity to acknowledge the exemplary leadership demonstrated by Santiago Gonzalez Prats during his six-year tenure as Managing Director BU Liquids. Santiago has played a pivotal role in the success of the customer-centric unit, ensuring excellence in European intermodal logistics for bulk liquids. The company extended its deepest gratitude to Santiago for his unwavering commitment, and looks forward to his continued leadership as he transitions back to his homeland to resume his role as Managing Director of Bertschi Spain and Portugal. Additionally, at the Group level, Santiago will focus on developing the West Mediterranean region and the intermodal axle to/from Spain. ■

Chemspec Europe 2024: Connect with the world of fine and speciality chemicals

Taking place from 19 - 20 June 2024 at the Messe Düsseldorf exhibition centre in Germany, Chemspec Europe is the meeting point to find new suppliers, enhance existing business relationships, network with industry experts and discover the trends and innovations driving the fine and speciality chemical industry forwards.

For the 2024 edition, over 305 exhibitors from the full spectrum of the fine and speciality chemical industry will pitch their latest innovations, by bringing expertise and know-how to the market. From global market leaders to SMEs and start-ups, exhibitors embody the international character of the show, with a diverse representation of German, Swiss, Austrian, French, Belgian, American and Indian companies. Amongst the exhibitors are Arxada AG, CABB AG, ESIM Chemicals GmbH, Midas Pharma, PI INDUSTRIES LTD, Robinson Brothers Limited, Saltigo GmbH (Lanxess), SEQENS SA, Society of Chemical Manufacturers & Affiliates (SOCMA), Weylchem International GmbH and many more.

Ahead of the show, Christiane Beck, Chemspec Europe Event Manager, comments that "the chemicals industry is one of Europe's largest manufacturing sectors and is actively involved in pioneering materials research, encompassing fields such as biochemistry and nanotechnology, with a strong focus on sustainability and green initiatives. Through the wealth of expert knowledge assembled both in the conference programme and among industry-leading exhibitors, Chemspec Europe 2024 is the ideal place to accrue the insider information necessary to remain competitive as the chemical industry undergoes significant transformations propelled by technological advances, digitalisation and environmental considerations."

Two-day conference programme covering industry trends alongside the exhibition

Organised in collaboration with renowned partner organisations, Chemspec Europe provides a first-rate conference programme, enabling the exchange of expertise, interesting discussions on ongoing R&D projects and valuable networking opportunities. Showing the broad range of topics covered in the programme, the conferences take place in five theatres, the Agrochemical Lecture Theatre, the Pharma Lecture Theatre, the Royal Society of Chemistry Symposium, the Regulatory Services Lecture Theatre and the Innovative Startups Presentations.

All visitors and exhibitors of Chemspec Europe 2024 are invited to attend the conference sessions. Further details on the conference programme will be released in due course.

Matchmaking Programme

Chemspec Europe offers a Matchmaking Programme to enhance visitors' networking opportunities on-site. The matchmaking platform is an important time-saving tool for all those taking part in the show, aiming to connect visitors with exhibitors sharing complementary buyer and seller interests and allowing them to arrange meetings ahead of the event. Upgraded ticket options are available for an enhanced connection with other visitors via the Matchmaking Programme and will allow access to a Matchmaking Lounge, available on-site to Visitor PLUS ticket holders to join prearranged meetings. Visitors who get their ticket via the Chemspec Europe website will be invited to use the networking service at a later stage.

Key visitor information

Visitor registration is now open on the show's official website: www.chemspeceurope.com

Before 5 June, the early bird ticket price of €50 is available, afterwards the ticket price increases to €85. On-site ticket purchases will incur a further rise to €100. The Visitor PLUS ticket, allowing for access to the Matchmaking Programme and the Matchmaking Lounge, is priced at €250 and is subject to availability.

All visitors are advised to book

hotel accommodation as soon as possible, as demand for hotel rooms in Düsseldorf is especially high over summer 2024 due to Germany hosting Euro 2024. Furthermore, visitors requiring a visa are advised to start the visa application process as soon as possible. Applications can be made as early as six months before the time of travel. Check if a visa is required to enter Germany from your country.

Chemspec Europe 2024, the 37th International Exhibition for Fine and Speciality Chemicals, will take place from 19 - 20 June 2024 in Hall 3 at Messe Düsseldorf in Germany. The opening hours are from 9 am to 5 pm on both days.

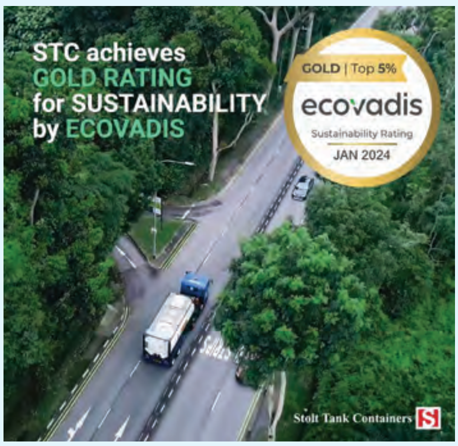
For more information on exhibitors, products and services showcase, conference agenda and travel, please visit www.chemspeceurope.com ■

Stolt Tank Containers has achieved EcoVadis Gold for industry-leading sustainability performance

Stolt Tank Containers has been awarded the prestigious gold rating for Sustainability by EcoVadis, recognising the company's outstanding environmental, safety, social, ethical, and governance practices.

This achievement places STC among the top 5 percent of all companies evaluated by EcoVadis in the last 12 months and in the top 3 percent within the supply chain industry. It is a significant improvement from the silver status awarded to STC in 2022, reflecting the company's unwavering commitment to sustainability across all its operations.

STC has made remarkable improvements in every sustainability category, including a 10-point enhancement in the environment, ethics, and sustainable procurement categories. The company has also achieved a notable 20-point increase in Labor and Human Rights, which recognises the strength of its ethical and responsible business practices. ■



Dow Inc.: Global scale, local reach,

Lennart Heip, Global Modal & Technology Director for International Trade Operations, Dow Inc

collaborative innovation

Tankcontainer Magazine **explores the tank container views of Denis Filippov, Dow's Global Senior Sourcing Manager in the Marine Procurement Organization of Dow Inc. ('Dow') and Lennart Heip, Dow's Global Modal & Technology Director for International Trade Operations.** ➔

Denis Filippov, Global Senior Sourcing Manager in Marine Procurement, Dow Inc

Introduction: With $45 billion in sales in 2023, Dow is a leading material science company and is one of the largest users of tank containers. Products in its portfolio include ethers, amines, acrylates, low-VOC solvents, drilling and completion fluids, MDI and TDI isocyanates, caustic soda, polyether polyols and acrylic emulsion polymers.

TCM: What are the main uses of tank containers for Dow?

LH/DF: They are used for both storage and for the transportation of products. Some of those used for storage are on long-term lease. Product transfers are either terminal-to-customer movements, internal site-to-site movements or deep sea transportation between the major global regions. Dow utilises both owned/leased tank containers as well as carrier-provided tank containers for activities involved in site-to-site transfer and deep sea transportation.

TCM: What are the main operational challenges associated with the use of tank containers?

LH/DF: Availability is now broadly stable following the difficulty - partly due to exceptionally high repositioning costs - of securing tank containers during the pandemic. However, as is common across the industry, getting technically-appropriate tank containers with acceptable last cargoes is often a challenge for most shippers. Every shipper has their own exclusion lists, built up over the years and based on their own experience and that of the tank container operator. These self-imposed restrictions can occasionally lead to reduced availability and therefore increased costs for shippers.Tank container sizes can also be an issue. The industry standard is going to 26,000 litres but, for some movements, the full volume cannot be used. Smaller loads may not meet the minimum 80% fill requirements for 26,000 litre tank containers and, instead, require smaller tank containers or baffled tank containers.

TCM: How many tank container shipments does Dow make?

LH/DF: Globally, we make approximately 30,000 deep sea tank container movements a year and 66,000 road, rail or inland water tank container movements.

TCM: What is the approximate split of tank container types required (T11, 'specials', gas, cryo)?

LH/DF: The vast majority are T11s, with no T50 gas or T75 cryogenic requirements.

TCM: What is Dow's most sensitive or difficult product to ship in tank containers?

LH/DF: As for other chemical producers, acrylic monomers and MDI/TDI isocyanates require particular care and experience. Both acrylates and isocyanates are temperature-sensitive with isocyanates being particularly sensitive to the presence of water. As is widely recognised, there are a limited number of deep sea tank container operators that have the necessary technical depth and experience to carry these products.

TCM: Does Dow own any tank containers, or does it lease-in or use operators?

LH/DF: We use all three options to support our large but very stable bulk liquid trade flows.

TCM: From an operational perspective, what are the key tank container trends?

LH/DF: We have observed the trend for the minimum hold sizes in chemical parcel tankers to increase, making them less competitive for the smaller bulk lot sizes often associated with high value specialty chemicals. This has encouraged us to move more product in tank containers. We make a sizeable number of non-dangerous good (DG) movements in flexitanks but do not see these volumes growing due to the limited number of products suitable for shipping as well as environmental concerns. Tank containers must, of course, be used for DG products but we also routinely use them for non-DG cargo.

TCM: From a shipper's perspective, how can the tank container industry improve itself?

LH/DF: Digitalisation is one area where there will always be room for improvement, although the tank container sector does not lag behind other logistics sectors. Track-and-trace, for example, could be more widely available as it is a relatively straightforward fix to achieve the much sought-after supply chain transparency that our customers increasingly require. Not all regions are moving at the same pace where sustainability is concerned, mainly driven by different regulatory landscapes in the different regions. Previous content restrictions also remain a challenge at times to get suitable equipment.

TCM: To what extent are 'smart' tank containers used for Dow movements?

LH/DF: We do not always need the features offered by 'smart' telematics on tank containers, although it is a useful feature for temperature-sensitive products such as our acrylates.

TCM: How do tank containers support Dow's safety and sustainability performance?

LH/DF: In broad terms, our tank container carrier stakeholders support us well and are completely committed to our absolutely fundamental primary concern: safety. Tank containers per se are very well suited to transporting liquids using the most environmentally-friendly modes of transport, like rail, inland water and deep sea, and we believe the tank container industry has better Environmental, Social and Governance (ESG) standards than many others. As part of our sustainability agenda, we are looking to move from over-the-road tank container transport to placing more tank containers on rail and barge (for inland waterways). An observation is that tank container operators have primarily developed their sustainable options for the European market, which is the smallest of the three major regions (comprising North America, Asia Pacific and Europe). Relative to Europe, there has been a lack of initiatives in sustainable options in Asia Pacific while there has been some demonstrable success in the US.

TCM: What criteria are used when selecting tank container suppliers?

LH/DF: A range of qualitative and quantitative performance measures are assessed, together with other considerations such as responsiveness, cost, adherence to our ESG and sustainability ethos, and, of course, safety culture. In general terms, we prefer to work with asset owners as they tend to have the highest commitment to our core priority: safety.

TCM: What does Dow look for in its tank container providers?

LH/DF: We work with some more than others but we have good tank container providers and certainly value the relationships that have been built up with them over many years. We appreciate the professional service they have delivered - and their wholehearted commitment to safety - and look forward to continuing to strengthen our business connections with them.

A supplier relationship programme is being developed which will make an important contribution to building genuinely long-term strategic relationships - rather than merely transactional ones - with tank container suppliers. This will include mutual commitments to a range of ESG initiatives and will feature undertakings on diversity and gender representation.

TCM: Could you give examples of inter-modal shifts within Dow and what drives them?

LH/DF: The move from chemical parcel tankers to tank containers, and from over-the-road to rail and barge was noted previously. Some non-DG products will continue to be moved in flexitanks, subject to their safety performance, for cost and payload optimisation reasons. Current rate levels in for dry box space increases the attractiveness of ISO tank containers as an alternative to bulk marine.

TCM: Last cargo constraints can limit tank container availability, and therefore increase costs, but have lower repositioning costs - a result of normalised freight rates - improved availability?

LH/DF: Yes, equipment can be obtained more readily now although there is further work to be done on the harmonisation of last cargoes, which we acknowledge is not straightforward for the industry.

Biographies

Lennart Heip is the Global Modal & Technology Director for International Trade Operations and is responsible for the work processes, tools and strategies for Dow globally as they relate to Marine Packed Cargo, Air and Trade Compliance. He has held this position for the past 5 years and, in a 23-year career with Dow, has held various roles in Operations, EH&S, IT and Supply Chain. Lennart graduated from Ghent University with a master's degree in chemical engineering and lived in his hometown, Ghent, for almost his entire life. He is passionate about Inclusion, Diversity & Equity and supports all of Dow's 10 employee resource groups. Lennart also serves on the board of Supply Chain Masters in Belgium and often represents Dow at Cefic, the main European trade association for the chemical industry. In his spare time, he enjoys the occasional game of bridge and loves good cuisine.

Denis Filippov is the Global Senior Sourcing Manager in Marine Procurement Organization, focusing on sourcing activities within the ISO tank container space and digitisation. He has been part of Dow's Procurement team for the last two years and previously held various roles in Logistics Operations, Business Supply Chain Planning and Supply Chain Improvement in North America and Europe since joining Dow in 2012. Denis has a master's degree in transportation management from the State University of Management in Moscow, Russia, and is currently based in Midland, Michigan. In his spare time, he enjoys traveling and art. ■

Leslie McCune (lm@chemicalmanagement.co.uk)

Understanding tank containers:

In the second instalment of this new series of articles, Leslie McCune, a tank container market expert, explores some of the key topics in the tank container industry. They are designed to provide a basic introduction for those not routinely involved in the topics as part of their everyday role.

The four topics being covered are: **T-CODES and Tank Types, LEASES, CASH-ON-CASH YIELDS and UTILISATION.**

March's issue explored 'T-Codes and Tank Types'. In this issue, we take a simplified look at 'Leases'.

Why lease?

Firstly, why lease? The reasons for leasing tank containers are well-rehearsed and ultimately boil down to two fundamental benefits: **risk management** and **cash flow.**

Leased tank containers are a key asset for minimising a user's **business risk.** Standard T11 tank containers and low hazardous 'specials' are readily available, flexible assets that require only a limited time commitment. By leasing-in equipment to complement their owned fleets, tank container operators can relatively quickly increase their fleet size to meet sudden surges in demand or decrease it in response to weakening market conditions - such as those driven by destocking is the past 12 months - by off-hiring.

Fleet imbalances can quickly be addressed due to the ability to easily on- or off-hire leased tank containers at most of the global hubs and key worldwide locations.

They offer a low risk way to assess new market opportunities or unfamiliar supply chain routes when the ultimate requirements may be uncertain and not yet fully defined.

Leased tank containers also allow for a more rapid updating of an operator's fleet and enable operators to rapidly incorporate the latest technical configurations into their fleet while leaving the risk of technical obsolescence with lessors.

The capability of tank containers to be used for both temporary storage and transportation is a valued benefit which can be used to de-risk a bulk liquids supply chain.

Tank container investors can generate passive income by leasing their equipment to shipping companies and freight forwarders, thereby earning a steady revenue stream without the need, and risk, associated with a direct engagement in operational logistics.

Lastly, the risk implied by the soft ownership of leased assets

LEASES

can be reduced by a variety of advisory and support services offered by many lessors.

The second fundamental benefit is the optimisation of **cash flow.** Leasing provides users with tank containers at a lower initial cost compared with an outright purchase, offering cash-constrained users an attractive cash flow benefit. Maintenance & Repair (M&R) and other operating expenses may also be lower as customers often leverage the buying power of large lessors.

Importantly, lease costs are treated as a profit and loss/income statement operating expense and are therefore tax-deductible whereas a tank container purchase is treated as a balance sheet capital expenditure. In broad terms, economic and geopolitical uncertainties tend to discourage investment and support leasing.

Debt-laden companies may lease tank containers as an alternative to purchasing when the additional debt required for purchase would lead to higher borrowing costs and, potentially, reduced liquidity.

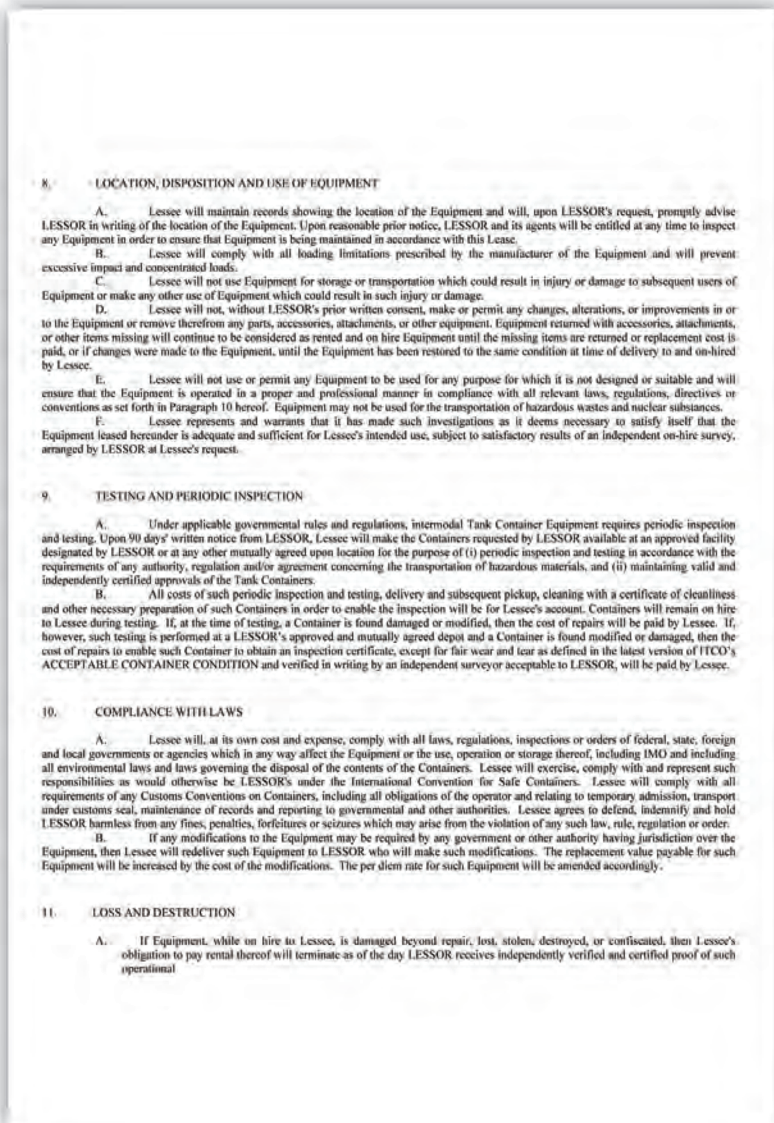
Lessor revenues are primarily driven by lease rates with fleet utilisation a crucial driver of profitability. Inactive, off-hired tank containers not only fail to generate revenue but incur storage costs at depots while new-build equipment is often left in the yards of the manufacturer at no cost as part of the overall commercial package. Generally, the options for idle inventory are to re-lease, dispose, recondition or reposition.

Types of leases

Leasing companies usually provide tank containers to operators, chemical producers and others on a contractual term basis where the lessee takes quiet possession and operates the tank container as if it were their own. ITCO's January 2024 global fleet survey showed the leasing fleet accounting for 44% of the global tank container fleet of 848,400 units. The lease fleet share has remained constant, in percentage terms, as the world fleet has doubled over the past nine years. ➔

Master leases are umbrella agreements that a tank container user enters into with a lessor. They ensure a proper framework is in place to allow higher volume users to acquire additional equipment over time from the same lessor - usually according to a schedule - without entering into a new lease contract on every occasion. Pick-up and drop-off locations are specified with substantial penalties for off-hiring at non-specified locations.

Long-term lease contracts are less flexible than master leases with the norm covering a 5-year period for standard T11 tank containers. The assets are normally new-builds and the lessee is responsible for the M&R and storage, at specific locations, during the contract. Tank containers used for site storage are often under long-term leases.



8. LOCATION, DISPOSITION AND USE OF EQUIPMENT

A. Lessee will maintain records showing the location of the Equipment and will, upon LESSOR's request, promptly advise LESSOR in writing of the location of the Equipment. Upon reasonable prior notice, LESSOR and its agents will be entitled at any time to inspect any Equipment in order to ensure that Equipment is being maintained in accordance with this Lease.

B. Lessee will comply with all loading limitations prescribed by the manufacturer of the Equipment and will prevent excessive impact and concentrated loads.

C. Lessee will not use Equipment for storage or transportation which could result in injury or damage to subsequent users of Equipment or make any other use of Equipment which could result in such injury or damage.

D. Lessee will not, without LESSOR's prior written consent, make or permit any changes, alterations, or improvements in or to the Equipment or remove therefrom any parts, accessories, attachments, or other equipment. Equipment returned with accessories, attachments, or other items missing will continue to be considered as rented and on hire Equipment until the missing items are returned or replacement cost is paid, or if changes were made to the Equipment, until the Equipment has been restored to the same condition at time of delivery to and on-hired by Lessee.

E. Lessee will not use or permit any Equipment to be used for any purpose for which it is not designed or suitable and will ensure that the Equipment is operated in a proper and professional manner in compliance with all relevant laws, regulations, directives or conventions as set forth in Paragraph 10 hereof. Equipment may not be used for the transportation of hazardous wastes and nuclear substances.

F. Lessee represents and warrants that it has made such investigations as it deems necessary to satisfy itself that the Equipment leased hereunder is adequate and sufficient for Lessee's intended use, subject to satisfactory results of an independent on-hire survey, arranged by LESSOR at Lessee's request.

9. TESTING AND PERIODIC INSPECTION

A. Under applicable governmental rules and regulations, intermodal Tank Container Equipment requires periodic inspection and testing. Upon 90 days' written notice from LESSOR, Lessee will make the Containers requested by LESSOR available at an approved facility designated by LESSOR or at any other mutually agreed upon location for the purpose of (i) periodic inspection and testing in accordance with the requirements of any authority, regulation and/or agreement concerning the transportation of hazardous materials, and (ii) maintaining valid and independently certified approvals of the Tank Containers.

B. All costs of such periodic inspection and testing, delivery and subsequent pickup, cleaning with a certificate of cleanliness and other necessary preparation of such Containers in order to enable the inspection will be for Lessee's account. Containers will remain on hire to Lessee during testing. If, at the time of testing, a Container is found damaged or modified, then the cost of repairs will be paid by Lessee. If, however, such testing is performed at a LESSOR's approved and mutually agreed depot and a Container is found modified or damaged, then the cost of repairs to enable such Container to obtain an inspection certificate, except for fair wear and tear as defined in the latest version of ITCO's ACCEPTABLE CONTAINER CONDITION and verified in writing by an independent surveyor acceptable to LESSOR, will be paid by Lessee.

10. COMPLIANCE WITH LAWS

A. Lessee will, at its own cost and expense, comply with all laws, regulations, inspections or orders of federal, state, foreign and local governments or agencies which in any way affect the Equipment or the use, operation or storage thereof, including IMO and including all environmental laws and laws governing the disposal of the contents of the Containers. Lessee will exercise, comply with and represent such responsibilities as would otherwise be LESSOR's under the International Convention for Safe Containers. Lessee will comply with all requirements of any Customs Conventions on Containers, including all obligations of the operator and relating to temporary admission, transport under customs seal, maintenance of records and reporting to governmental and other authorities. Lessee agrees to defend, indemnify and hold LESSOR harmless from any fines, penalties, forfeitures or seizures which may arise from the violation of any such law, rule, regulation or order.

B. If any modifications to the Equipment may be required by any government or other authority having jurisdiction over the Equipment, then Lessee will redeliver such Equipment to LESSOR who will make such modifications. The replacement value payable for such Equipment will be increased by the cost of the modifications. The per diem rate for such Equipment will be amended accordingly.

11. LOSS AND DESTRUCTION

A. If Equipment, while on hire to Lessee, is damaged beyond repair, lost, stolen, destroyed, or confiscated, then Lessee's obligation to pay rental thereof will terminate as of the day LESSOR receives independently verified and certified proof of such operational

Lessors look to minimise their own risk and one approach is to offer long term leases that are covered by **full lifecycle** contracts. These are commonly used for dry freight containers and essentially transfer the cost risk of underutilised tank containers from leasing companies to shipping companies and forwarders. Triton, the world's largest lessor of intermodal freight containers (which acquired tank container lessor TAL in 2016) has over 50% of its 7 million twenty-foot equivalent fleet on long term, full lifecycle contracts. Triton was itself acquired by Toronto-based Brookfield Infrastructure, part of a $800 billion alternative asset manager corporation, last September.

For a mature lessor with a broad range of tank types, **the average lease contract length** is at least 3½ years. When new-build tank container prices are high, lessors look to lengthen the minimum initial lease term to mitigate the heightened residual value risk.

Long term leases have stretched to 5-7 years, yielding predictable revenue streams against which lessors can raise secured debt with matching terms. Lessors aim to build a portfolio of leases with staggered maturity dates and off-hires at desirable locations i.e. where depots have the necessary inspection levels, there are full service M&R capabilities and where the re-lease potential is maximised.

Short-term lease contracts are up to 6 months and have higher per diems than long-term lease contracts. Although expensive, they may be useful for short-duration, round trip movements.

One-way leases are far less common in the tank container market than in the dry freight container market, where up to a third of the global fleet is moved empty. For customers, they are a useful, if expensive, option for meeting sudden demand surges while the value for lessors is that they allow them to avoid the cost of repositioning equipment, especially at a time of global imbalance.

The all-important **average contract renewal rates** for a well-managed lessor are typically above 80% and about 80% of the overall fleet will be on long-term leases. Large lessors will have at least half of the top blue chip petrochemical producers in their customer portfolio and six or so of the top operators.

Types of customers

'Shippers' (i.e. producers or consignors) are often viewed by operators and lessors as the **most attractive customers,** not least because chemical producers have very low credit risk, substantial volumes of product to move and very high customer retention rates.

However, there is a high degree of rivalry between the relatively small group of lessors who can meet the global demands of sizeable chemical companies. These pressures are made more acute by a group of well-respected deep sea operators - including Stolt Tank Containers, Hoyer and Bertschi - which also focus on large chemical producers as a priority customer segment, and which offer enticing outsourcing options, one-stop-shop delivery options and - unlike most lessors - can provide sophisticated, multi-modal supply chain advisory services.

Some shippers own their tank containers, especially where product movements are routine, substantial and require very specific fittings, last cargo requirements or tank container types. Often, these movements are global and carry intermediate chemicals for site-to-site movements within the same corporate group.

Shippers often require higher levels of technical support from lessors than operators, although some petrochemical majors prefer to lease-in tank containers themselves and use their own network of third-party logistics providers as transporters. Some chemical producers lease tank containers and then use an operator to manage them.

In reality, large specialty chemical producers - which usually have over 100,000 tank containers movements a year - typically use all three tank container options i.e. leased-in, owned and those provided by operators.

Freight forwarders, lead logistics providers (LLP) and **fourth-party logistics firms (4PL)** often lease equipment but are viewed by shippers as bringing more limited value as they rarely own or operate any tank containers, although 4PL/LLPs such as PSA BDP offer end-to-end 'asset-optimal' supply chain orchestration.

Shippers prefer to lease in the following situations:

i) Flows are constant, reasonably substantial and involve dedicated tank containers (these occur more often in the US).
ii) For unpredictable flows, leasing allows shippers the flexibility to pick up and drop off tank containers at short notice on short term rental if operators cannot respond.
iii) When demurrage charged by operators is high. Some ports, such as Santos in Brazil, are known to have long customs clearance times so low rates can be offered by operators, safe in the knowledge that they will probably be able to gain high demurrage revenues from customers as a result of the delays.
iv) A chemical producer's margins is depressed.
v) There is a major global chemical production footprint, offering many backhaul opportunities.
vi) For internal movements, or for storage, within large petrochemical/refinery complexes, where swap bodies are often used.
vii) When producers only want temporary ownership of the tank container but want to choose their own transport firm instead of using one-stop-shop operators.
viii) Operators are not capable of offering commercially or operationally feasible alternatives.
ix) The movements are strategically important plant-to-plant transfers, especially when they require specialised equipment (due to tank size, tank fittings, hazard class, product characteristics or extensive prior cargo restrictions).
x) The tank containers are very specialised due to hazard class, product characteristics or extensive prior cargo restrictions.
xi) There are balance sheet considerations - leasing is a tax-deductible operating expense impacting the P&L/income statement while ownership is a capital expense impacting the balance sheet. Each choice has different impacts on cash flow and leverage.
xii) Shippers have the necessary skills to integrate a leased fleet into their overall logistics network.

Regional and local shippers may prefer to partner with local niche lessors that provide a more service-based approach but smaller lessors can struggle to get finance for more highly technically-specified tank containers.

While shippers may be attractive customers for lessors, operators are the **most important customer group for lessors** and have historically leased-in about a third of their fleet, with the remainder owned by the operator. However, for lessors, tank container operators return the lowest margins as they rely less on the management expertise or financial support of lessors.

Operators and leasing

Tank container operators have a more diversified range of specials and semi-specials, although some established lessors such as Peacock have increased the proportion of non-standard tank containers in recent years.

Well-capitalised **operators** with a broad, well-managed fleet often have to lease-in tank containers for operational reasons. However, they try to **limit their exposure to leased-in tank containers** as they are viewed as being expensive and can create a problem for operators at the end of the lease as they are usually not in the right location for off-hire, resulting in the operator bearing the cost of repositioning them back to the contractually agreed off-hire location.

Off-hiring costs for leased tank containers are sometimes viewed by operators, justifiably or not, as excessive - although they are usually based on ITCO's Acceptable Container Condition guidelines - but in an attempt to retain the business of the operators, lessors have become more flexible about off-hire locations and increasingly agree to fixed, rather than variable, off-hire costs. However, not many new off-hire locations have been added and fixed off-hire costs are still the exception (and always exclude items such as pitting and impact damage).

Last year, 19% of Suttons' fleet of 12,995 was leased-in while Hoyer planned to reduce its leased-in fleet from approximately 30% to 25% of its widely specified fleet. NewPort has a much higher percentage of leased-in equipment.

Some **operators** have explored a **move into leasing,** seeing it as a way to create economies of scale by growing their overall fleet or as a way to offset periods of hardship in their conventional operating business (although when operators struggle, lessors usually also struggle). ➔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The rationale was that a new leasing business would not require any substantial additional investment for an operator because the operator could use its own pre-existing global service network. In addition, it was believed that lower costs could be achieved by having more flexibility with on-hire/off-hire locations than current lessors. Should an operator own a depot, Maintenance & Repair costs may also be lower than that charged to other lessors.

A few tank container players are both lessors and operators but the leasing business model - essentially a net spread between rental income and interest expense - is fundamentally different to that of an operator and requires different expertise and resources.

The recently demonstrated lack of supply chain resiliency, and more turbulent geopolitical environment, has raised supply chain anxieties and uncertainties. Higher, more flexible, inventories are now viewed by producers as an essential strategy to de-risk their supply chains and this is both supporting tank container demand and the trend towards longer contractual commitments by chemical producers. This, in turn, has made it more attractive for **operators** to **invest** in the type of more **specialised** equipment they previously might have leased-in, such as T20, T22 and 15,000 litre units.

Lease rates

The calculation of lease rates was explored in an article in *Tankcontainer Magazine* in December 2022 but lease rates for plain vanilla T11s weakened down to $6/day at the end of 2023. There were soft pockets well below this - sometimes associated with contract extensions - but other segments with more robust pricing, usually dependent on more technically-specified equipment.

The overriding factor determining per diems is the degree of competitive intensity. However, as for all businesses, a lessor's business will be unsustainable if it consistently operates below its cost base. Two lessors - both backed by private equity - were said to be offering unsustainably low $3/day per diems at the bottom of the market in 2020 as they sought to buy their way into greater market share and a more favourable competitive position. One has since been acquired while the other has delivered fleet growth at the expense of returns, compared to its peer group.

Aside from competitive intensity, per diem lease rates are **driven** by a lessor's weighted average **cost of capital,** the purchase cost of the tank container itself and the period over which the original equipment cost is depreciated.

A lessor's cost of capital is a crucial competitive advantage because it is a major cost component in deciding per diem lease rates. A low cost of capital gives a lessor the commercial strength to drive rates lower to gain market share or can be used to boost profitability.

Leasing firms typically commit to larger replacement purchases than operators so their Original Equipment Cost (OEC) is often lower than those of operators.

Telematics can be added for a small additional cost, providing real-time, data-based reassurance when transporting temperature, moisture or pressure-sensitive cargoes such as acrylates and monomeric MDI isocyanate.

Depreciation is an accounting line item over which tank container lessors have a high degree of discretion. Their accounting treatment of depreciation can, quite legitimately, be either prudent or aggressive and can be structured to generate a more attractive EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) if, for example, the company is grooming itself for sale.
Much depends on the residual, or terminal, value attributed to the tank containers in a fleet. There are usually differences - and different motivations - about how to define residual values. Tank container lessors currently depreciate on a straight-line basis to fixed residual values. These vary from a prudent 10% of Original Equipment Cost to an aggressive 45% of OEC for standard T11 tank containers. Higher residual values imply a lower depreciation cost, which boosts EBIT and a company's value.

A residual value of 10% of OEC is conservative for tank containers since the scrap value of their stainless steel historically averages over 40% of their OEC.

Higher projected residual values imply that less depreciation is being forecast and, since depreciation is an important cost element that has to be factored into per diem lease rates, it offers management the financial flexibility to undercut the per diem rates of those competitors with more conservative depreciation policies.

A leased tank container's **age, off-hire costs** (to the extent they are not covered by the lessee), drop-off location and condition are also factored into the per diem rate.

Lease decay is a feature of the market with older tank containers more difficult to re-lease and therefore typically leased at a discount to new-builds. Due to the higher M&R costs, some customers may be reluctant to hire tank containers if they are older than a certain age and may seek lower rates to compensate. So-called 'specials' sustain their per diem rates more robustly than generic T11s while T75 cryogenic tank containers have a much more rapid decline due to the operational extremes to which they are subjected.

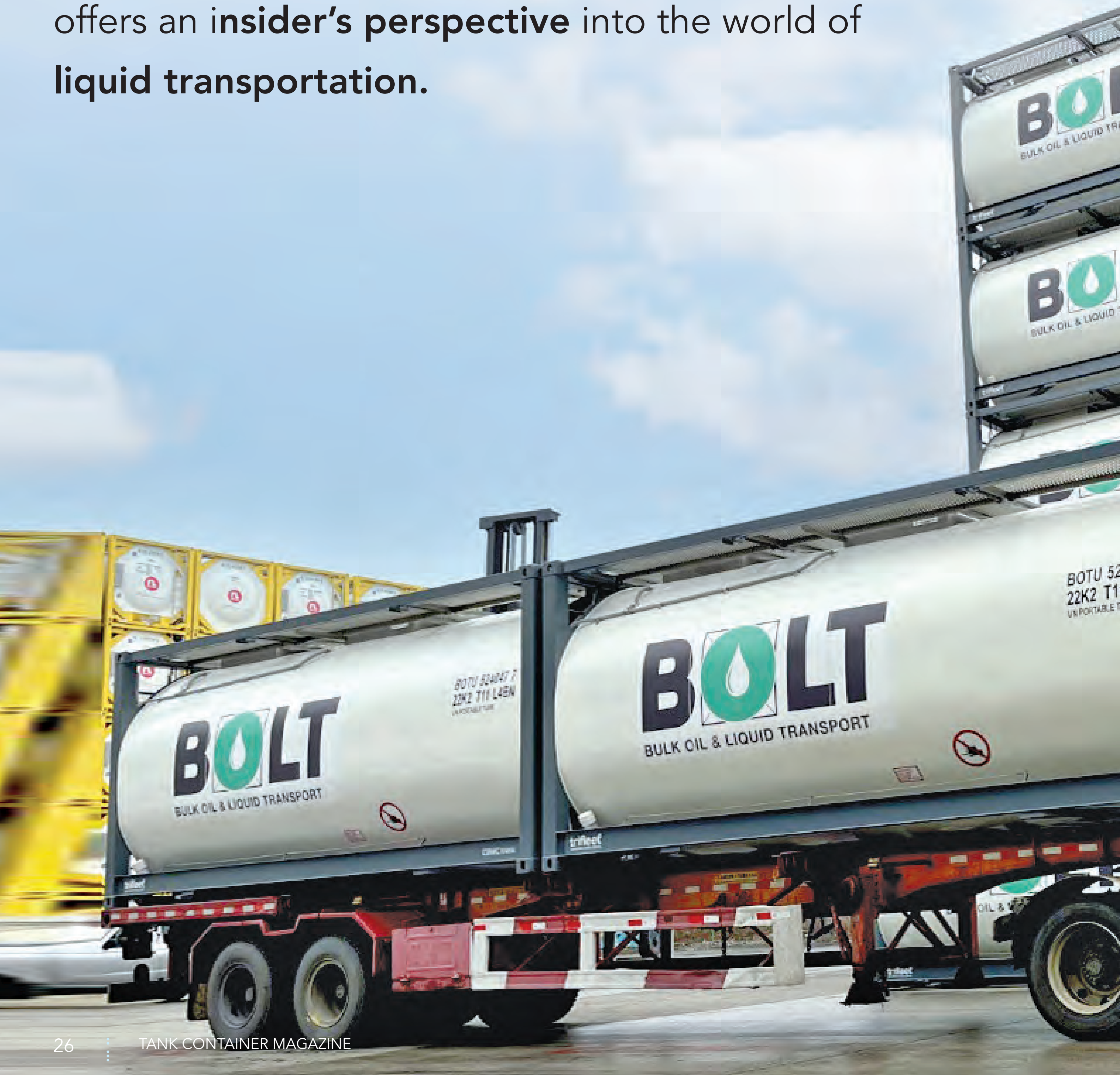
Per diem lease rates for large **industrial producers** often include very specific **additional adaptions** or fittings. Retrofitting these at the end of the contractual lease period can be expensive for lessors so contractual lease rates are structured to cover these additional expenses.

The next issues of *Tankcontainer Magazine* will focus on **CASH-ON-CASH YIELDS** and **UTILISATION.**

For independent tank container market research and due diligence support, contact Leslie McCune ■
(lm@chemicalmanagement.co.uk)

BOLT: *Why every drop is*

Anand Sheth, CEO and **Director, BOLT,** a leading liquid logistics service provider based in **Singapore,** offers an **insider's perspective** into the world of **liquid transportation.**



precious

The business of liquid cargo transportation is a dynamic and intricate ecosystem. The tangible assets of the sector - ISO tank containers, loading and unloading depots, cleaning and varying transport modes - all serve as the backbone for a multitude of industries, including chemicals, food production, energy and pharmaceuticals. Ensuring the safe, efficient, and sustainable movement of these essential liquids is of utmost importance.

Anand Sheth, CEO and Director, BOLT, a leading liquid logistics service provider based in Singapore, offers an insider's perspective into this world of liquid transportation. He knows that the service and utility of the business goes beyond the tangible and into the intangible elements that make the industry work.

One instance of this is the importance Sheth places on the 'peace of mind' his company offers its clients. He considers: "Trust is the cornerstone of success. Customers don't just require safe delivery; they seek absolute 'peace of mind' - the assurance that their valuable product is in the hands of a reliable, meticulous partner. At BOLT, we understand this critical need. We aren't just another logistics company; we are an extension of your team, safeguarding cargo and ensuring its seamless journey.

"Peace of mind' is this unwavering confidence that your cargo reaches its destination - exactly when and where it needs to be. It's the knowledge that state-of-the-art equipment and rigorous safety protocols mitigate any potential risks. This aligns perfectly with the industry's fundamental aspect: ➔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the safe and smooth passage of chemical and liquid cargo. Customers seek tank container operators who value and handle cargo like their own. While safety is a given, tank container operators need to explicitly or implicitly reassure consumers about their investment in resources to maximise safety, expertise and service standards. At BOLT, we echo the sentiment that every drop is precious."

Network reach

According to Sheth, some operators prioritise building a strong foundation to a network in specific regions. It is this focussed approach that BOLT has adopted allowing it to invest heavily in a substantial fleet and highly experienced personnel dedicated to those areas. This underscores that achieving world-class service doesn't necessarily require world-wide presence. The company's core markets are Asia, Indian subcontinent and the Middle East as well as a minor presence in other regions.

> *While our T50 (gas) and T75 (cryogenic) tanks represent a smaller portion of our current business volume, we are actively investing in research and development to expand our service offerings and expertise in these sectors. This ongoing commitment ensures we can provide the same exceptional service and unwavering reliability across all tank types, fostering long-term partnerships with our clients*
>
> **Anand Sheth,** CEO and Director, BOLT

The world of ISO tank operators is a diverse one, mirroring the vast array of liquids needing transportation. While the T11 and T14 types are popular workhorses, capable of handling a wide range of non-hazardous and hazardous chemicals, operators also offer a specialised arsenal for specific cargo requirements. For safe gas transportation, T50 tank containers are the go-to option.

When it comes to cryogenic liquids that demand ultra-low temperatures, T75 types take centre stage. But the landscape extends beyond these common types. Some operators provide food-grade tanks designed for maximum hygiene and temperature control, ensuring the integrity of delicate edible liquids. For bulk powders and grains, silo tanks offer a specialised solution for dry cargo transportation. Reefer tanks containers, meanwhile, come equipped with climate-control technology to preserve the quality of temperature-sensitive products. This specialisation allows operators to provide a comprehensive suite of services, ensuring the secure and efficient movement of any liquid or dry cargo a client might require.

However, BOLT's core business revolves around liquid cargo transportation and its expertise focuses on the safe and reliable movement of various liquids within BOLT's robust T11 and T14 tank container models. However, it recognises the growing demand for gas and cryogenic transportation as well.

"While our T50 (gas) and T75 (cryogenic) tanks represent a smaller portion of our current business volume, we are actively investing in research and development to expand our service offerings and expertise in these sectors. This ongoing commitment ensures we can provide the same exceptional service and unwavering reliability across all tank types, fostering long-term partnerships with our clients," notes Sheth.

The company deliberately seeks to maintain a young fleet delivering several key advantages for customers and the environment. These include enhanced efficiency from state-of-the-art tanks constructed with lighter, highly corrosion-resistant materials. This translates to significant fuel savings and reduced operating costs for clients while minimising any environmental footprint.

The ergonomic design of modern tanks with collars instead of beams boast user-friendly designs that optimise loading and unloading processes, ensuring faster turnaround times and enhanced safety for operators. There is also reduced maintenance and extended lifecycles from innovative materials and the design of the young fleet contributes to a longer lifespan for the tank containers, requiring less frequent maintenance. This translates to cost savings for both BOLT and its clients, while maximising operational efficiency. There is also greater real-time cargo security from advanced tracking and monitoring systems that provide real-time data on environmental conditions within the tank containers. This allows for adjustments to ensure the integrity and safety of cargo throughout its journey.

By prioritising a young fleet, BOLT seeks to set a new standard for the industry

BOLT is headquartered in Singapore. Sheth explains that this is for a number of reasons and reflects on the ideal nature of the location.

He notes: "Over the years, Singapore has emerged as a strategic location offering significant advantages to the liquid logistics industry." He points to the city state's ➔

"unmatched connectivity: "Singapore is world-class in port infrastructure and strategic location for Southeast Asia, a region with booming economies, make it a premier global logistics hub. This is further solidified by the World Bank's Logistics Performance Index 2020 ranking Singapore number one for strategic location. BOLT leverages this by seamlessly integrating with international shipping networks, offering efficient door-to-door services for bulk liquid cargo movement through Singapore's ports. Singapore also boasts excellent connectivity by air and sea. It has one of the busiest ports globally and a world-class airport, again earning the top spot for connectivity according to the World Bank's Logistics Performance Index 2020.

There is "enhanced efficiency" from Singapore's highly advanced transportation infrastructure, including a well-developed road network and streamlined customs processes. This contributes to faster turnaround times for clients. Additionally, Singapore's well-equipped maintenance and repair facilities minimise downtime of fleet while maximising operational efficiency.

There is "top-tier talent in Singapore is a magnet for skilled personnel, experienced in logistics management. This talent pool is further strengthened by Singapore's reputation as a centre for excellence in logistics, attracting a global workforce.

The city state also has a well-known pro-business environment.

Sheth notes: "Singapore is known for its business-friendly policies and government support for trade. The World Bank Doing Business Report 2020 ranked Singapore number two for ease of doing business. This supportive environment allows tank container operators to operate efficiently and focus on delivering exceptional service to clients.

"The benefits of a strategic location in Singapore ultimately translate into cost-effectiveness, enhanced security, and a highly qualified workforce for our clients."

Economical transportation

BOLT offers "economical transportation" for a wide range of bulk liquid cargo, notes Sheth, which include non-hazardous traffic including glycerin, vegetable oils, and white mineral oil. These are some of the most typical cargoes. Hazardous cargo can include products such as valeryl chloride and octanoyl chloride. However, it's important to note that BOLT has specific protocols for handling these types of cargo.

BOLT can transport certain corrosive materials like methylene dichloride, chloroacetyl chloride, and benzosulphuric acid but does not handle highly corrosive chemicals such as hydrochloric acid and sulphuric acid.

Skilled workforce

Sheth is of the opinion that the liquid logistics industry thrives on a skilled workforce that can handle the intricacies of transporting various liquids and gases. This includes skilled personnel like tank cleaning professionals who ensure contamination-free containers, depot technicians who meticulously inspect and maintain ISO tank containers and safety specialists who enforce protocols and procedures to prevent accidents. Unskilled labour is also essential for functions like loading and unloading operations, tank container washing assistance, and basic maintenance tasks.

He notes: "To address the growing complexities of the industry and compete in a global market, service providers tank operators are taking proactive steps to improve workforce retention and upskilling. This includes

offering competitive salaries and benefits packages to attract and retain skilled workers. Additionally, investing in training programs is crucial. These programmes can equip unskilled personnel with the necessary skills to progress into more specialised roles, while also providing ongoing training for existing staff on the latest safety regulations, handling procedures for emerging cargo types and the use of new technologies being implemented in the industry. By fostering a culture of continuous learning and development, global tank container operators can ensure their workforce possesses the expertise necessary to navigate the evolving landscape of liquid logistics.

"At BOLT, we understand that our team is the engine that drives our success. We prioritise direct employment for all BOLT staff. This approach fosters a cohesive team culture, allowing us to build long-term relationships with our employees and invest in their professional development.

"Direct employment offers stability and security for our team members, allowing them to focus on their careers at BOLT. With an average age of 37, our team represents a strong balance of experience and fresh perspectives. Our workforce is truly diverse, spanning across eight countries and representing nine nationalities. This diversity of backgrounds fosters a culture of innovation and allows us to better understand the needs of our clients around the world."

BOLT is committed to fostering a highly skilled and knowledgeable workforce, achieved through a robust training programme designed to equip its team with the expertise they need to excel. Its dedicated Learning and Development Department focuses on soft skills development, while BOLT collaborates with industry experts to provide specialised training programmes in areas like tank container training by ITCO, IMDG Certification and Sanction Compliance, and

Anand Sheth, CEO and Director, BOLT

risk mitigation. This comprehensive approach ensures its team is prepared to handle any challenge and deliver exceptional service to clients.

BOLT derives these values from its parent company Saksham Group, which is a three decade-old conglomerate providing seamless and integrated EXIM logistics services across over 85 countries and 275 port cities.

BOLT also utilises a customised in-house Enterprise Resource Planning software system. This streamlines communication, optimises operations and allows the company to provide real-time tracking and transparency throughout the entire transportation process.

Artificial intelligence

Sheth is weighing up the potential of Artificial Intelligence (AI) to play a significant role in the company's vision for the future. However, they are still in the early stages of gathering data to train AI systems that can optimise operations to help BOLT predict equipment needs, plan ➔

efficient routes and streamline maintenance schedules, maximising efficiency and minimising disruptions.

AI could enhance customer experience through AI-powered tools that can personalise customer interactions, provide real-time tracking updates and offer proactive recommendations, ensuring exceptional service and informed decision making throughout the journey.

There is also potential from predictive analytics that can utilise AI to predict potential issues before they arise, allowing for preventative measures and ensuring smooth operations.

Positive change

At BOLT, Sheth and his team believes that a rising tide lifts all boats. That's why it actively participates in initiatives that give back to the industry and contribute to positive change. It is a proud partner of the ITCO's Depot Working Group, a collaborative effort that includes tank container operators and leasing companies which play a vital role in setting and maintaining high standards of depots across the globe. Through depot audits and comprehensive reviews, the Working Group identifies areas for improvement in infrastructure and operational practices.

He notes: "We, as BOLT, have also specifically recommended a comprehensive rating system of depots globally. By working together, we can ensure that bulk liquid cargo transportation continues to operate efficiently, safely and sustainably."

Tank operators should be committed to minimising environmental impact he feels. Using a modern fleet prioritises fuel efficiency and BOLT continuously explores ways to lessen its carbon footprint.

"Here are some key areas where we, as an industry, can make a difference:

- Investing in green technology: actively exploring the use of biofuels and alternative energy sources to power our fleet
- Tech-driven logistics: utilise AI and data analysis to optimise routes and minimise empty miles, reducing fuel consumption and emissions
- Partnerships for change: collaborate with industry leaders to advocate for sustainable practices in liquid logistics, fostering positive change throughout the sector
- In-setting and off-setting: creating a more sustainable future by reducing emissions within their operations and funding external emission reduction projects
- Community outreach: by actively participating in Saksham Group's community programs across skill development, education, health care and environment."Embracing sustainability

BOLT is committed to shaping the future of liquid logistics. By embracing sustainability, AI and industry collaboration, Sheth and his team aim to deliver exceptional service to customers while minimising its environmental impact.

Sheth concludes: "We are not just a logistics company; we are a team of passionate experts dedicated to providing innovative and sustainable solutions for your bulk liquid cargo needs." ■

> ***Over the years, Singapore has emerged as a strategic location offering significant advantages to the liquid logistics industry***
>
> **Anand Sheth,** CEO and Director, BOLT

Big things afoot *in Saudi*

Jadeer Logistics is ramping up its **tank container capabilities** with a new **storage, cleaning and maintenance depot** in **Jeddah** as part of its **focus** on **meeting** the **needs** of its **customers**

Since its founding in 1985 as Al Muhaidib Land Transport, Saudi Arabia's Jadeer Logistics has developed an enviable reputation as one of the leading end-to-end logistics service providers in the Gulf Region, offering a full gamut of services across all modes, from terminal operations in Dammam, Jubail and Jeddah to international truck transport, freight forwarding and warehousing. What's more, since 2016, the company has also offered customers a range of tank container depot services in Dammam, its home city in the country's Eastern Province.

Covering an area of 50,000 m^2, this particular terminal, explains ISO tank depot division head Shamnad Arafa, has a total capacity of 5,000 tank containers in addition to 10,000 dry box containers. However, while the facility is able to store tank containers with hazardous and non-hazardous goods, some products are considered unsuitable due to environmental factors particular to the region. "Highly flammable products with a flash point below 50 degrees are not accepted for storage," he says.

State-of-the art chemical hub

After all, Saudi Arabia is a country where the daytime heat, particularly in the summer, can regularly push beyond 45°C. But, as a highly pragmatic firm, Jadeer,

he explains, is "ready to address this situation" and is currently planning "to set up a state-of-the-art chemical hub". In addition to revamping the facility to accommodate tank containers in shaded areas in accordance with all safety norms, this will also see the construction of a temperature-controlled chemical warehouse offering such value-added services as *inter alia* cross-docking and repacking adjacent to the seaport area and clientele locations.

Whatever the weather, Jadeer's commitment to quality remains unwavering. This is particularly evident when it comes to tank container cleaning, with the Dammam site operating a cutting-edge cleaning station equipped with high-end Gröninger steam cleaning systems. "We have a total of five bays," he says. "Four bays are dedicated to ISO tank cleaning and one bay is dedicated to road tankers." All five, he continues, can handle a wide range of different product types with the exception of foodstuffs and certain other substances, such as TDI and latex.

The Dammam depot is also fully equipped, staffed and certified to undertake tank container maintenance and repair services, such as shell and framework repairs, as well as mandatory testing and inspection. What's more, Arafa reveals that the depot is currently gearing up to add more options soon.

But when it comes to expansion, tank container refurbishment is not the only thing on Jadeer's agenda right now. "We are already in the process of starting a new depot in Jeddah by the third quarter of 2024," Arafa reports. With the likely exception of future refurbishment operations, the new Jeddah depot's list of services and capabilities will otherwise be identical to that of the current Dammam set-up. "What we have currently in Dammam, the same will be implemented at the Jeddah site," he says, explaining, for example, that the new facility will likewise feature four dedicated cleaning bays for tank containers and another for road tankers, all equipped with Gröninger steam cleaning systems.

Customer focus

But why open a new depot on Saudi Arabia's Red Sea Coast? The answer, Arafa reveals, is due to the customer-driven nature of Jadeer's operations. "In Jeddah, the market demand is strong because there is only one depot currently available with an alternate solution," he says. Consequently, as many of its Dammam customers also have operations in Jeddah, the company continues to receive repeated requests to open a similar tank container facility. "Being a customer-centric organisation, it is imperative that we replicate the Dammam model in Jeddah to service our existing clientele there," he explains.

And when it comes to its customers, Arafa reveals that the company's tank container client base is drawn from all over the world. As such, the tank containers Jadeer handles in Dammam are typically split fairly evenly between export and import trades. However, that said, things of late have been somewhat less predictable, with trade movements and demand fluctuating as a result of broader global developments, such the ongoing war in Ukraine and the Red Sea crisis, as well as more local changes in some particular product flows.

"Most of the shippers from Saudi Arabia were planning for huge exports by the end of 2023 but unfortunately, ➔

due to many reasons, they reduced their production," he continues. As a result, export movements in January this year were significantly down on what might have been expected. But then, "from the middle of February and the start of March", the situation suddenly changed "and now things are going very well" again.

Certified Safe

Irrespective of the global situation, Jadeer prides itself on maintaining the highest standards when it comes to matters of health, safety, environment and quality (HSEQ). As well as holding ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018 certifications, Jadeer is also an SQAS-assessed company under the auspices of the Gulf Petrochemicals & Chemicals Association (GPCA), with the company paying the strictest attention to detail when it comes to ensuring that every unit that leaves its cleaning facility does so completely free of any residues, run-offs or other potential sources of contamination.

"We have four layers of inspection for each cleaned tank before it goes out from our depot," Arafa states. These include a pressure test as well as an internal inspection to ascertain that each cleaned unit is fully free of moisture and fumes. Only then, once the appointed inspection officer is fully satisfied that that there are no issues or potential sources of contamination will the tank container be deemed ready for release and onward dispatch.

Jadeer, though, is not only concerned with the interior of each unit cleaned. Rather, its dedication to HSEQ also extends to ensuring that all cleaning operations are conducted in a manner that is as safe and as environmentally-benign as possible. For example, Arafa observes, the Dammam depot has its own water treatment system in place that helps the company avoid pollution, potential contamination and also the wasting of water, something that is of understandable concern in a desert environment. Similarly, the facility is also equipped with an air scrubber to clean the air of the working environment. "Before we start the cleaning process, we use the air scrubber to take all the [fumes] from the cleaning area," he says.

Other developments

Meanwhile, on the digitalisation front, Arafa reports that Jadeer is rolling out a new fully integrated Oracle IT system. Once up and running in the next few months, this will not only help streamline the company's own internal operations and reporting, but also simplify and enhance customer experience across all of Jadeer's various business verticals, enabling the customer to do "everything [via] one point of contact".

This investment is itself part of a "huge" growth initiative that before the end of the year will see Jadeer effectively doubling its road transport fleet with the addition of 250 new trucks. Hand-in-hand with this, it will also further bolster its national warehousing network through, among other things, the opening of a new trucking and storage depot in Riyadh. Ever keen to meet the needs of its customers, the company's vision is also a reflection of wider changes afoot in the country as a whole. "There are huge developments in Saudi Arabia that will happen very soon," Arafa says, "and we are also going to be a part of this."

Meeting the need

"We are a customer demand-driven company and our whole operation is focussed on what the customer's requirement is," he says. In order to achieve this, the company maintains an array of in-house service teams and a strong culture of flexibility coupled with a can-do attitude when it comes to meeting specific customer requests. After all, when it comes to tank container logistics, things can suddenly change whether in terms of turnaround times, product volumes or myriad other matters.

But there is more to Jadeer's approach to customer service than just that, with Arafa reporting that the relationships it fosters with its customers are more akin to personal relationships rather than simple business transactions. This, of course, is all backed up by highly impressive levels of quality and efficiency, itself the product of eight years of tank container operations combined with top quality equipment and top quality staff. ■

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