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10th anniversary

Tankcontainer MAGAZINE

Volume 11 | Issue 4 | Dec 2024

The Pelican brief

Cynthia van de Moosdijk is the owner and CEO of **Pelican Worldwide Group,** one of a small number of companies supplying high quality parts and components to the global tank container industry.

Cynthia van de Moosdijk,
CEO and owner, Pelican Worldwide

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Tankcontainer MAGAZINE

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Scientia est lux lucis

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Many are being forced to restructure their businesses as a result of a **fundamental decline** in several key chemical markets. Some have launched 'strategic reviews' - always a harbinger of disposals, closures, job cuts and usually substantial and painful restructuring. All are designed to streamline their businesses and make them better able to create value swiftly by differentiation, advantaged production economics or strategic partnerships (including with those in the supply chain).

In terms of demand, there are some **bright spots** - the US infrastructure stimulus is boosting industrial activity in some key chemical-consuming sectors while China's positive stimulus programmes will, it is hoped, work through in time to higher volume growth for liquid chemicals.

The bright spots do not include Europe, where weak consumer demand and uncompetitive production economics have driven the petrochemical sector into its own trough.

Sourcing patterns have changed and may move from global to a more intra-regional focus if Trumpian tariffs survive the journey from election slogan to Presidential decree. Unpredictable changes inevitably eat into the profitability of chemical producers - the largest tank container users - as they adapt to the new market realities.

Geopolitics aside, the threat of supply chain **disruptions** persist in a world that is not comfortable in its own skin. Port strikes on the US East Coast in January may make 'Happy New Year' greetings short-lived and ongoing strikes on both coasts of Canada will reduce appetites for Christmas eggnogs and Nanaimo bars. Conflict in the Red Sea/Gulf of Aden has caused wholescale re-routings that have impacted Far East Asia to Northern Europe/ Mediterranean trade lanes and created equipment shortages at a time of strong demand. Mother Nature plays her part and is less benign with each passing year - typhoon Kong-Rey has created major vessel delays in Shanghai, Ningbo and Kaohsiung.

However, the world is not in flames (although, tragically, parts of it are). Market uncertainty and supply chain insecurity are, arguably, **good news** for the tank container sector because lean manufacturing will be less strategically important than supply chain flexibility. To guarantee raw material availability, 'Just-In-Case' supply chain strategies will have a higher priority than 'Just-In-Time' (JIT) approaches. Inventories will be boosted slightly from JIT levels, justified by purchasing managers as a way to minimise supply chain risk. Tank containers prosper in this environment, offering - as they do - delivery and storage flexibility, combined with good sustainability credentials.

This year, higher chemical volumes will drive operator revenues while equipment shortages in Asia and the US are helping to boost their margins, as will the higher freight rates resulting from peak season surcharges (which are re-chargeable to customers, with a margin added). Last year's healthy demurrage revenues, which made up a quarter of total revenues for some tank container operators, will likely fall by 20-25% this year and **depress earnings.**

Elsewhere in this issue, we conclude this year's four-part 'Understanding tank containers' series with a look into tank container **'Utilisation'.** The topics that have been covered in the last three issues of *Tankcontainer Magazine* are **T-Codes and Tank Types, Leases** and **Cash-On-Cash Yields.** We look at the various ways tank container lessors can calculate their fleet's utilisation, indicate the fleet utilisation of tank container operators and explore the various factors affecting a tank container's utilisation. The two main drivers of utilisation are the industry's supply-demand balance and the operational efficiency of a tank container operator or lessor.

In terms of forthcoming attractions, *Tankcontainer Magazine's* much-anticipated **'Review of the Year 2024'** will be featured in March's issue. Spoiler alert: it will not be a great year for the tank container industry in terms of raw financial performance but, as the Review will describe, the industry has continued to innovate, maintain its excellent safety record and broaden its product and service offerings, making the industry safer and ever more reliable and sustainable.

Finally, what of *scientia est lux lucis?* The Latin phrase is most commonly attributed to Leonardo da Vinci, the archetypal Renaissance man, and means, "Knowledge is the light of light". In our small way, we hope we have added to your own tank container knowledge this past year and send you and your families our very best wishes for the New Year. ■

Leslie McCune, *Editor*

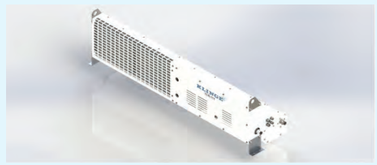
HOYER Logistics Australia strengthens market position with CEO visit to Melbourne

HOYER Group, a global leader in liquid bulk logistics, continues to reinforce its market position in Australia, New Zealand, and international markets. Recently, CEO Björn Schniederkötter visited the company's representative office in Melbourne, Australia, underscoring the strategic importance of the region to HOYER's global operations.

In partnership with its joint venture, HOYER Logistics Australia provides specialised logistics services tailored to the unique demands of the region. These services include fleet management, the domestic transport of chemical products, foodstuffs, and cryogenically liquefied gases.

Björn Schniederkötter's visit highlights HOYER Group's ongoing commitment to delivering high-quality logistics solutions and strengthening its presence in key markets. Through its expertise and partnerships, HOYER Logistics Australia continues to offer reliable and efficient services, ensuring the safe handling and transportation of liquid bulk commodities across Australia, New Zealand, and beyond. ■

Klinge Corporation unveils TCR-111 tank container unit with advanced features ahead of January 2025 launch



Klinge Corporation introduces the TCR-111 Tank Container Unit, a testament to the company's commitment to innovation. After months of dedication, the new unit is set to be available for order in January 2025.

Attendees at Intermodal Europe next week can meet with Klinge's team to learn more about the TCR-111's cutting-edge features, such as:

- New refrigerant (R-134a): Designed for a lower global warming potential and adaptable for future, more sustainable refrigerant options.
- Optional inverter kit: Enhances efficiency, reduces carbon footprint, and improves return on investment.
- Optimized design: Accommodates 25,000-litre and certain 26,000-litre tanks, increasing flexibility.
- Enhanced serviceability: Allows for easy component removal and replacement while the unit stays mounted on the tank, streamlining maintenance. ■

Klinge Corporation looks forward to bringing these advancements to its partners, pushing forward progress in the industry.

Chemical Express Expands Fleet with Acquisition of 100 New Tank Containers

Chemical Express, a leading provider of bulk chemical transportation solutions, today announced the acquisition of 100 new tank containers, manufactured by CIMC the world's leading producer, further strengthening its fleet and enhancing its ability to serve a growing customer base across Europe and beyond.

This strategic investment underscores Chemical Express's commitment to safety, innovation, and operational efficiency. The new tank containers are equipped with advanced features, including **LIFELINE** and **GROUND OPERATOR** systems, designed to ensure the highest level of safety for drivers and operators during loading and unloading operations. Additionally, each container is fitted with **IMT satellite control technology,** allowing for real-time geolocation tracking and continuous monitoring of product temperature, ensuring optimal transport conditions and peace of mind for customers.

"We are excited to add these state-of-the-art tank containers to our fleet," said *Giuseppe Avallone,* CEO of Chemical Express. "This acquisition reflects our dedication to providing the best service to our clients while prioritizing safety and technological innovation. As demand for bulk chemical transport grows, these new containers will allow us to better respond to our customers' needs with enhanced safety and operational efficiency."

The tank containers meet the highest industry standards for durability and eco-efficiency, reinforcing Chemical Express's ongoing commitment to sustainability and safe chemicals transportation across its extensive European network.

About Chemical Express

Chemical Express is a market leader in the transportation of hazardous and non-hazardous chemicals. With an extensive network across Europe, the company specializes in providing tailored solutions that ensure the safe and efficient delivery of bulk chemicals.

For more information, please visit www.chemicalexpress.com or contact commerciale@chemicalexpress.it – phone n. +39 081 24 39 711 ■

NewPort Tank Containers announces exciting expansion of its partnership with Van Moer Logistics

NewPort Tank Containers has announced an exciting expansion of its partnership with Van Moer Logistics, officially designating the latter as its one-stop shop service provider for supply chain operations in Antwerp. As a prominent global tank container operator, NewPort recognises the significant contributions of Van Moer Logistics to its success, highlighting the strength and reliability of its network of partners.

With a robust presence in all major trade lanes and offices located worldwide, NewPort Tank Containers is well-equipped to deliver consistent, high-quality service to its customers. The company's extensive network of partners further enhances its global reach, allowing it to meet diverse shipping requirements with ease. This strengthened collaboration with Van Moer Logistics is expected to elevate NewPort's ability to fulfill its commitment to excellence in service delivery. ■

Modalis is pleased to announce the acquisition of Air Flow, a leading compressed cryogenic gas logistics company.

This merger creates important industrial and commercial synergies. It enables Modalis to enter sectors of the future such as hygrogen logistics carbon capture.

Air Flow, established in 2024, is an international compressed cryogenic gas logistics company. They provide solutions for the transport and storage of gases such as oxygen, carbon dioxide, LNG and hydrogen. Thanks to the network of logistics bases in Antwerp, Algeciras, Singapore and Houston, Air Flow services customers in over 100 countries. They own one of the largest fleets of multimodal equipment for gas transportation with a particular focus on hydrogen and captured carbon.

Modalis, established in 2002, provides intermodal logistics solutions for transport and industrial companies: manufacturing, sale rental of transport equipment dedicated to the modal shift, freight rail transport, new energies engineering. The innovations at the centre of Modalis' strategy has enabled them to bring new products to the market, speeding up the decarbonisation of freight transportation. With several subsidiaries in France, Spain Italy, they manage a fleet of 4.000 ITUs. ■

Bernard Meï, Modalis CEO, declared:

This acquisition enables Modalis to accelerate its development into the new energies logistics. It generates major synergies in RD as well as the commercial and industrial fields. It will boost our activities outside of Europe. We are delighted to welcome Air Flow' teams, recognised for their expertise in hydrogen and captured carbon logistics. The two Aix-en-Provence based companies now joined have become a major medium size business in the region with a good growth momentum, in their investments, staff and international activity.

Bernard Meï,
CEO, Modalis

Bertschi's 60-Year Jubilee as Intermodal Pioneer – and our Commitment to More Sustainable Supply Chain Innovation

The Bertschi Group, market leader in intermodal chemical logistics, celebrates six decades of pioneering work in intermodal logistics. This anniversary coincides timely with the global push for sustainability. Today, intermodal freight transport is an essential means of sustainable and efficient transport for the chemical industry. But when Bertschi first put a chemical road tanker on a train in 1964, it was a groundbreaking innovation in Europe.

More than 60 years ago, the company was looking for a winter-proof route to efficiently transport chemical products from Germany, through the Alps, to Italy. At that time, there was still no winter-safe pass road and no road tunnel through the Alps. Many chemical goods therefore had to be transported to Italy in winter via the time-consuming sea route. Bertschi founder Hans Bertschi saw the solution in loading his chemical road tankers onto flatbed rail wagons, as there was an existing rail tunnel through the Gotthard providing safe transport in winter – an idea that was revolutionary at the time. After extensive discussions, the innovative concept was implemented in the autumn of 1964 as an all-year market offering, in close cooperation with the Swiss Federal Railways (SBB).

As Bertschi road tankers were loaded onto the railway between Basel and Lugano for the first time, it was the starting point for intermodal transport in Europe "This pioneering achievement is deeply rooted in the DNA of our company and has become one of Bertschi's defining trademarks." says Hans-Jörg Bertschi, Executive Chairman of the Bertschi Group. "The same forward-thinking mindset that shaped our past continues to enable us to deliver exceptional global supply chain solutions that meet the evolving needs of our customers," he continues, "such as our new focus on the future decarbonized chemical industry." The latter refers to new and complex inbound supply chain solutions of renewables as raw materials, substituting current oil and gas supplies.

Bertschi's pioneering role in intermodal transport was further consolidated with its founding of Hupac SA in 1967, together with SBB and three other transport companies. Today, the network not only covers the whole of Europe, but also extends as far as China. "More than 80% of our European transport is now intermodal, resulting in savings of 300,000 tons of CO2 per year compared to road transport," explains Jan Arnet, CEO of the Bertschi Group. "This shows that intermodal trans¬port has become an indispensable piece of the puzzle in moving the economy to¬wards greater sustainability," he continues.

The last statement rings true especially considering the European Union's Green Deal, which aims to reduce transport-related greenhouse gases by 90% by 2050. In intermodal transport, Bertschi is already ahead of these goals by combining on a project basis electrically powered trains with e-trucks or HVO fuels for pre- and post-rail road transport. This approach will enable carbon neutral supply chains.

However, such transport concepts depend crucially on a well-developed, safe, and reliable rail network. "Investment and continuous development of this infrastructure are therefore essential," concludes Hans-Jörg Bertschi. As the market leader in sustainable intermodal logistics, the Bertschi Group fully acknowledges its responsibility to lead by example and drive the industry forward, continuing the pioneering legacy of Hans Bertschi, who 60 years ago transformed European logistics. ■

BERTSCHI

HOYER Group expands capacity with grand re-opening of cotac Facility Houston, Texas

The HOYER Group, a global leader in liquid bulk logistics, has enhanced its service capabilities with the grand re-opening of its network partner cotac in Houston, Texas. The cotac group, integral to HOYER's worldwide service network, offers essential services such as tank cleaning, workshops, and storage of liquid bulk equipment. The Houston site celebrated its re-opening on October 3, 2024, after extensive renovation and expansion work.

Following 30 years of cleaning and depot services, the newly upgraded Houston facility was unveiled to clients, prospects, and employees. "This refurbished site will ensure we meet our customers' needs for the next 30 years and beyond," said Jesse Gomez, cotac manager. The renovation includes modernised wash facilities designed to deliver superior cleans while reducing environmental impact.

In addition to upgraded cleaning capabilities, cotac's Houston site now offers new services, such as loaded storage, allowing customers to store deliveries securely near the Port of Houston and their end destinations. "This project enhances our depot services and increases productivity and quality," explained Patrick de Heide, director region North America of the HOYER Group.

The site overhaul includes the installation of nearly nine acres of concrete, inspection lanes, an 18-lane steam heating station, and significant upgrades to existing systems. These improvements position cotac to provide more efficient and reliable service to the HOYER Group and its global clients.

Björn Schniederkötter, CEO of the HOYER Group, added, "This major investment reaffirms our commitment to delivering the highest level of service to our customers worldwide."

The cotac group plays a vital role in HOYER's comprehensive service portfolio, supporting logistics operations at twelve locations across Europe, Asia, and the USA. Cotac ensures uniform global standards for tank cleaning, repair, and depot services, regularly audited under DIN EN-ISO 9001 and SQAS certifications, contributing to the safe and efficient transport logistics of the HOYER Group worldwide. ■

MANUFACTURER

The Pelican brief

Cynthia van de Moosdijk is the owner and CEO of Pelican Worldwide Group, one of a small number of companies supplying high quality parts and components to the global tank container industry. *Tankcontainer Magazine* explores Pelican's vitally important role in providing this essential service.

TCM: What is Pelican Worldwide's principal activity?

CvdM: We are a global manufacturer and supplier of a wide range of high quality tank container and tank trailer parts to companies active in the manufacturing, maintenance, operations and lease of equipment used to transport liquid chemicals and food. Pelican produces valves and sealings for depots, chemical plants, tank container manufacturers, end users, operators and leasing companies. We manufacture and assemble these parts at our own facilities.

TCM: What is Pelican's history?

CvdM: I am proud to say my father was one of the first tank container manufacturers in the 1980s. He then co-founded a tank container leasing company in the 90s and also founded a tank container repair depot. Hence, industry blood runs through my veins and, as a child, played with overhead cranes in our facilities, little realising that I was moving tank containers! He sold the business and we started our own tank container valve line in the 2000s, which is now the Pelican brand.

In 2003 we started producing gaskets in the US. Pelican is now the only company in our industry manufacturing both stainless steel parts and gaskets. From the beginning we wanted to produce high quality parts at fair prices, and still do. Our brand is accepted by the whole industry, having been built on over 10 years of trust and long lasting customer service.

TCM: What are the benefits of being a wholly-owned family company?

CvdM: A very steady team, always aiming for longer term results and relationships. We are constantly professionalising our business foundation with our people to create these long lasting results. We do not have external investors, are financially independent and therefore move at our own speed, making decisions together with our own trusted teams.

TCM: What are Pelican Worldwide's business dimensions?

CvdM: Pelican now has six global companies (it used to be seven, which was Russia), including a factory in the US and one in China. We have a large inventory in every location - carefully composed by many years of experience - and in every company we have decision-making management. Currently we sell 3 million individual parts annually and growing steadily.

TCM: How common is the use of counterfeit parts?

CvdM: Unfortunately, very common nowadays, especially - but not limited to - Asia. We have our own way of protecting our brand name and high quality standards - this is to have wholly owned companies and not working via agents or distributors in Asia (the exception being the one agent shown on our website). Invoicing in Asia must be done by our own companies, so that you know you are buying a Pelican-branded part with all warranties and insurances.

TCM: Is each supplier's technical intellectual property widely protected by patents?

CvdM: Not really. Patents do exist a lot, but to be fair, our market is not rocket science. It does not make sense for Pelican to hold expensive patents which quickly drive up customer prices. Our business partners are protected by our expertise, the long-term trustworthiness of our products, our rigorous certification and warranty systems and the highest global liability insurance if ever an event occurs.

TCM: The EcoVardis platform helps some companies manage ESG risk and compliance by laying out corporate sustainability goals and guiding sustainability performance. It is increasingly expected by customers. Will Pelican Worldwide be certified?

CvdM: Yes, absolutely. We are already working in such ways and we want that to be visible by EcoVardis. Our case is pending with them.

Cynthia van de Moosdijk,
CEO and owner, Pelican Worldwide

TCM: Will your global network be expanded into, say, South America or Africa?

CvdM: Yes, we are already selling into these continents and will probably open there in the future. As governments focus more on regulations (IMDG/ADR) and as chemical plants prefer higher quality parts - compared to (often) lower quality, locally-produced parts - Pelican comes in. Recently our USA Pelican president collaborated with Bertschi's technical team to raise awareness in South America of the importance of good quality tank containers and tank container parts.

TCM: What are the major challenges to running a tank container parts supply business nowadays?

CvdM: As is the case in many markets, ours is under price pressure but, as we should all know, price is not everything (especially when transporting hazardous products). We always stress the value (as opposed to the cost) of our product and service quality and reflect this in a fair - but not always the lowest - price.

Our products and manufacturing processes are underwritten by world-class conformity testing and certification and significantly contribute to making our customers' operations safe while enhancing their professional reputation (by using quality products) and giving them peace-of-mind. It is sometimes frustrating when this is taken for granted or not fully valued.

We occasionally compete with local traders or lower quality manufacturers, not all of whom offer global liability insurance, a global warranty system and worldwide inventory and technical service. We appreciate that price is often an issue but, unlike some other suppliers, our products are tested and certified to the most rigorous global standards (such ADR and EN14432, EN14433, EN14025). These quality guarantees are reinforced by Pelican's internationally-approved ISO 9001 quality management systems, ISO 14001 environmental and ISO 45001 Health & Safety compliances.

In an industry where the consequences of product failure can be catastrophic, we know our customers value having suppliers with these quality guarantees in place. The cost of accidents is, after all, always higher than the cost of safety. As Benjamin Franklin, one of the founding fathers of the US, said, "The bitterness of poor quality remains long after the sweetness of low price is forgotten."

TCM: What are the Critical Success Factors for a tank container parts supplier?

CvdM: We have built up a lot of trust in the past 15 years, have guaranteed spare parts, global availability and good relationships. For example, the front cover picture was taken at Burg Service in Moerdijk in the Netherlands - only one phone call was needed for them to help us with a depot location and other depots would also gladly help. Our highly valued customer, Haesaerts, allowed us to use their beautiful tank containers with Pelican equipment as background. This is part of our industry DNA.

TCM: What are the major opportunities for your business nowadays?

CvdM: These include a growing tank container market in which quality suppliers can succeed in a sustainable way. Our industry is becoming ever more professional, which makes me hopeful that quality will similarly become ever more important (I recently joined ITCO's Management Committee which, together with the other fantastic members, want to take our industry to a higher standard in a more modern way).

Data-driven decision making is helping us to leverage data analytics for demand forecasting and inventory optimisation, ensuring that spare parts are available where and when needed. This approach minimises overstocking and stockouts, leading to cost savings and improved service levels.

TCM: Depots are understandably keen to minimise inventory levels and reduce complexity, and often do so by stocking only one valve and fittings brand. Is this a business opportunity or structural barrier to growth?

CvdM: Like-for-like alternatives are only comparable if they guarantee the same product quality and certification, and are based on like-for-like business models. They must also be underpinned by the same proven reputational trustworthiness.

TCM: How is Pelican Worldwide addressing concerns over the use of PTFE in gaskets?

CvdM: Recently, the fight to reduce the introduction of PFAS ('forever chemicals') into the environment has been high on the list of clean environmental practices and policies. It is vital that these chemicals are prevented from entering the water table and surrounding environments. Pelican is a PTFE user, not a raw material producer, and supports research studies focused on the benign breakdown of PTFE in the environment.

In our manufacturing processes, we recycle all PTFE remnant material and put it back into our products. The PTFE is a highly cleaned grade, commonly repurposed as 100% Virgin Recycled PTFE, and is carefully collected and stored for reuse. We thereby avoid unnecessarily contributing to industrial PFAS waste in the environment which saves on the resources needed to acquire, manufacture and transport additional PTFE. We consistently follow industry-recommended practices from groups such as ASA, ITCO, and ESA for the proper disposal of PFAS and proudly invite visitors to our gasket production facility in Houston, Texas.

If a PTFE substitute is found, we will make gaskets from it.

TCM: Businesses now focus on achieving their full potential by having women representative at all levels of the organisation. Does Pelican Worldwide have many women in leadership positions?

CvdM: Yes, Pelican does. For me, it has never been a question of male/female glass ceilings, or ethnicity, age, or any other labels. We just want the best person for each position, which probably accounts for the fact that I have many fantastic women, as well as men, in high positions in my company.

In a high-level diploma-dominated top management environment in our industry, we should look more for highly skilled people with good personality (learning is good, character is better) instead of aiming for diplomas and titles. I know a lot of very successful people without any degree. I love that and hope our industry can be more open to that. ■

Biographies

Cynthia van de Moosdijk wanted to follow her own path with a Master of Science at Wageningen University and then worked at an accounting firm for 3 years, which prepared her well for running her own business.

Her father, who owned Pelican at the time, hired her in administrative, warehousing, purchasing and sales roles and hoped, as he said later, she would fall in love with the industry, which she truly did. Her father developed her management skills and she subsequently completed her Specialist Dangerous Goods course in Rotterdam.

Cynthia is always keen to work with people who excel in their field and took over her father's shareholding in 2017, driving the company forward with her invaluable group of company directors.

OPERATOR

A *different* class

Leschaco's commitment to quality, safety and service is proving a clear boon for its tank container customers around the world.

Operating a fleet of around 5,000 tank containers, Bremen-headquartered Leschaco is certainly not any run-of-the-mill logistics operator. "A unique Leschaco feature is that we are the only global freight forwarder that operates its own tank container fleet, so we can provide customers with a full product stack, door-to-door service," says David Williams, who heads the company's Tank Container Division and who at the start of November was named Leschaco's new Chief Product Officer and Management Board member. "Based on over three decades of experience managing our own fleet, we also offer shipper-owned tank and dedicated fleet management services. We are continuously exploring the use of data and analytics as well as developing our digital capabilities to provide our customers with value-added services," he adds.

When it comes to digital knowhow, Leschaco has long operated its own proprietary Tank Container System (TCS). As well as tracking fleet movements in real time, the TCS can also be used by customers as a fleet management tool for their own tank containers when transport is arranged or undertaken by Leschaco. "Our TCS system was developed in-house when we began our tank container services and in July we successfully launched an updated version based on modern technology," Williams says.

Intuitive visibility

"Over the next couple of years, this will allow us to enhance the system capabilities, leveraging the substantial data that we have to manage our own fleet more efficiently and effectively, offer enhanced shipper-owned tank and dedicated fleet management services and provide intuitive visibility and recommendations to our customers," he continues. "This is going to be an exciting multi-year development and we will be engaging directly with our customers to understand their needs, including systems integration through EDI/API."

> *"A unique Leschaco feature is that we are the only global freight forwarder that operates its own tank container fleet, so we can provide customers with a full product stack, door-to-door service"*
>
> **David Williams,**
> Chief Product Officer and
> Management Board member, Leschaco

However, this modernisation of the TCS is only one facet of Leschaco's ongoing digitalisation journey. "We are in the process of implementing a new Transport Management System, with our airfreight product live and our sea freight (FCL/LCL) and rail products in progress," he explains, revealing that a tank container product will follow in 2026. Meanwhile, in addition to a 4PL/LLP product that provides digitalised control tower services for customers, the Leschaco Group also operates Logward, a digital freight forwarder utilising a low or no-code platform that, independently from the company's tank container activities, offers such services as order management, allocation management, transport management and logistics procurement.

Reputation and expertise

When it comes to the actual product transported in its tank containers, a significant swathe tends to be hazardous and/or sensitive in nature. "Our reputation and expertise are focused on the chemical industry and we have built enduring relationships with many well-known chemical companies in our key markets," Williams states. "The Leschaco tank container business is managed through three competence centres located in Bremen, Houston and Tokyo, in addition to which we have our own operations in 24 countries. This allows us to cater to large global customers as well as local medium-sized chemical companies around the world. We are constantly looking to balance our portfolio between large long-term tenders, medium-sized quarterly tenders and short-term spot opportunities." ➔

It is difficult to get a clear view on demand as the macroeconomic and geopolitical environments remain volatile, but there is some indication of demand flattening

David Williams, Chief Product Officer and Management Board member, Leschaco

The company's extensive chemical capabilities have now received a further fillip with the opening of a new chemical logistics centre in Moerdijk in the Netherlands in April. Strategically located between the ports of Rotterdam and Antwerp, this new facility offers optimal connectivity to the European hinterland via a wealth of multimodal transport connections, including proximity to such important waterways as the Rhine and Meuse rivers.

"Covering an area of 29,000 m^2, the warehouse offers space for around 45,000 pallets in five sections," Williams reports, noting that four sections have been specially equipped with carbon dioxide extinguishing systems for the safe storage of hazardous goods while the fifth is fitted with Early Suppression Fast Response (ESFR) sprinklers for more general cargo. While the site is not designed to handle tank containers per se, its addition to the Leschaco network further enhances the company's ability to provide a fully integrated service to its chemical industry customers.

Major trends

In terms of the market and major recent trends, Williams identifies a "significant increase in the global tank container fleet up to 2023" that has subsequently led to a present situation of oversupply. Concurrent with a decline in demand, this has understandably put pressure on margins. "It is difficult to get a clear view on demand as the macroeconomic and geopolitical environments remain volatile, but there is some indication of demand flattening," he says.

At the same time, the ongoing evolution of production and consumption locations will likely further alter and impact global tank container flows, a fair few of which have already been lengthened by certain geopolitical tensions. "With the unresolved conflict in the Middle East, it seems likely that ocean carriers will continue the extended route via the Cape of Good Hope for the safety of crew and cargo," Williams says. "Consequently, the round-trip of around 25 per cent of our fleet is extended by approximately 30 days, increasing costs and negatively impacting utilisation."

And on that note, Williams reports that a decrease in tank container utilisation globally has also put "extreme pressure on depot capacity around the world", with Asia-Pacific and the US particularly affected. Meanwhile, a lack of qualified personnel in some locations has resulted in delayed inspections as well as increases in the time it can take to complete mandatory testing.

Financial correction

"From around mid-2023 the oversupply of tank containers, the increased number of tank operators and the decline in demand has resulted in unsustainable margins," Williams reports. "This continued through the large tender renewals at the beginning of this year and consequently 2024 has been a challenging year. As supply chain disruption eased from the second half of 2022, demurrage days and earnings declined sharply from the extraordinary impact between 2020 and 2023. This has been a significant financial correction for us in 2024."

"Given the uncertain macroeconomic and geopolitical environment, it is difficult for our customers (and their customers) to provide accurate forecasting, which makes planning extremely difficult and therefore periodic shortages can be experienced," he states. "On the positive side, we have had to critically review controllable costs and processes. During 2024 turn-times and fleet utilisation increased significantly and maintenance and repair (M&R) costs, despite the challenges in depots, have been contained."

Commitment to safety

Whatever the weather on the market, one thing remains constant: Leschaco's commitment to Health, Safety, the Environment and Quality (HSEQ). "HSEQ has the highest priority for Leschaco and is critical to maintaining our reputation in the chemical industry when it comes to the professional treatment of sensitive goods. To paraphrase one of my colleagues, the product [tank containers] itself is a commitment to safety and sustainability," Williams says.

"We continuously invest in training for our colleagues, make online learning modules available and ensure we retain the relevant experience and expertise within the organisation - this specifically includes our M&R team. We also adhere to annual ISO 9001 and 14001 audits and have successfully retained our silver EcoVadis status."

Hand in hand with all this, Leschaco is also demonstrably committed to the principals of Responsible Care (the chemical industry's global initiative to promote continuous improvements in safety) and other HSEQ matters.

In September, for example, the company's Peruvian operations obtained Responsible Care certification, committing it to regular self-assessments of its operational practices; continually identifying opportunities for improvement; and pledging itself to ensure accurate and transparent reporting on all key HSEQ management indicators. It will also now be regularly audited by independent assessors to ensure ongoing compliance with all Responsible Care standards.

Joining the ranks of Leschaco's other certified branches in the Americas, viz Brazil, Chile and Mexico, Leschaco Peru's milestone comes shortly after the company's US arm received similar Responsible Care certification in July. "Our whole strategy is premised on providing quality service to our customers and that includes being properly certified in dangerous goods handling," he notes.

But there's much more to Leschaco than just its focus on safety and quality. "I joined Leschaco a year ago, relocated from Cape Town to Bremen, and immediately felt part of the team," Williams states. "What makes Leschaco unique is the fact that it is family owned with strong leadership and core values, a solid reputation in the chemical industry, experienced and dedicated people and an ambition to meet customers' complex supply chain requirements as a long-term partner. Customers benefit from these fundamentals, the commitment to understand their supply chain needs and the continuous development of integrated solutions as a long-term partner." ■

KNOWLEDGE

Understanding tank containers: UTILISATION

In this four-part series of articles for *Tankcontainer Magazine*, Leslie McCune, a tank container market expert, explores some of the key topics in the tank container industry. The articles are designed to provide a basic introduction for those not routinely involved in the topics as part of their everyday role.

The areas that have been covered in the last three issues of the magazine are: **T-CODES** and **Tank Types, LEASES** and **CASH-ON-CASH YIELDS.** In this final instalment, he takes a simplified look at tank container **'UTILISATION'.**

Introduction

Business schools and management consultancies talk earnestly of "sweating the assets", a phrase used to describe how more value can be extracted - by better utilisation - from the resources already in place, making new investments less necessary. One of the most frequently cited examples of sweating assets is at Macdonald's, which incurred substantial operating and fixed costs in its restaurants throughout the day, despite its demand overwhelming occurring just twice a day, at lunch and dinner. The introduction of the Macdonald's breakfast and its iconic Egg McMuffin created new demand at previously off-peak times, eventually adding more than $5 billion-a-year to revenues.

In our less-nourishing world of tank containers, utilisation is simply a way of describing the number of tank containers deployed compared to the size of the overall fleet but it can also apply to the use of a single tank container. Over the past couple of years, there has been a flood of tank containers being returned empty to their owners so maximising utilisation has become a top priority for both lessors and operators. Many of these returning tank containers were previously being retained by customers, willing to pay the high demurrage costs associated with 'just-in-case' supply chain strategies that prevail during periods of disruption.

ITCO, the tank container industry association, estimated that, at one time in 2023, up to 15% of the global operator fleet was on demurrage (where rates can be 3-4 times the usual daily contract rental rate). The more recent mass off-hiring of equipment as more normal market conditions became re-established inevitably placed unprecedented pressure on tank container depots and significant numbers remain as new build stock in the manufacturers' yards. Depot tightness is particularly acute in the US and Asia Pacific.

The entire fleet is, of course, never available for a variety of reasons. Tank containers may be temporarily 'idle' because they are undergoing Maintenance & Repair (M&R) work or their 2½- and 5-year statutory periodic testing. Others will be unavailable while being repositioned empty to where they are needed or while being refurbished. It is estimated that **M&R, repositioning and statutory testing** depress utilisation rates by approximately 5%.

Calculating utilisation for lessors

One complication in quantifying tank container utilisation is that lessors and operators have different approaches ➔

to calculating it. Utilisation is calculated by lessors in a number of ways. The most conservative methodology - which tends to understate a lessors utilisation relative to industry peers - is to view utilisation as starting from the date a new tank container enters the fleet and ending on the date of its disposal.

Many lessors, however, want to paint a rosier picture and calculate utilisation as starting from the date of the first lease contract and ending on the date the decision is made to dispose of the asset. Once leased out, a tank container is generating per diem revenues for the leasing company and is therefore reasonably viewed as being 100% utilised, whether or not it is actually in use by the lessee.

At the end of 2022, larger lessors had utilisations of 90-95%. According to ITCO, roughly two-thirds of leased tank containers are leased to tank container operators with a third leased to shippers and other tank container users.

Utilisation for operators
Only an indicative estimate of tank container utilisation can be given for operators but the range has varied between 65% to 85% over the past 15 years. Current utilisation is at the bottom end of that range and some operators had utilisation as low as 50% this year, reflecting over-bought fleets, weak demand and more intense competition.

Tank container operators have more volatile utilisation than lessors as they are more exposed to the spot market and typically have shorter length contracts.

Utilisation by tank type
Standard T11 tank containers are the industry's workhorses and are suitable for the vast majority of dangerous goods, which account for 40-50% of deep sea movements, depending on the operator.

T11s make up over 90% of the global fleet. The main tank container types within the 'standard' category are insulated or uninsulated T11-T14s with most being T11s. T14s are T11s with top discharge only and are used to carry TDI and monomeric MDI isocyanates while T11 is specified for polymeric MDI and polyols (isocyanates are one of the top products moved in tank containers).

Standard tank container fittings are not, however, always adequate for some products so customer-specific load/discharge fittings, remote air control, handrails, full walkways and additional valve connections may be required. This customises standard tank containers such that they are not universally interchangeable (unlike dry freight box containers which are expressly designed to be generic 'fungible' commodities).

Over the past two decades, the average utilisation of T11 tank containers has been around 85% with a peak of over 90% in 2008, when standard tank container new build prices were over $35,000.

So-called 'specials' have lower utilisation than standard T11s but this can extend their technical life since they have been subjected to less handling and internal product exposure. Utilisation for T50 gas tank containers remains high so they are rarely scrapped, not least because there are long lead times for new builds.

Factors affecting utilisation
Tank container sizes have an impact on utilisation - the more closely they meet market needs, the higher their utilisation. 21,000-26,000 litre tank containers account for the vast majority of the laden tank containers exported from Europe and tend to have high utilisation. They carry 20-24 tonnes depending on the product's density.

26m^3 tank containers are viewed as being state-of-the-art, particularly for China-Europe movements, but 25m^3 tank containers are still popular. Meanwhile, 24m^3 tank containers remain an optimal size in several important markets - such as Japan, India, South Korea and Thailand - where on-road tonnages are limited

Age matters and new build tank containers entering the fleet tend to have noticeably higher utilisations than older tank containers.

Freight rates also affect utilisation as a decrease in empty tank repositioning costs due to lower ocean freight rates means that it is more financially viable to move unutilised tank containers to higher demand markets. Global fleets can therefore be better balanced and better utilised. High repositioning costs put pressure on both tank container rates and margins, impacting subsequent re-hires.

Changes to product flows may leave tank container equipment and infrastructure 'stranded' and therefore under-utilised. Conversely, new product flows, such as those that have developed for chemicals for electric vehicle batteries, create new demand.

Utilisation drivers
At the macroeconomic level, utilisation is merely a measure of tank container demand compared to the volume of invested capital looking for a return from the tank container sector. The amount of money available to invest in tank containers depends on the returns from other asset classes at the time. For shrewd investors in 2020, for example, the combination of low nickel prices, government-supported low interest rates and excess tank container capacity signalled a buy-in opportunity, with the upside potential of a rise in their asset prices. GATX's acquisition of Trifleet for €175 million in December 2020 had near perfect timing as asset prices and interest rates were at cyclical lows, offering an attractive entry opportunity for GATX.

More specifically, the main drivers of fleet utilisation are the supply/demand balance (for each tank container type) and the industry's operational efficiency at meeting that demand. If operational efficiency is high, so too will be fleet utilisation, as fewer assets would - in theory - be needed to meet demand compared to an inefficiently run operation. But assets cannot be altered as quickly as the market changes so, inevitably, there tends to be a degree of surplus stock built into the system, leading to structurally low utilisation rates for operators.

Within the supply/demand balance, the supply of standard T11 tank containers can be viewed as unconstrained. Tank container manufacturers in China - although not elsewhere - have the flexibility and capacity to easily and quickly expand their operations. Tank containers have been designated by China as a key sector for the state's Belt & Road Initiative and China will continue to dominate world tank container production, despite tentative evaluations based on geopolitical concerns of the viability of tank container manufacturing in Vietnam, Turkey and the US.

Due to the far more technical nature of 'special' tank containers, there are fewer manufacturers capable ➔

of making them. However, the industry's nameplate capacity for the manufacture of specials can - and will - easily accommodate the forecast increase in demand. Apart from the Chinese manufacturers, Welfit Oddy in South Africa and Van Hool in Belgium remain the only alternative manufacturers of normal-size specials, at least in any significant numbers.

The second driver of utilisation - operational efficiency - is much more difficult to quantify. Excess tank container inventory in each major region reduces fleet utilisation but is a necessary feature of the operational footprint of global lessors and operators. Repositioning excess inventory may boost utilisation but it can be cost prohibitive, and therefore very unusual, to reposition empty lease tank containers from, say, the Middle East to the US. The repositioning costs for the inter-regional movement of empty tank containers - especially at times of high ocean freight rates - compromise the tank container's lifetime financial returns and so is avoided whenever possible.

High repositioning costs can also slow down the rate of development of tank container markets - until a few years ago, for example, the lack of off-hire facilities in the Middle East was a major hurdle preventing the development of a leasing market in the region. Off-hired tanks in, for example, Saudi Arabia had to be repositioned empty to either Rotterdam, Singapore or Nhava Sheva on the west coast of India for essential Maintenance & Repair work. An increase in the number of tank container shipments may not necessarily lead to higher utilisation because the overall fleet might have increased and/or the shipments might be a series of short movements instead of, say, a deep sea movement. Deep sea tank containers typically have 4 movements a year ('turns') compared to 15 movements a year for more regional or local tank containers.

Factors increasing utilisation
Economic conditions: better macroeconomic conditions lead to longer leases, which tends to support higher utilisation. Fortune's GDP global growth forecast of 3-3.5% p.a. from 2025-2030 is therefore broadly supportive of higher utilisation rates, although the fundamental supply/demand balance will dictate utilisation.

However, current macroeconomic and geopolitical uncertainties reduce confidence in demand forecasts and make supply chain planning more challenging. Reliable forecasts increase utilisation; inconsistent ones do not.

Fleet rationalisation: over the past decade, there has been a gradual shift from shorter term spot leases to long term leases (although shorter lease lengths help strengthen utilisation, albeit at the expense of lease rates). In comparison, utilisation in the dry freight container sector is much higher than in the tank container industry. 85% of Triton's containers, for example, are on long term lease contracts, including 60% that are covered by the full lifecycle contracts that are more common in the dry freight box market. This structure shifts the cost risk of underutilised containers from leasing companies onto shipping companies.

Slow steaming: the world's ocean carriers are slow steaming, not least because of European Union carbon taxes. Average speeds decreased to under 14 knots in 2023 from over 17 knots in 2010, equivalent to a capacity reduction of nearly a quarter. More tank containers are therefore 'trapped' by the longer voyage times.

Routing patterns and changes - principally the diversions from Suez to the Cape of Good Hope and, earlier in the year, to Panama - have all added significant extra transit times. These have also boosted tank container demand as more need to be committed to the longer routes.

Land and port-side congestion adds to delays and increases utilisation because tank containers are tied up and cannot be returned as per their contract. This, combined with mother vessels seeking to minimise the possibility of delays by making fewer port calls, has led to equipment shortages.
Fleet utilisation increases as the *average length of trade lanes* grows. This has been a feature of the tank container market as the inter-continental movement of specialty chemicals has developed, with new markets opening up in South America and Asia. A longer delivery distance means a tank container must be utilised for a longer period to make the delivery. Deep sea tank container operators typically have fleet utilisation of approximately 65% in periods of weaker demand, raising to 75% in when the market is stronger. Deep sea tank containers typically have just four turns per tank container each year (boosting the number of the turns increases asset utilisation).

Shocks to the system have led some shippers to reduce their business risk by increasing the diversity of their supply chains and accepting the higher inventory costs that this multiple supply chain strategy implies.

The increase in *average tank container sizes* should have a small positive effect on utilisation.

Production is increasingly based on firm orders with a trend towards *more technically-specified tank containers* for specific cargoes, routes or customers. Even lessors that used to bulk-buy generic 26,000 litre T11s are getting more specific about, for example, the number and type of vertical or horizontal baffles, walkways and stainless steel molybdenum content (higher molybdenum content increases the cost but widens the range of products that can be carried in a tank container, thereby increasing business opportunities).

As *knowledge* of the specific wants and needs of customers continues to develop, the more fit-for-purpose tank containers are becoming (i.e. with exactly the right tank size, fittings, types, etc). This supports higher utilisation rates. Importantly, lessors have also developed more expertise about customer expectations, enabling them to be more disciplined and specific in their tank container purchasing. Some have disposed of their older equipment to reduce the average age of their fleet, bringing it towards the industry best of 5 years offered by CS Leasing's fleet.

Factors decreasing utilisation
Unsurprisingly, these are in many cases the converse of those above.

There are more operators and global lessors competing in deep sea markets. For both lessors and operators, the inevitable cost of a global network of tank containers is lower fleet utilisation but the reward is that a global position gains access to larger, global customers with whom smaller regional or local tank container providers are unable to engage.

In reality, there are relatively few lessors with genuine global reach and capability - any increase in the number of global lessors would put downward pressure on the global fleet utilisation rates for lessors.

More investment interest might add to the supply side of the utilisation equation but one can expect it to be more disciplined. As part of the positive investor sentiment towards intermodal equipment, tank containers are in favour, not least because they reduce the inherent risk of moving sometimes hazardous products in a volatile, uncertain, complex and ambiguous world. They are increasingly recognised as being one of the most environmentally-friendly means of moving small lot size bulk liquids. This has attracted new investment into the sector from investors focused on sustainable infrastructure assets. For example, Reichmuth Infrastructure, a pan-European infrastructure asset manager offering institutional investors access to sustainable investments, acquired a stake in Dutch-based Meeberg in December 2023, enabling Meeberg to expand its tank container leasing fleet.

At the operational level, tank container utilisation has been made worse in some markets by a shortage of trained inspectors, causing delays to statutory testing approvals.

Controlling utilisation
An operator's utilisation of its tank container fleet is more easily controlled by having both owned and leased tanks in the fleet. The leased tank containers improve flexibility and operational efficiency by providing state-of-the-art equipment without the upfront loss of cash flow and ongoing costs of permanent ownership.

Those with 100%-owned fleets have less operational flexibility and often disproportionately contribute to per diem market declines as they prioritise fleet utilisation ahead of profitability.

'Utilisation' as a performance metric
The correlation between increased shipments and a company's profit margin performance can be weaker than many imagine. In uncertain markets conditions, such as those experienced this year, higher utilisation might be achieved by increasing shipments but rates, and therefore margins, may be sacrificed in the process.

Today's market
Current market conditions are weak, despite some new tank container flows emerging. Utilisation has fallen and there has been a rapid increase in idled tank containers - the idle fleet of leasing company tank containers at the beginning of 2024 was reported by ITCO to be 63,953 i.e. 17% of the total lessor fleet. This was a 73% rise on 2023, making it the biggest ever annual increase.

Across the global fleet, deep sea operators typically have lower average tank container utilisation than lessors - market leading operator Stolt Tank Container's 10-year average is 72% while a large lessor would be at least 10% above this. More generally, the utilisation figures for operators, whose fleets obviously include both owned and lease-in tanks, are said to be 'down dramatically' this year due to a sharp fall in demand.

Data room analyses of lessors indicated industry utilisation of 83% in 2020, unchanged from the previous year. This indicated the resilience of the tank container industry, given the worst economic collapse in living memory.

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

MARKET

Russian market of tank container transportations ***faces stagnation this year***

The **Russian market** of **tank container transportations** is **stagnating** this year due to the ever **tightening sanctions regime** against **Russia** and the ever **growing isolation** of the country in the international arena.

A On the basis of results of the 6th International Tank Container Forum (ITCF-2024) - one of the most important annual events in the field of tank containers in Russia (which was held in Moscow on October, 30)- after highly volatile period of 2022-2023, the situation in the Russian market has generally stabilized, while the market continues its development primarily orienting on the eastern direction.

For 9 months of the current year rail cargo transportations in tank containers are comparable to the same period of last year being equivalent to about 342,000 TEUs. At the same time the overall growth of general container transportations in Russia was about 8%. Currently tank containers account about 6% in the overall structure of container transportations in Russia, compared to 7% in 2023. In contrast to previous years, a significant part of tank containers is transported by rail transport this year.

Last year the growth of Russian tank container market was about 12%, while the current stagnation of the sector sparks serious concerns from some leading local players, most of which fear that the market may face with a full-scale crisis already in 2025.

According to recent statements made by the head of the Russian analytical agency in the field of tank containers *Tank Container World,* Kirill Boltayev so far, the market has significantly transformed, which became mainly due to the departure of foreign players and its re-orientation on East.

As he also added last year the market demonstrated generally high growth rates, which became mainly due to zeroing of customs duties and the provision of some serious support from the state. Still, this year the government does not have sufficient reserves to support the sector, as a significant part of Russian state budget is sent for military. According to some analysts' predictions, next year the situation in the Russian economics will significantly deteriorate that will force the state to scale back the majority of still existing support measures of the sector.

As for foreigners, the departure of major foreign players had a negative impact on the level of competition in the sector and created conditions for its consolidation.

According to Boltayev, as a result of departure, the fleet of large foreign owners - Exsif, Eurotainer - was sold to Russian investment groups and private business. For example, according to some Russian media, Infotek-Baltika M purchased 5,000 units of the Exsif fleet, which led to the growth of its share in the domestic market.

According to Tank Container World, among the leading local players are currently Infotek-Baltika M (10,500 units,) and Spetstransgarant (7,500 units). One of the new players is also Khimresurs, which expanded its fleet to 2,500 units (which is by 5 times higher than in 2022-2023).
Most of leading local players are seeking for new opportunities for growth in the domestic market at present and continue the expansion of their fleet. For example, Spetstransgarant has recently ordered 200 tank containers with a capacity of 30 m3 from China, which are characterized increased capacity, allowing them to transport more cargo than in standard containers with a capacity of 26 m3. According to the company, these containers are suitable for transporting "light" hazardous cargo, including poorly containerized ones, such as methanol.

In addition to China, Russian operators are looking for opportunities for the expansion of their fleet by the purchase of tank containers in Russia and Belarus (among the main manufacturers are Altaivagon, Uralkhimmash, RM Rail, and the Osipovichi Plant of Transport Engineering). In general, Russian tank containers are generally of the same quality than most of their foreign analogues. In addition, the country continues to work on import substitution of components. For example, the local Konstanta-2 company is currently completing the certification of shut-off and safety valves and seals made of polymer composite materials for tank containers.

Theoretically, Russian and Belarusian enterprises can supply up to 500 tank containers to the market within ➔

a year with a total annual demand of 2,000. However, there are reasons that prevent domestic players from fully competing with Chinese manufacturers, while the most important is that Russian enterprises do not have enough funds to develop technical documentation for a whole line of tank container models.

Maxim Kravchenko, commercial Director of Tank-Container Petrochemical Company LLC, one of leading local tank container operators in an interview with the Russian *RZD Transport* business paper said new containers are important for the market, as there is the ever growing demand for transportation of petrochemical products in tank containers in Russia these days with the biggest growth being observed in the case of sulfuric acid.

Maxim Kravchenko comments:

«We are seeing a confident trend in the containerization of sulfuric acid. Thus, if the share of container transportation of all bulk chemical cargo in 2023 was 19.5%, then sulfuric acid - 31.2%. A good positive trend was also recorded in the first half of 2024 - the share of containerization of sulfuric acid has already reached 41.3%».

As Kravchenko has also added, in addition to sulfuric acid, a stable growth in transportation in tank containers over the past three years has been observed in case of such cargo as sodium hydroxide, propane-butane fractions, liquid complex fertilizers, various alcohols, as well as liquid nitrogen fertilizers. This types of cargo will continue to account the bulk of cargo, which is transported in tank containers in Russia next year.

In case of sulfuric acid most of analysts expect the share of containerization of sulfuric acid may increase to 42–43% by 2025, while its transportations will remain the major growth driver of the market next year.

In the meantime, Nikita Ananyin, Deputy General Director for Foreign Economic Activity at TNK LLC, another Russian operator, said high transport tariffs, low raw material prices, high transaction costs and other factors will put a serious pressure on the Russian tank container sector next year.

In addition, according to him, there is currently a big problem in the segment of sea transportation of chemical cargoes, which relates with the existing imbalance between exports and imports.

Nikita Ananyin comments:

«As exports are mainly conducted in tankers, while imports are in tank containers, this creates serious risks of a reduction in foreign trade volumes. The problem can be solved with real government support for the industry."

Ivan Savushkin, Commercial Director of Naviniya RUS LLC, also said that there are serious infrastructure limitations and restrictions on the transportations of tank containers in Russia these days. As most of Russian cargo traffic has been re-oriented to Eastern direction in recent years, the existing transport infrastructure does not allow to deal with such cargo volumes.

According to analysts, in addition to Asian route, another promising destination for Russian tank container exports is Iran via the Caspian Sea and the eastern branch of the North-South International Transport Corridor, the route which connects India Ocean and Persian Gulf to the Caspian Sea via Iran.

The only problem, however, that may complicate implementation of these plans is the ever growing tariffs for tank containers transportations by all ways of transport in Russia these days. This year Russia faced a record inflation, which since the beginning of the current year has already exceeded 50-60%, while the growth of prices is ongoing.

Still, the ongoing replacement of tank cars will provide some support to the Russian market in years to come, as many of local players consider the replacement of their outdated fleet of tank cars by tank containers as one of the most important elements of their further development.

Kirill Boltayev from Tank Container World says:

"By 2030, 10,000 tank cars will be decommissioned in Russia, however local producers will be able to cover domestic needs only in 4,000 tanks. Therefore at least 6,000 tank cars will need to be replaced with tank containers. This will provide an opportunity for further growth of the market and the overall increase in the fleet of tank containers in Russia».

At the same time particular hopes are also put on the growth of military complex in Russia, which may stimulate the growth of supplies of chemical cargoes for the needs of the Russian army and its deliveries in tank containers. ■

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