



Business discussions at The Canmaker Summit were not interrupted by lunch

The Canmaker Summit held in Dubai at the end of October provided an unparalleled network opportunity and a forum to assess and discuss key issues affecting the canmaking industry.

It also gave delegates the chance to hear an encouraging keynote address from Unilever's vice president for global packaging, Jay Gouliard, who said that cans would remain a trusted packaging for generations to come.

And he means it. "I consider myself a canmaker," he told delegates.

A mechanical engineer, Gouliard has worked at Metal Container Corporation, Anheuser Busch, General Mills, Dr Pepper/Seven Up and Coca-Cola.

Today he is responsible for packaging research, development and design across food, home care and personal care at Unilever worldwide.

At the Summit, Gouliard provided an overview of current consumer trends that impact value and explained how metal packaging measures up against them.

The greatest drivers and themes on consumer behaviour today, he said, include normalcy, simplicity, convenience, trust, life fulfilment and customisation, which can all be addressed by metal packaging.

Cans are perceived as a safe and secure

Champion packaging

Unilever's packaging chief showed firm support and commitment for metal packaging at canmakers' annual convention. Mónica Higuera reports from Dubai

packaging format, he added, and cans are convenient and familiar for all consumer groups.

Metal packaging also plays all ends of the price-continuum: from value to premium, and it's a nostalgic package with roots in the consumer's past, he said. "Cans are trusted packaging. They will survive long after I'm gone, and long after my children are gone."

As key enablers for future growth, canmakers were advised by Gouliard to challenge fast moving consumer goods' companies as hard as they challenge them; to drive growth through innovation across

the entire value chain; drive for business system innovation; not just packaging innovation; to stand apart from the crowd; deliver quality; and to continue to drive the recycling agenda.

"From the typical shopper's perspective," he said, "the [sustainability] story is straight-forward: environmentally-friendly packaging is packaging that can be recycled."

An estimated 160 million times a day someone in the world uses a Unilever brand, Gouliard pointed out. The Anglo-Dutch company is also the world's largest user of aerosol cans, an area where ▶



Exal Corporation's chief executive Delfin Gibert holds this year's top canmaking award. Also pictured are, left to right, Exal's director of sales Michael Clark, Boxal's managing director Emmanuel Perret and sales director Marc Bettinger

Unilever is looking at new technologies in the food sector for spreads and dressings, he said.

One of Unilever's suppliers of aluminium monobloc cans is US-based Exal Corporation, the world's largest producer of aerosol cans with a quarter of the market, whose chief executive Delfin Gibert updated delegates with the growth of his 16-year old company.

Last year Exal made 1.35 billion aluminium aerosol cans and bottles, and had net sales of US\$450m.

The market for aerosols is growing and the company is planning to expand with three facilities in Mexico, Brazil and Poland, each with space for up to six can-making lines.

"I don't believe in exports. I believe in being where the market is – it's more efficient," he said.

The company also has ambitious plans for the beverage sector with its Coil-to-Can (C2C) technology for making lightweight aluminium bottles.

Gibert revealed details of his new 66 hectare plant in Youngstown, Ohio, where groundbreaking is planned for April 2010 and an eventual bottle-making capacity of 3.5 billion a year. "Two billion are secured already from several customers," Gibert said.

The bottles weigh almost half than impact extruded-containers, and a version for Canada's Eaux Vives won this year's Can of the Year award.

But it wasn't an easy process and the learning curve took a decade, he explained. "The beverage sector needed shape and elegance," he said. "We had to fight all the time against cost. But we were able to succeed because we went beyond thinking cost."

Gibert explained it wasn't easy to convince companies like Coca-Cola and Anheuser-Busch, but today A-B has 80 percent market penetration in US stadiums with promotional aluminium bottles for each baseball team, and Coca-Cola is using the lightweight commemorative bottles for the Winter Olympics in Vancouver, Canada.

Exal's Coil-to-Can technology bridges the value gap between D&I

cans and impact-extruded bottles, but it isn't a competitor to cans, Gibert said. "This is a different business; we'll take market share from glass and PET bottles.

"Cans are most the most effective and with the lowest cost, and will remain the most competitive. The bottle gives an attractiveness that the can doesn't have and it adds value."

A low-cost aluminium bottle was also

listed as a growth driver in a survey commissioned by Stolle for its presentation at The Canmaker Summit. Other key areas mentioned were sizes, shapes and graphics; resealable cans; and a clean drinking surface for cans, according to a dozen beverage can experts, said Stolle Machinery's president Greg Butcher.

"Cans are trusted packaging. They will survive long after I'm gone and long after my children are gone"

– Jay Gouliard, vice president for global packaging at Unilever and keynote speaker at The Canmaker Summit

Other findings from the survey included that in developed markets, the trend is for smaller can sizes for smaller portions of carbonated soft drinks (CSD), with shorter cans favoured over smaller diameter cans due to higher changeover costs. In the non-CSD sector smaller diameters are the preference, he said.

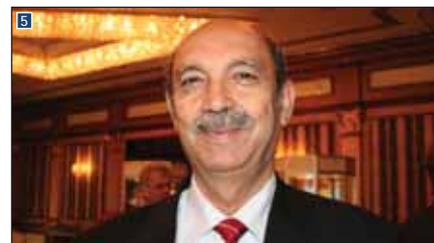
The main changes expected in the next five years will be on ends, he added, in areas such as a reduced-cut-edge 202, stronger alloys or reduced gauges.

Butcher noted the most metal-efficient 12oz can currently available is the 35.5cl (12oz) can of 211 diameter with a 202 diameter B64 end, weighing between 12.0 and 13.2 grams.

The survey also came up with two potential benchmarks for the future. The first one is a 35.5cl (12oz) beverage can of ▶



Head of packaging at Unilever, Jay Gouliard told delegates he considers himself a canmaker



211 diameter with a 112-diameter end made of 0.006-inch aluminium and a flat bottom, allowing for a 21.6 percent metal reduction.

A second possibility is a 25cl (8.45oz) beverage can of 209 diameter and 0.008-in gauge, with a reduced-cut-edge 200 diameter end of 0.007-in gauge, allowing 20 percent lightweighting, he said.

Robert Jansen, director of innovation at Ball Packaging Europe, illustrated innovations in the beverage can sector that respond to consumer and customer demands, such as digital-printing which makes cans easier to fit in with fast-moving supply-chain needs.

One of the ways the beverage can sector is responding to the trends of individualisation and differentiation can also be seen in the array of beverage can sizes available today, he added. In Europe, while in 1998 about 94 percent of cans were 33cl and 50cl, and nine other sizes took 6 percent, ten years later 16 special can sizes have 15 percent of the market.

Premium and sensory packaging is

Attendees at The Canmaker Summit included (left to right):

1: Managing director of Hindustan Tin Works and Rexam HTW Sanjay Bhatia with sons Saket (middle) and Atit. 2: SAPIN UAE's country manager Frederic Colombier, chairman Khalid Mohammed Al Suhaimi and general manager George Lindsay. 3: CCMC's general manager Youssef Ezzikhe and managing director Abdul Karim Al Yusuf. 4: Watson Seetoh, managing director of Singapore's MC Packaging, Pro Can Projects' Dick van Tuijn and MC Packaging chairman Sun Tze Whang. 5: Owner of Syria's Noor Can Dr Jamal Kanbarieh, who's planning Lebanon's first two-piece beverage can line

increasingly important and even private label is now sophisticated, he said. "Private label is not just about cheap anymore."

He added that brand owners are looking to promote their goods by using higher quality and more varied images, including event-driven promotions, with

shorter production runs, between 20,000 and 200,000 cans, required to achieve higher market reaction and flexibility, with very flexible pre-pint and production processes essential.

This has been behind the development of a drop-on-demand digital printing process, allowing for new ways of individual

EMERGING MARKETS

The leading three-piece canmakers in Saudi Arabia and India gave an overview of their emerging markets.

With four canmaking plants (three in Damman, Saudi Arabia; and one in Dubai, UAE) SAPIN is the leading manufacturer of general-line, aerosols and dry food cans in the Gulf Cooperation Council (GCC) region.

General manager George Lindsay sees a positive and sustained future for packaging companies in the Gulf, where population is expected to grow 38 percent between 2005 and 2020, and whose economy has tripled in size since 2003. "This is what's driving growth," he said.

Sanjay Bhatia, managing director of three-piece canmaker and end maker Hindustan Tin Works and of India's first two-piece beverage can plant, a joint venture with Rexam, gave insights into this market.

India's total packaging market is estimated at INR650bn (US\$13bn), with the metal packaging sector in 2008-2009 at INR30bn (\$635m), he said. In 2009, India made 234,000 tonnes of tinplate and had an apparent consumption of 377,000 tonnes.

Paint cans take the largest share of the market with 31 percent, followed by 27 percent of food cans, and 9 percent for pesticides. But the can's market share is falling due to shift to alternate packaging, he said.

The country now also has capacity to make one billion aluminium and steel beverage cans a year with current demand estimated at 400m. The beer industry buys about 70 percent of the cans, with the market expected to grow at between 15 and 17 percent for the next few years, he noted.

Another growth driver for cans in India is its role as a food factory of the world, said Bhatia. Vision 2015 is a government initiative that aims to energise India's food processing sector rising the

level of processing perishables from six to 20 percent, and to increase India's share in global food trade from about two to three percent, explained Bhatia.

An overview of global three-piece canmaking demand since 1993 was given by Jakob Guyer, chief executive of the leading machinery supplier, Switzerland's Soudronic. And judging by the data and the several growing regions, the future looks good. "There's a bright future for canmaking and for three-piece canmaking," he said.

Rolf Geide, general manager of Germany's Can-tec (a division of Soudronic) concluded by providing a comprehensive list of process innovations and initiatives that reduce manufacturing costs.

Such as the company's adaptive rounding system ARS, a new inline measuring device that analyses the body blank material characteristics and automatically sets the roll form geometry.

brand communication. Computer-to-can, it enables decoration with a resolution of 600 dpi.

The first installation of the pilot printing machine developed by UK-based Tonejet is at Ball's canmaking plant at Hassloch in Germany. It allows changing the image from can to can, and currently runs at 200 cans a minute, explained Tonejet's chief executive Ray Southam.

The drivers for change from the coatings sector perspective were addressed by Bob Dyer, global technical director at PPG Packaging Coatings in Switzerland.

Whereas the traditional assessment on substances used to be based only upon toxicology, he said, now 'political influences' must also be considered, often "based on emotion, rather than on good science".

Dyer showed a comprehensive list of government agency conclusions worldwide on the safety of BPA in food applications. Despite this the chemical is being demonised by the media in North America and PPG is responding with alternative technologies.

He listed a series of BPA-free coatings for two-piece beverage cans and ends, three-piece food cans, aerosol cans and twist-off caps.

Another driver for development are epoxy-free technologies, which are more costly than current products. For D&I food cans PPG has developed an epoxy-free exterior wash coat which has undergone successful line trials, and an interior gold coating and easy-open end coating with pack testing currently under way.

But all these developments take time, he said. Changes to coatings specifications imply a development timeline of between four and seven years, from the coating development to trials and pack testing, to commercialisation.

New food-contact coating developments must address both coating performance and compliance requirements, and the amount of compliance testing required for new coating developments is considerable, time consuming and costly – up to two years between the development of polymers and product formula and the approval. "But the timeline will need to be compressed for accelerated launch of BPA-free products."

New raw materials being developed for canmakers include further downgauged tinplate, and high strength and formability steels for easy-open ends and DRD cans, explained Dr Ulrich Roeske, chairman of the board at German tinplate maker Rasselstein.

For easy-open ends, they offer 20 percent lower opening forces, and for tapered DRD cans a 17 percent increase in forming potential, as well as deep drawing with a



Impress is promoting cans' natural properties across British, Dutch and German roads. Below: Chief executive Francis Labbé receives one of Impress's five Cans of the Year awards from publisher of The Canmaker Allan Sayers

PROMOTE, PROMOTE, PROMOTE

"No industry can be successful without it," Francis Labbé, chairman of industry body European Metal Packaging (Empac) said in a rallying call to promote cans' sustainability credentials.

He was referring to promotion. With sustainability a critical component of today's commercial decisions, the metal packaging industry has great products and lots of good stories. But while metal ranks highly in the sustainability scorecard, it doesn't do enough on promotion, he said.

Labbé reminded delegates that the impact of metal packaging waste is "negligible", contributing just 0.1 percent of total waste. "Cans come from abundant resources: aluminium and iron ore are the third and fourth most plentiful elements in the lithosphere, after oxygen and silicon; and among packaging materials, metal is the recycling champion," he said.

Being a safe and secure "portable warehouse", cans are the fundamental solution to food waste and reduce carbon dioxide emissions, and the higher the recycling rate the lower the emissions too.

Cans also provide energy savings for customers and consumers. Cans are cost effective through the supply chain, and protect nutrients and vitamins with no preservatives. "At the end of the day, what you'll have in your



stomach will have more vitamins if it comes from a can," said Labbé.

Cans are also champions in value and convenience, he said. "Metal cans are the packaging of the 21st century."

Labbé, who is also chief executive of Impress, showed what his company is doing on communicating cans' value. Last year at The Canmaker Summit in Warsaw, Poland, – following up on a cause long championed by this magazine – he suggested that canmakers use their transport fleets as flags for the industry. He leads by example – this year Labbé showed delegates pictures of Impress trucks featuring recycling messages in British, Dutch and German roads.

reduced number of steps and lower tooling costs.

The challenge for the future is the so-called 'concept can' made of 0.10-mm tinplate, he said. Current lowest gauges are 0.13mm for three-piece half-kilo can bodies and 0.17mm for drawn cans.

Rasselstein is currently working with fillers and canmakers on a can with 0.12-mm gauge tinplate and Roeske explained the technical obstacles that need to be overcome to make the use of 0.10mm gauge tinplate possible.

The 0.10mm gauge cans will not only provide cost and weight advantages for

customers and the environment, he noted, but will also allow entry to the rapidly growing convenience foods market.

Massimo Rossi, senior consultant at UK-based CRU detailed the fundamentals behind weaker aluminium prices, with prices kept afloat by strong investor sentiment and warehousing deals.

He provided data on world primary aluminium production, which in 2009 is estimated to have fallen 6.7 percent to 37.5m tonnes, but this still means a surplus of 3.7m tonnes; while in 2010 world output is expected to increase 4.2 percent to 39m tonnes, with a surplus of 2.1m tonnes. ▶

THE CANMAKER SUMMIT



The Canmaker Summit provided a buzzing network platform (left to right):

1: CCH Engineering's managing director Steve Higginson, business manager Marcel Schoumacker and Mohammed Esqalli with general manager of Saudi Arabia's Consolidated Can Manufacturing Co Youssef Ezzikhe. **2:** Pacific Can's general manager Danny Li and finance director Doreen Lee.

3: Arrowhead Systems' Dan Erdman, Ball Packaging Europe's business development director Terry Wooster and SLAC's chief executive Shu An. **4:** Akzo Nobel Packaging Coatings' managing director Conrad Keijzer, Corus Packaging Plus' commercial director Luc Brantjes, Ball Packaging Europe's vice president supply chain Volker Ehrich and AkzoNobel's director Emmanuel Bareaud. **5:** MKM's sales manager Huib Claushuis and Wakol's business unit manager Guenther Hetzel.

6: Rexam's Simon Jennings and Graham Fenton with publisher of The Canmaker, Allan Sayers. **7:** The Canmaker's editor Mónica Higuera and Metal Crowns' general manager Gurdip Singh



China's production next year is expected to rise 18.2 percent to 15.8m tonnes, backed by growing domestic demand, up by 6 percent in 2009.

Overcapacity puts pressure on prices. With the LME 3-month price at \$2,000 a tonne at the end of October, prices are expected to fall in the fourth quarter to \$1,850 a tonne, with the average for 2009 at \$1,650, Rossi said. Next year, he forecast prices at around \$1,800 with a slightly weaker second half of the year.

There are substantial amounts of idle capacity and rapid growth in smelting capacity in fast growing economies. The

wrong timing of start ups could lead to higher market surpluses and in turn hit prices, he added. "The intensity of the recovery remains key in a market that will see around 11.8m tonnes of idle capacity in 2010."

Arthur Stupay, president at Tower Research in the US, reminded delegates that despite the toughest economic conditions of 2009, the metal packaging sector "has held up amazingly well".

He said the canmaking industry had made brilliant efforts to adapt to challenges and create new packages. "Just

look at what was given last night," he said referring to the Cans of the Year Awards.

Stupay listed several growth drivers for cans such as global beverage growth rates, particularly for energy drinks, ice teas and juices, flavoured waters, and sports and health drinks.

With rising can demand, in particular for specialty cans, moderating raw material prices, continual productivity improvements, cans green credentials and canmakers market clout, his outlook for the canmaking sector for the next five years is one of "growing profitability".