

From Russia with love

Russian tank cleaning operators are waking up to the necessity of adhering to quality standards to secure their business

Havila is a privately-owned group of companies which was established less than ten years ago. Currently, it operates ten offices located in Russia, the Baltic States and Eastern Europe. Havila's main goal is to develop professional and reliable intermodal tank container operations in the business area. Moreover, there are other activities where the company is deeply involved, one of them being railroad operations on a route with a track gauge of 1,520mm. In this sector, Havila is a major player in the railway freight industry and operates its own fleet of 40ft and 60ft rail platforms. During the last five years, the Havila Group has been evaluating the possibility of entering a new market for Russia – professional cleaning of tank containers. Two years ago a



Havila president Nikolay Grigorev



Havila's tank cleaning operation in Tambov, some 450km southeast from Moscow

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Russia was and still is a producer of commodities and a net importer of specialty chemicals, produced by well-known global companies. The first tank containers made their appearance in Russia just recently – around 25 years ago, mainly for delivering import cargo to the country. Due to Russia's widely varying geography, the majority of domestic and export transportation of liquid chemicals was always performed in rail tank cars (RTC), and most of the chemical plants were designed for handling RTCs.

Fast forward to the last few years and construction of new RTCs for transportation of chemical cargoes has been very limited, which has stimulated growth in tank container operations. This development in combination with a favourable rail freight tariff for tank containers created a unique case where the longer the distance is, the more cost efficient tank containers become compared to RTCs.

The current Russian market

In Russia and previously in the Soviet Union the culture of cleaning tank equipment was not developed because the majority of RTCs were used as a shuttle with no cleaning happening between transportation stretches. However, every significant plant had a steam supply within their premises, and this was used to "steam clean" the RTCs. Such cleaning

was usually done with open steam, without the use of detergents or drying.

Currently, the market of tank containers in Russia does not exceed 10,000 units. Most of these are owned or operated by local market participants, and Havila estimates that there are around 37,000 import jobs done yearly to Russia and about 30,000 export jobs. For the last few years, average market growth has stayed around 10% per annum. The majority of the domestically-owned tank containers are used by the local tank container operators as a substitution for RTCs for shuttle transportation. This is because RTCs are currently banned due to their technical conditions.

Meanwhile, containers are operated mainly domestically or between loading plants in Russia and the terminals in Finland, the Baltic States and China. Main import-export players for Russia are global tank container operators who use different scenarios – some of them have Russian offices responsible for the development of the region, some of them are trying to work in Russia remotely, and some are using local forwarding companies in order to avoid idling equipment or empty truck runs.

There are some examples of Russia-based operators trying to develop intermodal operations from Russia to Europe, but their numbers are quite limited due to scarce technical and commercial knowledge of the Russian market in Western Europe. When tank containers started to become popular in



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Russia, a number of companies lacking sufficient professional understanding of the market leased equipment and rushed into the transporting business without knowing all the ins and outs. As a result of this, this can sometime create frustration not only with the shippers, but within the market in general.

Due to the growth in the number of tank containers in the past years and the necessity of providing cleaning to Western operators, the Russian market came up with primitive cleaning solutions, mainly "garage-type" stations, with spray guns and without any knowledge of cleaning safety, protective measures and utilisation of waste. For example, in Russia it is possible to clean tank containers from hazardous products at just car wash stations.

Presently, there are around 150 of these car wash-type cleaning stations spread across the country. Unfortunately, they are widely used by many international tank container operators. These depots are mainly concentrated around Russian

sea ports or in chemical clusters, close to possible shippers. The biggest threat for all is that there is no guarantee of cleanliness and safety procedures do not exist, which could cause serious consequences for employees of such depots. Every year in Russia there are several fatalities due to unsafe cleaning. Taking into account that such businesses do not require any special license, their numbers are growing yearly.

A developing situation

Due to the development of the cleaning market in Russia, costs for backloads from Russia in the middle Volga region to central Europe were optimised from around €120-150 per tonne to €200 per tonne. This allows Western operators to increase imports from Russia and use their equipment more efficiently.

Havila made a decision to establish and develop the so-called "McDonalds", or franchising, concept for cleaning stations in Russia. This concept assumes a unified standard for cleaning and repair depots, which is developed and will be implemented within different regions of Russia. The first project launched was the Tambov depot in 2014. Through the Eastern European Tank Cleaning Association, it was accepted as a full European Federation of Tank Cleaning Organisations (EFTCO) member with rights to issue European Cleaning Document (ECD) certificates. Currently, this is the only station in the

former Soviet Union with such right.

The cleaning station is running on Western equipment and has a complete in-house solution for its IT system, wastewater treatment, and safety measures. On a monthly basis, it provides around 300 cleanings to different global clients who are devoted to safe and professional treatment of their equipment. Besides cleaning, the depot is fully equipped for providing repairs and tests for the tank containers.

Looking forward, Havila is planning to expand its activities in the tank cleaning sector in the next few years and set up a network of depots within Russia. The company expects to launch a cleaning depot in the city of Togliatti in the south of Russia in the next few months. This would be the next step in providing quality cleaning to its clients.

Western European operators have showed limited interest in the Russian tank cleaning market, as the top focus has always been on return loads and the quality of a clean tank. Nevertheless, Havila estimates that with the increasing number of professional cleaning stations, operators in Russia will stop using unofficial depots and will follow environmentally-friendly and safe standards. ■

For more information:

This article was written by Nikolay Grigorev, president at Havila. Visit: www.havila.ee

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