



# NEWSLETTER

JUNE 2020



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## FROM THE CEO'S DESK

## LOCKDOWN REGULATIONS: A BLIGHT FOR SA METAL PACKAGING INDUSTRY



### INDUSTRY SUFFERS SIGNIFICANT LOSSES AS MANUFACTURING AND RECYCLING GRIND TO A HALT

Prior to the nationwide COVID-19 lockdown, started on 27 March 2020, the country's collection and recovery rate of post-consumer metal packaging (aluminium and tinplate) was estimated at an impressive 75.8%, as reported by BMi Research. The national five week lockdown constrained the usual material recovery processes and MetPac-SA projects that this will certainly impact on the recovery rates, not only of metal packaging, but of post-consumer packaging material in general, in the 2020 manufacturing year.

"Although recyclable waste was still collected out of some neighbourhoods during Level 5 of the lockdown, waste management companies, scrap merchants and organisations such as Collect-a-Can were unable to process or sell the waste to recyclers. Also of great concern was the plight of informal waste pickers and reclaimers who were suddenly unable to collect materials and left without an income," says Kishan Singh, CEO of MetPac-SA.

#### **Assessing the impact of the lockdown**

"It is still too early to calculate the exact impact of the lockdown regulations on the metal packaging industry and we expect to have a more accurate picture of how our members were and will further be affected by the lockdown regulations, during the second half of 2020," says Kishan.

Overnight and with little warning, alcohol sales were banned in South Africa. This resulted in a dramatic drop in the amount of beer and other alcoholic beverage cans being produced and placed thousands of jobs at stake. Moreover, can makers and fillers were left with excess raw materials and finished goods that could not be moved into the supply chain. Significant losses were suffered and resulted in some of them declaring 'force majeure'.

"Fortunately food manufacturing was listed as an "essential service" and some canned food makers were allowed to continue their operations – albeit with smaller teams and with plants running at less than 50% of their normal manufacturing output. On a positive note there was a slight increase in the demand for some products and manufacturers had to step up their production volumes as shoppers stockpiled long-life food and pantry staples," Kishan reports.



## Oversupply of aluminium cans in South Africa

The current over-supply of recyclable materials that have been stockpiled by waste management companies and scrap merchants during the 5-week quarantine period will now result in a saturation of the local market for the foreseeable future, says Kishan.

"Unfortunately lost manufacturing time cannot be regained. Local can makers will not be buying more recovered material until at least July this year and if waste collectors cannot sell their materials, they will not be able to generate much-needed cash inflow for their businesses. In addition, much of this valuable resource, now surplus in South Africa, may end up as waste in landfills", he says.

Although the export of metal packaging was originally disallowed under Level 4 restrictions, the industry was pleased when, on 6 May 2020, the International Trade Administration Commission of South Africa (ITAC) confirmed that exports of collected aluminium cans to overseas markets would now be permissible. It is anticipated that this will help alleviate the current oversupply of recyclable materials and stimulate collection.



## SOUTH AFRICA MUST TURN TO SAFER PACKAGING FOR BEER

by Raymond Dube, Bizcommunity

The dangers of homebrewing was recently called out by MEC Faith Mazibuko in a scathing social media post after Gauteng community safety officials found that traditional beer being sold at an informal settlement was infested with maggots. Even more recently, a man from Brakpan passed away and his father was placed in ICU after drinking homebrewed alcohol they had purchased in Boksburg.

With the ban on the sale of alcohol lifted the sale of unsafe homebrewed spirits will likely decrease. But, as clear and opaque beer comes back onto the shelves there are still safety concerns that need to be addressed in the opaque bulk beer market.



## Looking ahead

"Despite its benefits and versatility, the local metal packaging sector is being forced to adapt to a rapidly changing business climate and an unpredictable future that is facing virtually every industry at the moment. There is nothing that could have prepared us for this unexpected turn of events. Although we have no idea how long the lockdown restrictions will continue or what the next six months will look like, we are grateful for every small win, such as allowing employees to return to work and recyclers to resume their collections. We hope that restrictions will incrementally be lifted and that operations will soon be able to return to normal," Kishan says.

In light of recent events, and Section 18 of the Department of Environment, Forestry Fisheries (DEFF's) National Environmental Management: Waste Act, MetPac-SA will be reassessing its operational targets and may also need to adapt its funding and operational models. It is currently preparing a Section 18 response document to demonstrate the industry's ongoing commitment to Extended Producer Responsibility, which will be submitted to DEFF Minister, Barbara Creecy, for consideration.

"It is clear that business has been badly disrupted and we are now preparing for the new normal. The packaging industry as a whole is likely to face dramatic changes, such as new consumption patterns, changing consumer demands and end-of-life packaging solutions. However, this should also be regarded as exciting opportunities and possibilities for metal packaging. Change is the only constant and is the law of life. If we only look to the past or present, we run the risk of missing the future!"  
Kishan concludes.

Because the packaging of bulk sorghum beer in plastic drums and barrels can be easily opened and resealed, it is not tamper-proof and continues to be vulnerable to abuse.

Unscrupulous traders often open the beer and water it down, or add dangerous concoctions to it such as other alcohol, methylated spirits and in severe cases even battery acid to give it a "kick". This means that people often get sick, and sometimes even die. Some traders also reuse the beer drums and under-declare how much beer they are really selling, thereby dodging excise duties.

If the simple act of changing its packaging can ensure that South Africans are able to partake in this centuries-old African tradition safely, then this is an option that must be pursued.



## HEINEKEN SOUTH AFRICA EXPANDS AVAILABILITY OF HEINEKEN 0.0 TO MEET CONSUMER INTEREST

**Heineken South Africa's alcohol-free\* beer  
Heineken® 0.0 will now be more widely  
available with the new addition being selected  
Woolworths Food stores,  
giving consumers more beverage choice.**

Heineken® 0.0 is a great tasting and refreshing alcohol-free\* beer, brewed with a unique recipe and made only from natural ingredients. The beer has a perfectly balanced taste with refreshing fruity notes and soft malty body, perfect for beer lovers.

"Globally, Heineken has seen strong growth in the alcohol-free segment and expects this to continue, driven by the global cultural trend of living a balanced, healthy lifestyle. Heineken® 0.0 gives consumers a choice for all their drinking occasions, without compromising on quality. Locally, we have seen an increase in alcohol-free beer sales, making it even more important to match this growing demand by making Heineken® 0.0 available through our valued retail partner stores," says Jason Cox, sales director at Heineken South Africa.

This means Heineken® 0.0 is now available from an even greater range of retailers, including grocers such as Pick n Pay (with an increased grocery footprint), Checkers, Spar, OK Foods, President Hyper and wholesale partners such as Makro and Norman Goodfellas. As a sign of the times, there is an increased focus on existing online platforms such as Takealot.com and Bottles App. Heineken® 0.0 is also available on restaurant menus for takeaway.

\*Alcohol-free beer is a classification for beverages containing 0.05% alc./vol. or less. Heineken® 0.0 contains 0.03% alc./vol., allowing beer drinkers to do more without giving up the beer they love. As an alcohol company, Heineken does not promote any of its products to children/minors. Although Heineken® 0.0 is an alcohol-free beer; it is not suitable for persons under the age of 18. Heineken encourages the responsible consumption of alcohol, and the company shares the belief: 'when you drink, never drive.'

## HEINEKEN SA DONATES PPE AND FOOD TO HEALTHCARE WORKERS, LOCAL COMMUNITIES

Heineken SA has joined the fight against Covid-19 by donating personal protective equipment (PPE) and food hampers worth over R1m to the Gauteng Department of Health and local communities.

The PPE donation included masks, gloves and medical-grade disinfectants, which was be distributed to various hospitals for healthcare workers at the coalface of the pandemic. Some of the PPE is also destined for the newly-erected field hospital at Nasrec Exhibition Centre, which will serve as a quarantine facility for Covid-19 patients as the number of infections escalates.

"As Heineken South Africa we strongly believe in showcasing our global ethos of 'brewing a better world' through actions. Through the two significant donations, we are fulfilling our commitment to 'promote health and safety' and 'growing with and supporting communities', especially in the areas in which

We hope the donations give relief and comfort where it is most needed," says Millicent Maroga, Corporate Affairs Director, Heineken SA.

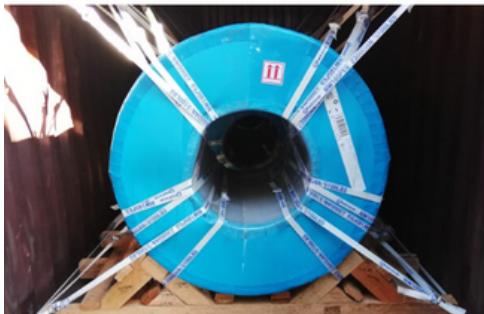


## PACKSOLVE SUPPORTS CLIENTS IN THE ESSENTIAL SERVICES DURING LOCKDOWN

PackSolve was privilege to continue to support their clients operating in the essential services space during Levels 5 and 4 of the lockdown, and have recently also opened up capacity as restrictions were eased.

"We have been supporting our clients in the fruit juice industry from our steel drum manufacturing division by ensuring that their products reaches the final destination safely and on time. Ensuring fruit juice, that is rich in Vitamin C and in high demand during this period, was seen as a priority during the past few weeks to boost people's immune systems," says Jenny van Rooyen, Marketing Manager of PackSolve.

"We have put in place all the required precautions for our staff to function in a safe environment, ensuring we do not put anyone at unnecessary risk of infection. We have started with 1/3 of necessary staff returning to work, and this will be ramped up as the demand requires, dependent on sector whilst observing the guidelines," she adds.



## THE JOY OF FOOD CANS



One positive to come out of the pandemic has been the renaissance of the humble food can. From celebrity chefs, to food supermarket displays, food cans have been high on the agenda for consumers adjusting to the new norm we are seeing.

Research agency Euromonitor believes this trend is here to stay, predicting that metal food cans unit volume will grow through 2024, "gaining a few annual growth percentage points".

This contrasts with a January 2018 Euromonitor report where it had forecast metal food can sales to decline globally between 2016-2021, saying "consumers are shifting away from canned to chilled and frozen food and other formats that offer added functionality, such as thin wall plastic containers and pouches".

However, pandemic stockpiling of canned food "will boost shelf stable food categories such as beans, tomatoes and meat which are key to metal food cans sales," with can's product preservation valued over convenience during the perceived uncertainty over food supplies while Covid-19 cases grow, the consultant added.

## RHODES FRUIT GROUP RE-OPENS CANNING FACTORY AFTER EMPLOYEES TEST POSITIVE FOR COVID-19

Groot-Drakenstein-based Rhodes Fruit Group (RFG) last month quickly re-opened its fruit cannning factory in Tulbagh - a great relief to the company considering strong demand for its brands during the Covid-19 crisis.

It was widely reported that this key production facility was shut for four days for deep cleaning and decontamination after nine employees tested positive for Covid-19. The closure was ordered by the Department of Employment and Labour (DOL) in early May.

RFG said operations at the factory were initially resumed on a phased basis to protect employees and provide a safe working environment. RFG CEO Bruce Henderson noted that while the closure had been disruptive to the canning process and there was a national imperative to supply food products during lockdown, the group would not compromise the safety of its employees.

RFG is one of the largest employers in the Witzenberg region - which has been identified as a Covid-19 hotspot. RFG owns the best-selling Rhodes canned fruit and vegetable range - as well as other brands like Bull Brand, Magpie, Squish, Bisto, Hinds and Pakco.

RFG recently reported increasing turnover by 10% to R2.9 billion in the six months to end March 2020. The group disclosed that sales for the month of March were 22% higher as households stocked up on essential foods ahead of the national lockdown.

Henderson pointed out that RFG had seen "sustained higher demand" for canned goods throughout the first seven weeks of lockdown. With sales of canned fruit, vegetables and meat proving particularly strong, Henderson said production had been increased to meet the demand.



Unfortunately for RFG, government restrictions on the sale of hot meals (which were implemented more than three weeks into lockdown) meant a marked slowdown in the sale of pies.

In terms of handling further Covid-19 complications, Henderson said the group had effective protocols and experienced operational management teams to reduce the risk of factory closures. This would ensure rapid cleaning and reopening in the event of infections.

## METPAC-SA SHOWS SUPPORT FOR WASTE RECLAIMERS DURING LOCKDOWN



South Africa has close to 60 000 waste pickers who play a substantial role in the country's waste management industry. As part of the country's informal waste sector, they help recover recyclables from household waste streams, as well as waste materials sent to landfill sites.

When the country recently went into a national lockdown due to the COVID-19 outbreak, these waste reclaimers suddenly and unexpectedly found themselves unable to put food on the table due to the fact that economic activity was limited to essential food and health products or services only.

MetPac-SA and its members heeded the call to financially support the waste picker livelihood and in a matter of days, over three-quarters of a million rand (R785 000) was raised collectively by the Producer Responsibility Organisations (PRO's) and Packaging SA, in collaboration with the Department of Environment, Forestry and Fisheries (DEFF).

"We felt deeply affected by the dire and uncertain circumstances these waste reclaimers, who play an important role in the waste management industry, were facing. Because they are not incorporated into the country's formal waste economy, they tend to lead a hand-to-mouth existence, which means that their income and thus food supply is directly linked to the amount of recyclables they collect on a daily basis, which completely ceased during the period of lockdown," said Kishan Singh, CEO of MetPac-SA.

"Aside from supporting sustainable livelihoods, these informal waste reclaimers provide plastic feedstock to our buyback centres and recycling plants. They form the backbone of our recycling economy in South Africa and enable us to achieve the fantastic recycling rates we do!" he added.

Despite the fact that many role-players in the metal packaging industry were suffering financial losses during this time as they had to either close down or greatly reduce their operations, MetPac-SA and the other packaging PROs rallied together with Packaging SA to donate funds to these waste collectors.

Working in close partnership with the Department of Environment, Forestry and Fisheries (DEFF) and in support of the members of the two associations representing the waste pickers/reclaimers, i.e. the South African Waste Pickers Association (SAWPA), African Reclaimers Organisation (ARO), a total amount of R785, 000.00 was collected within a matter of days. These funds will now be used to purchase electronic food vouchers that will be sent to the collectors who are on the DEFF database via cellphones and can be redeemed at major supermarket retailers.

# UK ALUMINIUM PACKAGING HITS RECYCLING RECORD

<https://www.cantechonline.com/news/25316/uk-aluminium-packaging-recycling-hits-record-rate/>



The UK's aluminium packaging recycling rate has risen to 56%, its highest ever level, increasing year-on-year by 4% (from 52% in 2018), according to findings of the latest Environment Agency data, published on the National Packaging Waste Database (NPWD).

The aluminium packaging market grew by 8% (year-on-year), with 207,000 tonnes of aluminium packaging sold in the UK during 2019. A record 116,670 tonnes were recycled, including an estimated 76% of all aluminium beverage cans sold.

More than 102,944 tonnes of the collected aluminium packaging (88%) was recycled into new high quality products within Europe. The business recycling rate once again surpassed targets, reaching 63% (compared to 60% in 2018), while consumer-collected aluminium packaging recycling also rocketed by 20% year-on-year (from 74,595 in 2018 to 89,543 in 2019).

The volume of aluminium packaging recovered from incinerator bottom ash (IBA) also increased, as a result of increasing volume of household residual waste being diverted to energy from waste plants (EfW) rather than going to landfill.

Aluminium recycling is a true circular success story. Infinitely recyclable, reformed endlessly and retaining its properties indefinitely, nearly 75% of all aluminium ever produced worldwide is still in use today. Within 60 days, the aluminium packaging that consumers recycle could be back on supermarket shelves – a hugely powerful message that really seems to resonate.

Alongside greater public awareness about the widespread benefits of recycling, delivered through initiatives such as MetalMatters and Every Can Counts, the positive increase can be partly attributed to the aluminium sector's continued investment into ensuring that the packaging it produces is recycled.

Rick Hindley, executive director at Alupro, commented: "The continuing increase in recycling rates is all the more significant given the substantial increase in sales of aluminium packaging. Aluminium recycling is a true circular success story. Infinitely recyclable, reformed endlessly and retaining its properties indefinitely, nearly 75% of all aluminium ever produced worldwide is still in use today. Within 60 days, the aluminium packaging that consumers recycle could be back on supermarket shelves – a hugely powerful message that really seems to resonate."

"Since 2010, the UK's aluminium packaging recycling rate has increased by 15% (from 41% in 2010 to 56% in 2019). This demonstrates the desire of British consumers to step up and do their bit for the environment. Our goal is to achieve an aluminium packaging recycling rate close to 100% across the UK – maintaining such impressive progress is essential to make this a reality."

# Solar system uses recycled aluminium to store energy without batteries



The KHI Solar One plant near Upington in the Northern Cape

A new renewable energy startup company has come up with a low-cost, zero-emissions solution to the thorny issue surrounding what happens when the sun isn't shining and the wind isn't blowing.

Paradoxically, the more the world embraces clean energy like solar and wind, the more it must embrace something markedly less-clean, namely diesel fuel or batteries.

In a building cut-off from a reliable grid powered by fossil fuel, diesel generators might be used to cover the hours of darkness when solar panels cease providing electricity. An alternative to this is to store the energy generated from the sun during the day in batteries, but along with representing a serious recycling problem, batteries require rare-earth minerals that are obtained from environmentally-destructive mining operations.

"Batteries are very expensive to store power for a 24 hour period," says Jonas Eklind, CEO of Azelio, the Swedish energy startup that has potentially solved this problem for good. "If you want to store a lot of renewable energy, the most cost efficient way of storing this is thermal energy."

Instead of the critical energy storage component using rare and expensive minerals, the Azelio system uses recycled aluminium, which emits nothing, is much cheaper than lithium, and—as Jonas joked during a recent media interview—"only lasts 62,000 years."

When we started the project, we had a conversion unit that converts high temperatures into electricity," he said. This device was called a Stirling Generator, and at first they would use biogas from landfills, water purification units—or from manure in a combustion engine to generate electricity.

However, after running numerous computer simulations on cost and energy capacity, determined that recycled aluminium was the best choice.

Photons absorbed by solar panels on your roof enter into the system where an aluminium alloy is heated so it moves from a solid to a liquid. This allows for the storage of an incredibly dense amount of energy within the material which can be sent as heat into the Stirling Generator and turned into electricity on demand, with zero emissions and at a lower cost. This is in direct contrast to fossil fuels, uranium rods or pellets, or diesel fuel, because the energy in the aluminium can constantly be melted and hardened again to produce or store energy.

With its high energy density, the material has the ability to store energy for an extended period of time, while the aluminium suffers no degradation in capacity over time.