



COOL HEADS

EQUIPMENT • MORE SHIPMENTS NOW REQUIRE TEMPERATURE CONTROL, WHICH IS GOOD NEWS FOR KLINGE CORP AS ITS TEMPERATURE CONTROL UNITS ARE IN GREATER DEMAND

KLINGE CORP, A leader in the supply of temperature control equipment for intermodal containers and tank containers, reports a stellar year with record sales for 2022/23. In this it is not alone – the development of global intermodal supply chains worked to the benefit of many players in all parts of the market last year, providing good conditions for those supplying equipment.

In particular, the shocks to the supply chain during the Covid pandemic years and because of external factors such as the Suez Canal closure, the Russian invasion of Ukraine and disruption to deepsea liner trades have encouraged many shippers and importers to diversify their supply chains and to increase inventory through the chain.

Allan Klinge, CEO of Klunge Corp, comments that this has been a particular aspect in the pharmaceutical business, one of Klunge's

major markets. Suppliers are looking to hold regional inventories so as to be able to supply markets even in times of disruption; indeed, they regard goods in transit by sea as part of their regular inventory, complemented when and where necessary by air shipments.

The normalisation of ocean shipping markets this year is also working in favour of dangerous goods in the supply chain. Now that ocean freight rates have fallen back to pre-pandemic levels, shipments have become more reliable (other than, at present, in west coast US ports) while the lines are also looking to get higher paying cargo, such as dangerous goods, which they had seemed happy to forgo during the rate boom.

The tank container sector enjoyed another bumper year in 2022 but, having had the chance to talk to plenty of companies at the ITCO Village during May's Transport Logistic

show in Munich, Allan Klinge says that there is not a lot of optimism around regarding further investment in tanks. However, there is still appetite for special tanks, especially those offering temperature control; moreover, there is, he reports, more demand to at least have the option of having temperature control units fitted.

NEW PRODUCTS IN TRADE

There are other changes in the market that are working to the benefit of Klunge Corp right now. For instance, there has been a "huge explosion" in the shipment of lithium electrolytes as the world moves rapidly towards a decarbonised economy. This material needs to be shipped under temperature control for quality purposes. "The trade is expanding rapidly," Allan Klinge says, "and will continue to grow."

Another big growth area is in the transport of sulfuric acid to supply semi-conductor and microprocessor manufacturers. Again, material must be of the highest quality to meet manufacturing standards and temperature control is widely used. Both the lithium and sulfuric acid markets are developing new and alternative supply chains, where intermodal transport can be very useful and where Klunge Corp is winning new customers.

Elsewhere, there is also growth in the transport of organic peroxides, especially for use as catalysts in the polymer manufacturing sector; these products commonly use temperature control for stability.

MEETING NEW NEEDS

The "phenomenal" year that Klunge Corp has just enjoyed has come at a good time as there is plenty of development work needed to supply emerging demand. Allan Klinge reports that the company has developed dual refrigeration units for reefer boxes for the



KLINGE'S EMPLOYEES HAVE BEEN WORKING HARD TO MEET DEMAND FOR THE COMPANY'S EQUIPMENT AS NEW PRODUCTS EMERGE THAT NEED TEMPERATURE CONTROL



transport of pharmaceuticals and Ex-proof units for use with the transport of aerosols, flammable gases and other volatile goods.

Klinge Corp is also looking to develop larger units capable of working with large-volume (26,000-litre) tank containers. This is, Allan Klinge (left) says, something of a challenge since these tanks are typically fitted with thinner insulation to give room for the larger tank capacity, meaning the refrigerator unit has to work harder.

Another difficult issue facing the whole sector is the choice of refrigerant gases, with shippers and tank operators keen to reduce the environmental impact of their transport activities. "There are some good options out there," Allan Klinge says, "but it is always a struggle between the ideal and the practicable." In particular, compliant gases

need to be available around the world so that units can be topped up wherever they are. Allan Klinge says he is happy to be an innovator but that all players in the supply chain needs to come to some consensus on the direction to take. They also need to take account of the lines' appetite for the transport of reefers using flammable gases on their ships, which is likely to be very limited.

Industry is continuing to work through these questions, which will have an impact on investment decisions for companies such as Klinge Corp. In the meantime, while many in the intermodal sector are optimistic about business, Allan Klinge feels it unlikely that the pace of sales growth in 2023/24 will match last year – though such is the level of emerging demand that some growth will be there.

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