

METPAC-SA NEWSLETTER

SEPTEMBER 2020

Driving sustainable metal packaging



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FROM THE CEO'S DESK



The last few weeks were filled with a series of constructive dialogue sessions held between the Producer Responsibility Organisations collectively under the umbrella of Packaging SA and the Department of Environment, Forestry and Fisheries (DEFF).

Essentially, the underlying objective was to develop a practical model that enables the execution of Section 18 (NEM:WA) requirements through gazetted protocols, increasing post-consumer packaging material recoveries and re-utilization, supporting circular economy principles.

In summary, whilst there has been significant progress on specific terminology, extended producer responsibility (EPR) expectations, EPR metrics and reporting, this will remain an evolving process for greater refinement, benchmarking against global best practices, and tailored for SA socioeconomic value systems.

PRO's that meet defined legislative prerequisites will soon be "registered" with DEFF, and a list of their "obliged industry" membership will need to be submitted to DEFF.

I can assure you that Minister Barbara Creecy and her team at DEFF are extremely focused on delivering an immediate (12-24 months) turnaround on current post-consumer packaging material management in SA.

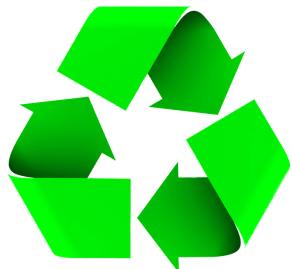
To this end, the packaging industry, through the PROs, is under pressure to commit to stretch targets relating to the "controlled" products as defined by the new draft gazettes. Consequently, the PRO's will require the support of the entire "obliged industry" to deliver on such stretch targets or face penalties which will be passed onto the respective stakeholders within the obliged industry value chains.

Therefore, if you are operating in the space of metal packaging in SA (finished packaging importer, or a raw material importer, raw material producer, packaging converter, bottler/filler/brand-owner, retailer or exporter of packaging/filled product), you are a part of the obliged industry. I urge you to get in touch with the MetPac-SA administration team to ensure that you are a registered member, demonstrating commitment to Section 18 expectations. Failure to do so will result in penalties later.

I leave you with this message, seemingly threatening, but I assure you that once you are within the domain of the MetPacSA operations and strategy, there will be no cause for concern.

Yours sincerely,

Kishan Singh (CEO)



INPUT OUTPUT?

THE DEBATE CONTINUES ABOUT WHICH MEASURES TO USE WHEN REPORTING ON RECYCLING SUCCESSES

Despite the nation going into lockdown due to Covid-19, these past few months have been a period of extreme focus for the various Producer Responsibility Organisations (PRO's), Packaging SA and the Department of Environment, Forestry and Fisheries (DEFF) as we continue to work towards reaching agreements on various aspects and regulations driving the proposed new Section 18 EPR System.

The draft EPR legislation proposes using two measures, namely collection rate and recycling rates. However, the draft bill did not specify exactly what these two measures mean. Based on the various inputs received from the various PRO's, it soon became clear that there are many different interpretations of these terms.

For the sake of clarification, the following definitions need to be understood:

- **“Collection Target”** means the amount of post-consumer, controlled products collected from the waste stream measured after primary sorting as a percentage of the amount of controlled products placed on the market.
- **“Input Recycling”** means the tonnage of post-consumer material purchased for recycling by recyclers, after primary sorting of material types & separation of other waste. Typically, metal recyclers will accept all metal items (packaging and non-packaging) that are presented to them.
- **“Output Recycling”** means the difference between material collected for recycling and the actual material that has been processed into new material, i.e. after the recycling process for the purpose of understanding material flow.

Another major topic of debate, centred around whether future reporting should be measured according the recycling input figures, or according to recycling output figures.

The debate over input vs output is a very old one. Both ways of measuring offer their own advantages and disadvantages. As explained earlier, “Input rate” refers to the percentage of collected waste that is sent away for recycling. Both Europe and South Africa have been following using this approach for several years now in order to measure the recycling rate of paper, glass and cans. Because we are often compared with Europe, the Department of Environment, Forestry and Fisheries (DEFF) has also opted to use these figures as it makes sense for us to follow the same methodology as our European counterparts.



Many experts are in favour of using input figures, as they are easier to access. The output rate is calculated from the input, and losses experienced during the process, are extrapolated.

It is not a "one size fits all" approach

For some materials, the amount collected is their recycling input, and for these PRO's their "recycling" figures should therefore be seen as their "output". For other materials, the collection rate is different from their "recycling input", metals being the obvious example. In this case, "recycling" must be seen as "input".

A function of the process and the material

It is also important to note that recycling output generally includes material sourced from "non post-consumer" sources, such as pre-consumer or process scrap and imports.

This creates the possibility of recycling output even exceeding "collection" in extreme cases. In some cases, such as glass and metal, where recycled material is mixed with virgin during the recycling process, it is also impossible to measure. There would therefore be no "output" rate that can be directly measured and correlated with input.

To further complicate the even matter, the relevance of recycling input vs. recycling output also varies by material. For glass and ferrous metal, for example, there is very little difference. For plastics and aluminum, however, there are material losses. To resolve this issue, Packaging SA proposed splitting the targets into 3 metrics, namely collection, recycling input and recycling output. The danger with this approach, however, is that we potentially introduce unnecessary measures and targets that Government doesn't actually want.

From MetPac-SA's point of view, we argue that it makes little sense to include an "output" KPI in the regulations for us. For other materials, such as plastics, it is an important measurement to validate the quality of the input material and the process, but we feel that this should be part of "best practice" and not necessarily mandated in regulations.



CHILL BEVERAGES LAUNCHES AFRICA'S FIRST CANNED WATER SOLUTION



D A Y
1 - 6 0

#BUYTHEPLANETADAY

Metal packaging can be recycled many times over without any loss of quality - making them undoubtedly the better choice for our environment. DAY is Africa's first canned water brand and has been created to combat the usage of plastic in our every day lives by providing an alternative solution to single use plastic.

Chill Beverages International, in partnership with CAN DO! officially launched Africa's first canned water solution, called DAY Water. This partnership between Chill Beverages and CAN DO! was inspired by a mutual recognition to offer a safe and environmentally responsible alternative to single-use plastics.

Appealing to the consciousness of consumers who consider themselves architects of the future - the cans feature a modern and minimalistic can design. The developers are optimistic that its presence in the market will address the overwhelming and destructive nature of plastic bottles in our environment. The brand's "Buy the planet a day" movement speaks to the redeeming properties of cans as a sustainable packaging choice.

James Shaw, DAY Brand Manager, says: "DAY water is intended to challenge the way consumers purchase water... not only to think about hydration, but also about the effects of packaging on the environment. We all have our part to play".

For more information, visit www.buytheplanetaday.com.

SA AEROSOL INDUSTRY STEPS UP TO HELP FIGHT COVID-19



According to the Aerosol Manufacturers' Association (AMA), the South African Aerosol industry put up its hand immediately as the State President, Minister of Health and the Minister of Trade and Industry began looking for more supplies of hand sanitisers, disinfectants, alcohol gas and other essential items needed in the fight against COVID-19.

Within 24 hours, thirty companies had responded by close of business on the 26th of March and went on to register for CIPC certificates in order to continue production and ensure safe passage for their employees.

Even non-members of the AMA joined hands in the industry's efforts. According to Nick Tselentis, Executive Director of the AMA, much good can and will come out of this.

"South Africans are inventive, hardworking and concerned citizens. We now need to manufacture, trade and sell our incredible services and expertise and get back on track," Tselentis said



Regulatory status update

The National Regulator for Compulsory Specifications (NRCS), South African Health Products Regulatory Authority, South African Bureau of Standards (SABS) and the Department of Trade and Industry jointly issued a notification to assist manufacturers during the COVID-19 crisis, regarding applicable standards and conformity assessments. This notification covered hand rubs, soaps and sanitisers (with or without alcohol).

According to AMA, sanitising products may fall into various regulatory groups, depending on the application surface, environment the sanitiser is used, intended use and function and composition.

For more information, visit www.aerosol.co.za

METALS



RESEARCHERS PREDICT THAT MOST METALS MARKETS WILL MOVE INTO A SURPLUS

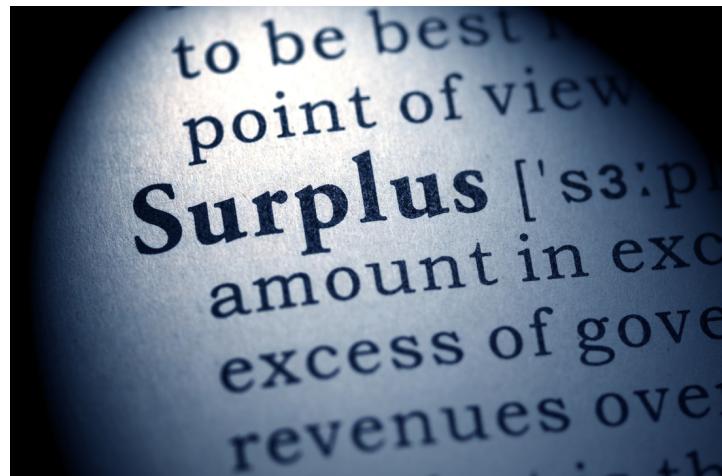
According to research firm Fitch Solutions (previously BMI), most metal markets are expected to move into an oversupply situation or surplus this year. They predict that consumption is likely to decrease more than the decreases in production capacity, as a result of the spread of COVID-19.

Although some operational hurdles, owing to government lockdowns, are affecting global metal production, the firm believes these will be "far outweighed" this year by the demand destruction from consuming sectors as a result of the global recession that is expected - owing to the fall-out from the pandemic.

Taking this into account, Fitch now expects demand for metals to broadly show a recovery over the second half of this year and into 2021, driven by the ramp-up of the Chinese economy.

"We continue to monitor the COVID-19 situation closely and are revising our metal forecasts as more economic data becomes available and announcements from companies and governments are made across the globe," they were reported saying.

Fitch Solutions expects the global recession this year to hamper metal demand as end-use sectors enter a lull.



Aluminium production, in particular, is forecast to grow by 1.2 % year-on-year in 2020, compared with the previous forecast of 3 %. Globally, owing to COVID-19, Fitch expects some disruptions to aluminium production and has revised down its forecasts across a number of countries, including China, India, the US and Germany.

On the other hand, Fitch now expects global aluminium consumption to decline by 2 % year-on-year in 2020, compared with the firm's previous forecast of 1.5 % year-on-year growth, as the firm expects similar global demand destruction for aluminium from consumer sectors including automotive, home appliances and construction.

As a result, Fitch now expects the aluminium market to be in surplus of three million tonnes this year, compared with one million tonnes in 2019.

Meanwhile, global steel production is expected to grow by 3.2 % year-on-year in 2020, compared with a previous forecast of 3.8 % year-on-year growth.

With regard to tin, production cuts among leading producers, whether through voluntary ramp-downs owing to the low tin price environment or through government mandates, have placed a dent on refined tin production over recent months.

Fitch has also revised its previous 2020 forecasts for nickel and tin consumption growth downwards from -2.7 % and 5.7 % year-on-year respectively to a decline of 4.6% each year-on-year.

Source:

Simone Liedtke, Engineering News

GLOBAL CRAFT BEER INDUSTRY MOVES FROM BOTTLES TO CANS



The global beer market is transforming itself as speciality beers are increasingly moving from bottles to cans

"A can is like a small keg. It doesn't let light through. This improves the quality of the product. When transporting, a can scores highly as it saves space when packed in trays or cartons. Instead of three truckloads for glass bottles, you only need one truck for the same amount of beer in cans".

According to Xavier Vanhonsebrouck, CEO and proprietor of Kasteel Brouwerij Vanhonsebrouck in Belgium, the craft beer industry is increasingly transforming itself by moving away from bottles to cans as the packaging material of choice.

"One of the most significant advantages for us has been sustainability," he said. "In our operation, the can is a non-returning package. No water is required for cleaning it and it can be 100 % recycled".

For the container dress, Vanhonsebrouck ensures a combination of cost-efficiency and sustainability.

When sizable quantities of beer are canned, the brewery uses pre-printed cans. In the case of small batch sizes, blank containers are fitted with sleeve labels. These meet the brewery's stringent ecological requirements. Sleeves are perforated for easy separation from the aluminium can.

Vanhonsebrouck can handle up to 17,000 containers per hour. Since most of the beers have an alcohol content of more than 8 %, the brewery also uses small 0.25 litre cans in addition to the 0.33 and 0.5 litre sizes.

Vanhonsebrouck is proud of the fact that they are the first Belgian speciality brewery that has ventured into canning.

"We embrace visionary thinking and have the future firmly in our sight," he concluded.

Source: Food Review, June 2020.