

President's Report

Dear ITCO Members,

I trust you have all had a safe, healthy, and successful start to the New Year. Even without the current geo-political and economic headwinds which must be requiring your constant attention, I know this is a very busy corporate time of the year for you (finalizing budgets, business goals, sales meetings etc) so I'll endeavour to keep this brief.

However, I wanted to keep you informed on what has been happening since being elected to the role of ITCO President. To put it simply, it's been busy! Between Christmas and New Year Patrick Hicks and I met in the ITCO office in Surbiton to review the ITCO activities for 2024, and we also had a working dinner with Kate to discuss the 2024 Event Program. We know how important these events are in your calendar and we expect to publish details of the program this month.

As most of you are aware I asked Patrick to postpone the elections for the Divisional Vice Chairmen of the ITCO Board to give me time to 'get my feet under the table', review various member proposals which had been submitted during the course of 2023, and to meet with the individual Board members to hear their ideas and opinions. This preparatory work has now been completed, and a full Board Meeting is being scheduled in January to finalise a decision on the path forward.

One proposal which has received broad-based support is the need to make ITCO more diverse and inclusive. We received many excellent nominations for the Board, and Patrick and I didn't want to lose any of that commitment and energy through the election process. Therefore, the Board will be studying how ITCO should be best organized in future to ensure that we engage a broader representation from the members.

All this doesn't mean that ITCO activities are on hold!! I have personally joined on-going Work Group meetings covering the Digital Twin, Depot Assessments, and an RID/ADR Inter-Sessional Meeting on Dual Approved intermodal tanks. Our thanks to William Leigh-Pemberton and Colin Rubery for their leadership. Patrick is already collecting and preparing the data for the 2023 Fleet Report, and I would urge those of you participating to submit your data as soon as possible. This remains a valuable document supporting members' planning and investment decisions.

I expect 2024 to be a transitional year for ITCO.

We all know change can be a challenge - which makes open, transparent communication vital. I look forward to members candidly sharing their opinions, and meeting face-to-face with as many members as possible during the course of this year.

Thank you for your continued support.

Paul Gooch

President

president@itco.org

2024 ITCO Tank Container Fleet Survey

Work is now under way on the **2024 ITCO Tank Container Global Fleet Survey**. Earlier this week Members who are tank operators, tank lessors and tank manufacturers have received an email, requesting their fleet figures for 2023.

The ITCO fleet survey is widely used by ITCO Members, as well as financial institutions and other relevant stakeholders. In addition to providing relevant data, it also helps to promote the tank industry.

Thank you to those Members who have already sent in their fleet information. If you have not yet replied to the Survey, please can you do so as soon as possible. And if you have not received the Survey Email, please provide the following figures

- a.) **Tank Container Operators** – please indicate the number of tank containers in your company's fleet on 1 January 2024
- b.) **Tank Container Leasing Companies** – please indicate the number of tank containers in your company's fleet on 1 January 2024
- c.) **Tank Container Manufacturers** – please indicate the number of tank containers your company manufactured in 2023.

Send to: Patrick Hicks on hicks@itco.org.

ITCO Work Groups

ITCO Work Groups, cover digitisation, safety, sustainability and depots.

Members are encouraged to participate in these Groups. If you wish to join a Working Group, please contact the Secretary –

hicks@itco.org.

Planning 2024 Events

Plans are under way for three major ITCO Events in 2023. The provisional schedule is as follows:

- Tank Container Depot Meeting – Rotterdam (end-April)
- Tank Container Village at **transport logistic Asia** – Shanghai (25-27 June 2024)
- 2024 ITCO Meeting – Houston (mid-October)

Practical arrangements are currently being finalised, with dates and venues being confirmed. Further information will be announced in the next two weeks.



ITCO JOURNAL

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2023 Members Meeting in Amsterdam: Report and Presentations



A Report of the 2023 Members Meeting – together with PDFs of all the presentations made – are available on the ITCO Website. Over 250 participants attended the ITCO Members Meeting in Amsterdam in mid-November, with a wide range of topics being discussed during the conference.

To download the Report and Presentations, click on this link:
[ITCO 2023 Members Meeting.](#)

Video of the Amsterdam Meeting

A short video of the ITCO Meeting has been prepared, giving Members a flavour of the Event. To view the video, click on this link: **ITCO AMSTERDAM MEETING 2023 VIDEO.**



ITCO Board

At the end of last year, we sent out invitations for candidates to join the ITCO Board. We received a good response, with multiple candidates for all divisions.

The process has been delayed for a few weeks, while the new President takes up his new position and options to involve more members are considered. The existing Board, together with candidates, have been informed and an announcement will be made early next month.

Message from the Outgoing President

Reg Lee stood down as the ITCO President at the end of December. To mark the end of his term in office, Reg has prepared a message for Members and Industry Contacts.

Time to Retire

Dear ITCO Members

There comes a time when all of us have to accept that it is time to retire.

As I announced at our last ITCO General Meeting in Amsterdam on 16 November 2023, this was my time to announce my own retirement as president of ITCO as I have reached the "grand old age" of 80.

I have enjoyed the years I have been involved with ITCO. I feel fortunate to have met and worked with so many like-minded people when helping to create the tank container industry, as we know it today

I firmly believe that the tank container has become the safest, most cost-efficient and environmentally friendly mode for transporting bulk liquids, when used in the customers total logistic supply chain.

I am delighted that I have been able to hand over the reins to Mr. Paul Gooch, as your newly elected President for the next 2 years. I wish him every success in his new position

I have advised Paul and the ITCO Board that I am happy to continue helping ITCO in any way that is appropriate. I have suggested that - with their agreement - I would be pleased to continue to give support to their programme for students at the Shanghai Maritime University, China and the STC College in Rotterdam, as and when required

I believe that we need to encourage new blood into our industry - and the best way to do this is to show the next generation of tank container people what a great career they could have being involved with our industry (which my colleagues used to call the "Tin Can" business).

I hope that I get to see many of you during the coming years as I continue to preach the benefit of the tank container to the industry. I may have retired but I am not planning to just "fade away"!

*Finally, it just remains for me to thank all for your help and support during my time as your President - and to say **a very big THANK YOU.***

*Best Regards
Reg Lee*



Photo: Reg Lee – outgoing ITCO President

MARKETUPDATE

In addition to our general ITCO Update and our Technical Report, we are now introducing a new "Market Update" section in the monthly ITCO Newsletters

Focus on ethylene – ICIS Report

We are facing the biggest secular shift in global chemical markets since the early 1990s. This is not just a downturn. Watch the data.

ICIS uses ethylene as an example.

From 1990-2023, global ethylene operating rates were running at an annual average of 88%, compared to the ICIS forecast of 79% in 2024-2030.

In the period 2024-2030, ICIS predicts a 4% annual average increase in ethylene capacity, the same as the long-term average. And yet they see 2024-2030 operating rates at 79%.

As operating rates are percentages of demand over capacity, the "elephant in the room" responsible for the bearish forecast is **demand**.

1990-2023 global ethylene demand growth averaged 4% including minus 4% in 2008 (the Global Financial Crisis). Growth then increased to an all-time high of 11% in 2010 as China rescued the global petrochemicals business through the world's biggest-ever economic stimulus package. This explains why, despite a 9% increase in ethylene capacity in 2010, global operating rates were still at a healthy 86% in 2011.

Global demand growth fell to zero in 2022 followed by a recovery to 2% in 2023.

ICIS forecasts annual average demand growth of 3% in 2024-2030, although there are downside risks to this outlook. Assuming the demand forecast is correct, what would it take to get global operating rates back to the 1990-2023 rate of 88% between 2024 and 2030?

Global ethylene capacity would need to grow at an annual average of 800,000 tonnes/year in each of the years between 2024 and 2030. This is versus the ICIS base case assumption of 7m tonnes/year of capacity growth during each of the years.

Given new plants with excellent economies of scale and feedstock advantage that are due to start-up in the Middle East, North America and China, this reduction in capacity growth would mean capacity closures elsewhere. These

shutdowns would likely be in Europe, Singapore, South Korea and Taiwan and other disadvantaged countries and regions.

The story is similar in other petrochemicals. ICIS data across all the products point to levels of oversupply that tell us something much more than just a downturn is taking place.

Source: ICIS / John Richardson – January 2024

Chemical wholesale trade – positive rebound?

The US Census Bureau reported that US wholesale trade in chemicals jumped 4.4% to \$13.33 billion in November, more than offsetting the 2.7% decline in October.

At the same time, wholesale inventories of chemicals were reduced 3.3% to \$14.56 billion. This follows a 2.7% October drawdown and pushed the inventory-to-sales ratio down to 1.05 from 1.13 the month before.

A year ago the ratio was 1.17. Sales were off 4.9% y/y and inventories were off 14.5% y/y. It appears that the inventory de-stocking cycle may be stabilizing.



ITCO Technical Report

1. Dual Specification Tanks (RID-ADR 6.7 and RID-ADR 6.8)

The discussion at the last two joint RID-ADR meetings led to ITCO being tasked with arranging two inter-sessional meetings to discuss the subject. The findings will be reported to the next RID-ADR meeting in March 2024.

To recap, a proposal was put to the RID-ADR regulators to disallow the approval of UN Portable Tanks (IMDG 6.7 or RID-ADR 6.7) to be dual approved to RID-ADR 6.8.

ITCO INF 12, submitted to the meeting, details the reasons why tank container operators specify dual approvals to both 6.7 and 6.8. It may be summed up as the two approvals, not being harmonised, allows tanks with dual approval to operate in more RID-ADR transport events on equal terms and compete with other modes.

The intersessional meetings were arranged to establish why the existing system should not continue but it proved difficult to identify tangible reasons for the change. Points concerning “there might be confusion” and “there might be inspection issues” were raised but no factual incidents to enable analysis of the root cause.

However, there is also discussion within the RID-ADR WG towards harmonising the regulations such that the regulator’s objective of eliminating dual approval of tank containers might be achieved without disadvantage to tank containers.

2. INF 20.1 – RID-ADR 6.8 Inspection of tanks for which the specified date for the intermediate inspection has passed

The existing text has caused some uncertainty in its interpretation. The meeting will consider proposals for amendment.

3. ISO 1496-3:2019 Specification and testing of for tank containers

The standard is to be reviewed and reissued. Members are invited to contribute to the review by providing comment on the existing standard and proposed amendment by contacting the technical secretary.

This Month’s Quiz Questions

1. Which of the following regulations appertaining to UN Portable Tanks allow the tank to be filled with Dangerous Goods in Europe, transported and discharged at a destination within Europe.

- A. RID-ADR 6.7
- B. RID-ADR 6.8
- C. IMDG 6.7

2. Which of the following regulations appertaining to UN Portable Tanks allow the tank to be filled with Dangerous Goods in Europe and transported by sea and discharged at an overseas destination.

- A. RID-ADR 6.7
- B. RID-ADR 6.8
- C. IMDG 6.7

Please send your answers by email to: rubery@itco.org