

CANS MEAN SUCCESS

Amidst growth and success, the mood was particularly upbeat at The Canmaker Summit in Turkey. Mónica Higuera reports from Istanbul

Sheikh Adel Aujan, chairman of the largest privately-owned soft drinks business in the Middle East, chose The Canmaker Summit in Turkey at the end of September to reveal his next expansion project, a canmaking and canning plant in Iraq.

The project, which is expected to start up in 2013, follows that of Aujan's similar two-piece canmaking and drinks filling plant in Iran at Kaveh which started production in 2009, and which has recently signed a technical agreement with Rexam.

Saudi Arabia-based Aujan Industries, which also has a share in the United Arab Can beverage can plant at Dammam, is expected to grow with sales of more than \$1 billion in 2012, much of that from the vibrant market for canned juices such as its leading brand Rani.

Iran has been key to that growth. More than half of its 72m population is under the age of 25, and demand for two-piece cans is now about 2.1 billion, said Aujan. He also plans to double capacity at Kaveh to 1.6bn aluminium cans by the end of 2012, when he expects the market to be 2.85bn due also to migration from three-piece cans. Plan is to add end-making capacity soon after.

"The new Iraq canmaking plant will serve the requirements of Aujan, which is 500-600 million cans by 2014. This volume would be the building block for making the project feasible," he said.

Iraq has a high per-capita consumption of cold beverages and 40 percent of the 28 million population are aged less than 14, while the average age is 20, he noted.

Adel Aujan also revealed to the delegates at the Summit during his opening keynote the reason behind the company's success. "I can tell you without hesitation that cans are the biggest reason for our

success," he said.

The Rani brand is also marketed in cartons and bottles, but it is in cans where the premium version with real fruit chunks is sold. "Consumers strongly prefer Rani cans," he said.

Aujan also produces the leading malt beverage brand, Barbican; and Vimto fruit cordial, synonymous with Ramadan, which is deeply rooted in regional tradition.

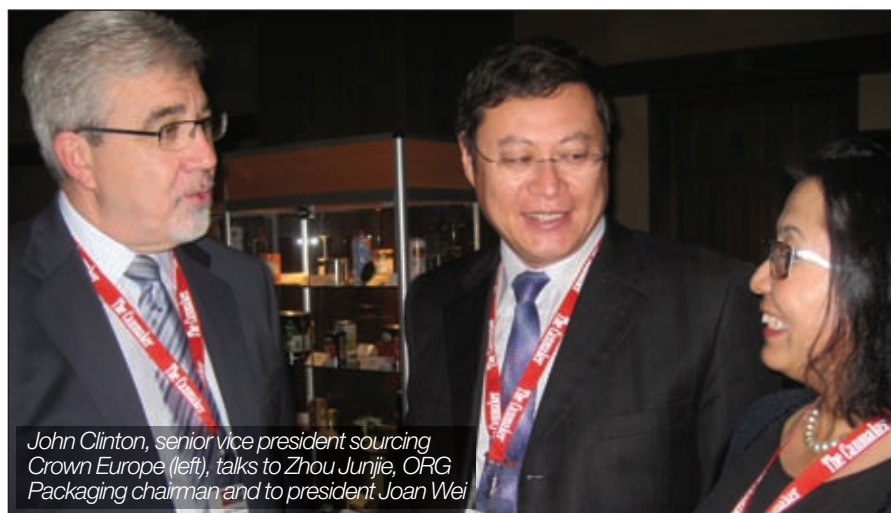
While Aujan's canmaking plants make cans for other soft drinks producers such as Coca-Cola in Iran, the cans it fills – a total of 2.3 billion – are also sourced from United Arab Can, Crown and Can-Pack.

- Turkey's leading three-piece canmaker, Sarten, is commissioning its ninth canmaking plant in Turkey, buying new aerosol can lines for its Silivri plant and doubling its aerosol can facility in Russia. Chief executive Zeki Saribekir said that

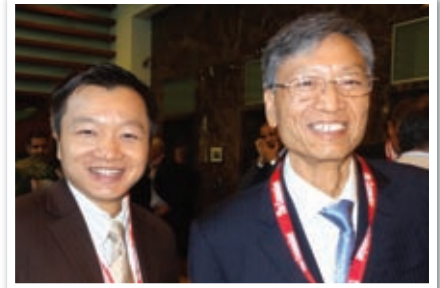


Above, left to right: Ludovic Touitou, of Toyo Seikan; Hiro Yokoya, R&D senior manager at Nippon Steel Corporation; Osamu Nakamura, deputy general manager of Sumitomo Corporation; and Toyo Seikan's general manager of international operations Katsumi Sembon

Right: Sarten chief executive Zeki Saribekir, Soudronic chief Jakob Guyer; Crown Hellas Can chairman Ashok Kapoor and Sheikh Adel Aujan of Aujan Industries



John Clinton, senior vice president sourcing Crown Europe (left), talks to Zhou Junjie, ORG Packaging chairman and to president Joan Wei



Delegates at The Canmaker Summit included Jorson Trading's Steven Chen and Chen Jiawen (top); Ms Lai Yi Feng of Wenzhou Ouhai Printing Machinery; and above, Abdullah Aujan and Ihab Arafah of Kaveh Beverage Can in Iran

his company's growth strategy is to be in the former ex-Ottoman empire area – the Balkans, Russia, Middle East and north Africa.

The company makes more than 3bn food and general line cans using 140,000 tonnes of tinplate a year, and expects sales more than US\$350 million this year.

There are also plans to expand its plant in Bulgaria, following the closure of one in Romania; while its sales offices, harbingers of canmaking plants, are in Serbia, Greece and Syria.

- Turkey became the world's fastest-growing economy earlier this year when its

GDP growth surpassed that of China's.

Its population has grown by almost a third to 75m in 20 years, during which per capita beer consumption has increased 73 percent to 12.3 litres, and soft drinks 273 percent to 45.5 litres.

To meet increasing demand from domestic canners, Crown Bevcan Turkey ▶

will next year be opening its second beverage can plant close to Adana, Turkey's fifth largest city, said general manager Atila Usanmaz.

With its two-line beverage can plant at Izmit near Istanbul which opened in 1993, this will bring its total capacity in the country to 3 billion.

● 'No metal packaging should go to landfill' is the mantra of Metal Packaging Europe (MPE), the industry body launched at Interpack in May.

It has a European recycling target for the industry of 80 percent by 2020, said John Clinton, senior vice president for sourcing at Crown Europe, who spoke on behalf of MPE.

Its key goal is to position metal as a valuable contributor to sustainability, and to gain recognition for metals as permanent materials with infinite recycling possibilities.

The body seeks a new distinction in public policy of permanent and non-permanent materials alongside renewable and non-renewable resources, within the context of an evolving EU policy where waste is managed as a resource. "Permanent materials should be classified as equivalent to renewable resources," Clinton said.

● The numerous sustainability benefits of steel packaging are also being promoted by Apeal, the association of steel packaging producers in Europe, said its managing director Philip Buisseret.

"The steel industry has achieved tremendous results in reducing its environmental impact, and improves its performance in that field every year," he said. "Packaging steel is the best recycled packaging material in Europe and meets already today most of the ambitious policy targets in terms of sustainable packaging and resource efficiency."

Life Cycle Inventory data shows that between 2005 and 2008 the global warming potential for tinplate in Europe decreased by 9 percent while its primary energy demand fell 3 percent.

Apeal is also addressing proposed



deposit schemes in the region. "Apeal and its members will further empower customers and their associations, to ensure an optimal legal and regulatory framework for steel packaging to perform in, and to further promote its sustainable benefits for the supply chain, and for the environment," said Buisseret.

● Baosteel Metal Packaging, a division of China's largest steel producer which makes 1.2 million tonnes of tinplate a year, is continuing its expansion with a doubling of capacity at two of its five two-piece beverage can plants, the opening next year of its first plant in Vietnam, and the setting up of a beverage end plant.

General manager Jim Zhuang, who said that the packaging division's flotation in an initial public offering is expected in 2013, warned that while revenues are growing in China, profit margins are

falling due to the rising costs of raw materials, energy and labour. He said that competition in the beverage can business in China is "very intense and the acts among different players have become irrational".

Overcapacity is the key threat to the sector, he said. While he expected demand for two-piece beverage cans in China to grow dramatically, from 14.2bn in 2010 to 22bn at the end of 2012, manufacturing capacity will grow even faster, from 18.3bn to more than 40bn in the same period with the addition of 33 new lines.

He concluded that: "China is still growing at an admirable rate, but for the metal packaging, consumption rates will take time to reach the level of western countries. [The] short term threat, like over-capacity for two-piece cans, is very obvious."

The capacity increases for steel two-piece cans are at Baosteel plants at Foshan and Shanghai, where the end-making





Networking was rife in Istanbul. Previous page: Sarten sent its team to the Cans of the Year Awards dinner and received a Gold award in the Food three-piece can category. This page: Publisher of The Canmaker Allan Sayers with Belvac Europe's Fabio Magnoni and Stolle Machinery's Robert Gary. Daiwa director Kazuhiro Tsujimoto talks to Nippon Steel's Hiro Yokoya and Wenzhou Ouhai Printing's Lai Yi Feng. Abdullah and Adel Aujan with Crown's Ashok Kapoor, Elval's Nicolas Carabateas and Vasilis Geronikolas, and Crown's John Clinton

plant will be located. It operates two other plants making steel cans in Hebei and Chengdu, and opened an aluminium can plant at Wuhan earlier this year.

Baosteel Metal Packaging also operates Baosteel Metal Decoration, with three printing plants in Beijing, Shanghai and Foshan. Zhuang also noted that there are 1,600 three-piece canmakers in China with an average utilization rate of 70 percent.

- India's beverage can market, where Coca-Cola has recently introduced the 30cl sleek can, is expected to grow at between 15 and 17 percent for the next few years, said Sanjay Bhatia, managing director of Hindustan Tin Works (HTW). About 70 percent of beverage can demand is for beer.

A joint-venture partner with Rexam in a plant near Mumbai making steel two-piece cans, HTW is the leader in the three-

piece can sector, which in India consumes around 380,000 tonnes of tinplate a year.

The steel beverage can line is to be replaced with a high-speed aluminium beverage can line to make 33cl and 50cl cans which will increase capacity from 300m to around 850m by the end of next year.

Atit Bhatia, who is president of Canvirement Week, spoke of the campaign that promotes the sustainability message of metal packaging. Being held in India on 10-17 November, this year it will also include promotional activities in other countries.

- The beverage can is a unique and highly emotional lifestyle package, and that products with an emotional connection have better value, said Ball Packaging Europe's sales and marketing chief Thomas Haensch.

Innovation is a proven path to success with customers and helps them grow their business, he said, while consumers are willing to "spend up" for packaging that better fits their needs. "Even during the recession, 77 percent of consumers said they would pay more for relevant innovation," said Haensch, showing examples from the company's portfolio.

Ball Packaging Europe supports recycling activities across Europe such as Recan in Serbia, Recal in Poland, Every can counts/Chaque canette compte in the UK and France, and Metalmatters in the UK.

- World leading aluminium canstock producer Novelis is investing \$400 million in the expansion of its rolling and recycling operations in South Korea, said David Gill, global account director at Novelis.

The investment is in response to growing demand in Asia and the Middle East, and will increase its aluminium sheet capacity in Asia to one million metric tonnes a year.

The new capacity is expected to come on stream in late 2013 and follows similar rolling and recycling capacity expansion in Brazil.

- With two rolling mills in Europe, Constellium is the region's number-one producer of can body stock and the world leader in aluminium sheet for closures. Sales in the packaging business were \$1.3bn in 2010.





The Canmaker Summit has been held since 1988 and includes a two-day conference and the Cans of the Year Awards dinner. Clockwise from right: The Canmaker's Mónica Higuera, Mrs Bernd Ullmann of Mall+Herlan, Sandvik's David Lieb and Luís Miñarro. Actega's Teresa Ramos pictured between Mohammadhassan Hajimohammadi and Seyed Bijan of Easy T Can Industrial Group of Iran. A meeting between tinplate suppliers Arcelor and Erdemir. Ali and Ramadan Shorosh of Egypt check the latest issue of The Canmaker



Laurent Musy, president of its Specialty Sheet business, said the company is working on alternative surface treatments for can end stock with chrome-free, BPA-free, and polymer coating pilot lines.

Previously known as Alcan Engineered Products, Constellium is now mostly owned by US fund Apollo Global Management and mining giant Rio Tinto.

- Global industry leader in the manufacture of welding machines for three-piece cans, Soudronic has sold 5,172 units, of which 3,743 were still in operation at 1,613 locations.

Clearly Soudronic's welders are robust, but it means that 17,000 deliveries of parts are required each year, said spare parts manager Walter Kaufmann. "These welders have an average life of 26 years," he said.

Rolf Geide, general manager of German sister company Cantec, appended Kaufmann's offering with a review of

downgauging developments and shaping systems in three-piece canmaking.

- A refreshingly upbeat appraisal of why the industry should be proud of the iconic brands it contributes to was provided by David Wall, managing director of the metal business at Ardagh Group, which acquired canmaker Impress at the end of last year to create a glass-metal packaging business worth €3.2bn a year.

Wall reviewed a series of iconic brands across the world including Dardanel canned tuna – Turkey's best selling canned food product; Heinz baked beans, which has a fifth of the UK canned food market; Wang

Lao Ji, the largest canned beverage brand in China; and Georgia coffee, the second largest beverage brand in Japan after Coca-Cola. These iconic brands, he said, have become part of every day life.

The preservation of food resources will be a key global challenge in the future, and metal, being "truly sustainable infinitely recyclable packaging" will provide for future generations.

The metal packaging industry has great opportunities, and it is well positioned for the major challenges facing society in the future, he said. "Metal packaging will experience an increased economic and social value." 