



Metal Packaging in China

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Global Resources Shanghai Ltd.



IMDA 2006 Chicago



Agenda

- Company Introduction
- China Metal Packaging Industry Overview
- Metal Packaging Products and Distribution
- Market Size and Structure
- China Overview
- Potential and Development Trends

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Global Resources Shanghai Ltd.

Company Introduction



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Global Resources Shanghai Ltd.

- Global Resources Shanghai Ltd. (located in Shanghai China), specializes in helping manufacturers and customers connect in developing markets.
- Our local knowledge in China provides manufacturers a way to tap into new geographic markets.
- In addition, our many relationships with suppliers in China provides producers in more developed countries with a strategic low cost source of raw materials and components.

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Metal Packaging Products

Metal Packaging Product includes:

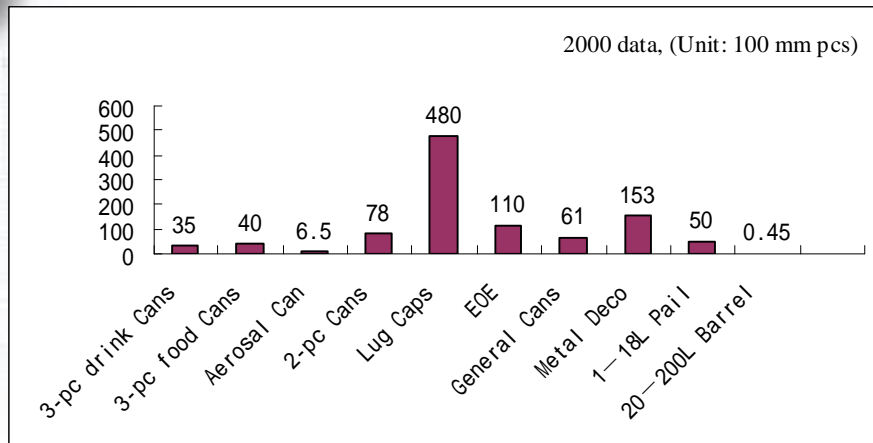
- **Metal Decorated Products**
Battery, Electrical Appliance and other specialty Coated Products
- **Beverage Cans**
2-pc and 3-pc
- **Aerosol Cans**
Steel cans for Medicine, Pesticide, Cosmetics, Industrial and Home Care Products
- **Food Cans**
Drink Powder, Candy, Milk Powder, Vegetables, Meat and Cigarette
- **Caps**
Crown, Lug, RTO, MTB
- **Steel Barrels**
1-18L Pails for Chemicals and 20-200 Litter Steel Barrel

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Production by Category



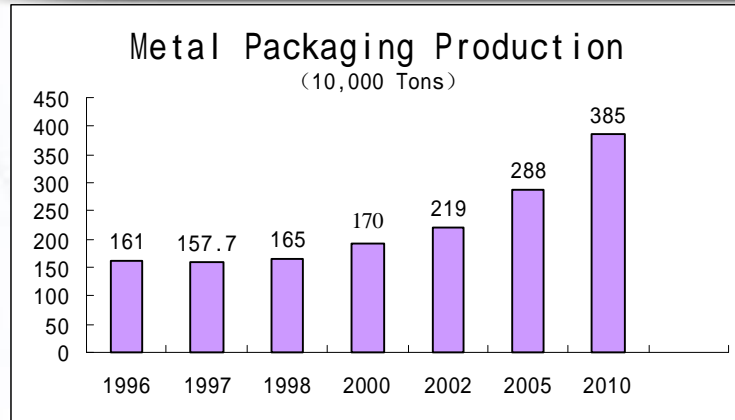
Largest production by volume is 48 billion pieces of crown caps and other lug caps

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Market Size by Production



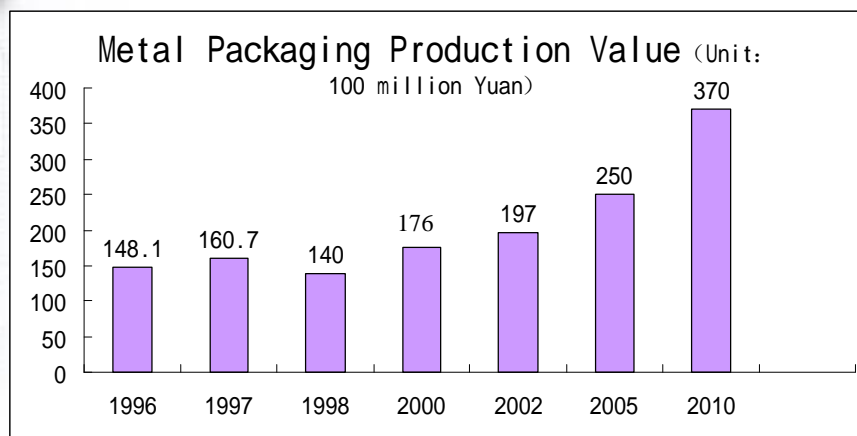
Market size last year was 2.88 million tons by steel plate consumption. By year 2010, it will reach 3.85 million tons.

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Market Size by Value



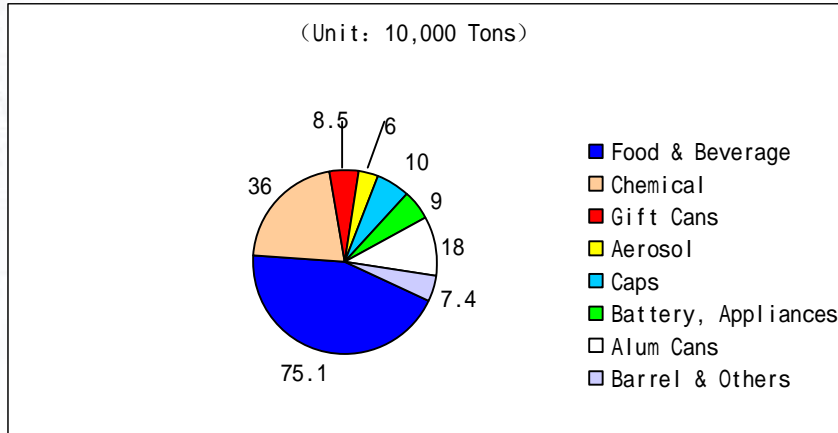
Metal Packaging last year was US 3 billion dollars which counts 10% of total China Packaging industry.

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Metal Packaging Enduser



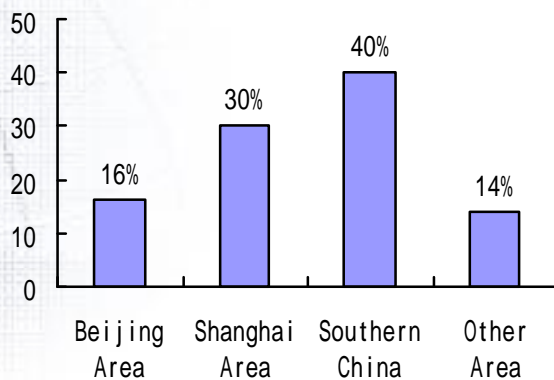
Metal Packaging mostly used in: Food, Beverage and Chemical industries.

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Regional Development



70% of the metal packaging enterprises are located in Shanghai and Southern China.

Other places like Sichuan, Fujian and Shandong are rich in agriculture products and are leading the metal packaging development.

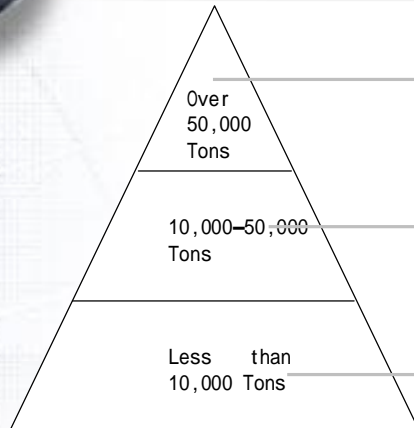
Typical companies are: Cofco Packaging, Fujian Jaimei, Shanghai Ziquan, Shenzhen Huate and Beijing ORG.

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Metal Packaging Company Sizes



Cofco Packaging Corporation (Hangzhou MCP, Huapeng & Panyu), tin plate consumption is 75,000 tons with 12 printing lines & 9 coating lines.

30 companies
Fujian Lianjian Group, Haikou coconuts canmaking, Shanghai Ziquan, Taicang Corner, Wuxi President, Beijing ORG, China Chemical Barrel

Over 1400 companies

90% are small enterprises and the overall market is fragmented.

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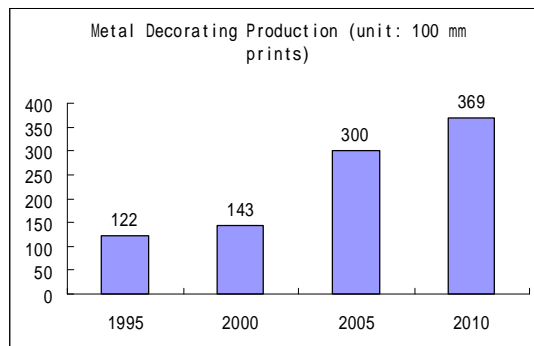


Metal Decorating Market

There are over 1000 metal decorating lines in China, including 300 lines are imported from Japan (60), UK(160) and other countries such as Germany.

Annual capacity reaches 25 billion prints with 2 shifts. Year 2005 production is 30 billion/prints.

They are 2 color, 4 color and 6 color lines.

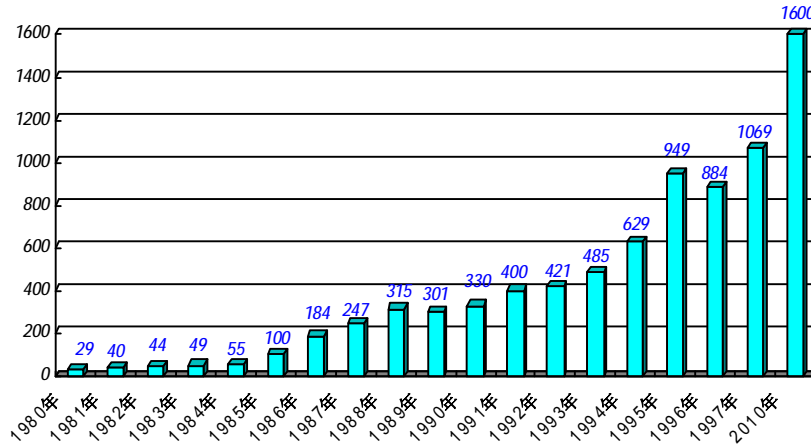


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Beverage Can: Soft Drink Market



Production Since the 1990s (24%)

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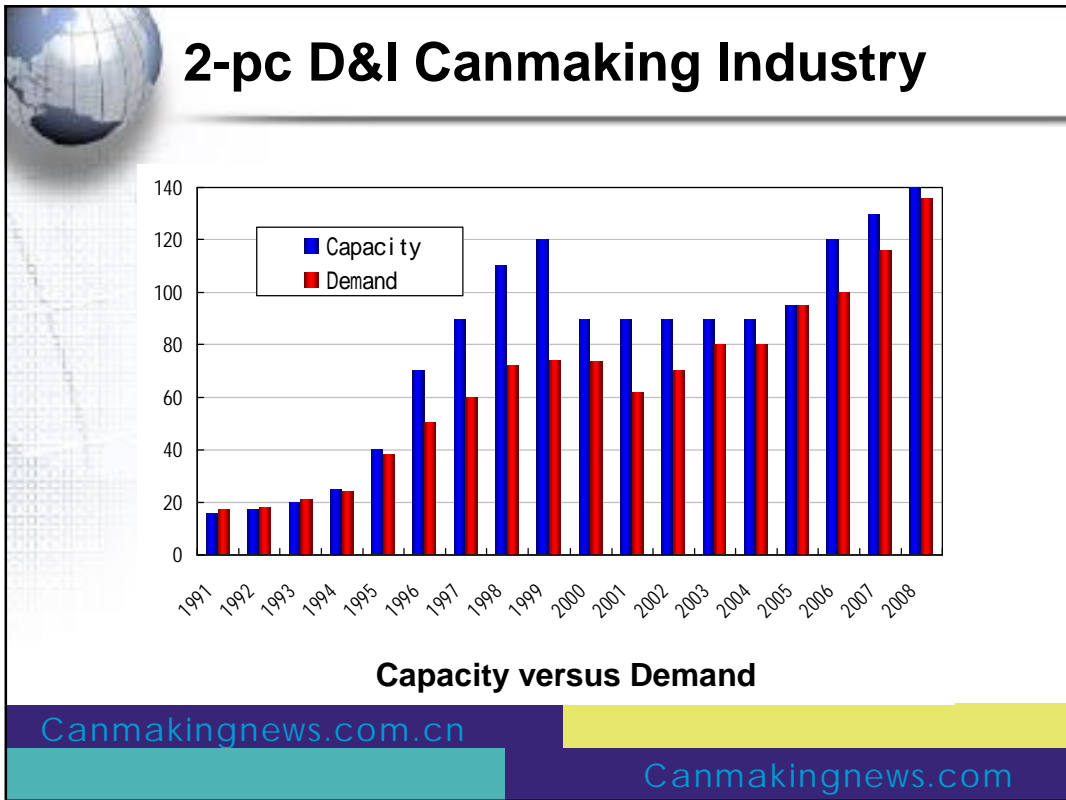
2-piece Beverage Canmaking

- 23 D&I Can-making lines, 2 steel lines.
- Annual capacity reaches 10 billion.
- Can consumption per capita is 8 (US 331)
- From the long run, it looks like there is potential but compared with the demand from the last few years (8 billion), and compared with the Southeast Asia countries of 5 can per capita, there is not huge potential for growth.



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Canned Food Market in China

- One of the biggest exporter yet one of the lowest consumption rate of canned food- less than 1.5 kg per person. (us 90kg, eu 50kg, japan 23kg)
- Canned food has become one of the fastest growing industry - each year from 10% to 20%.
- In 2005, 8 billions food cans were produced.



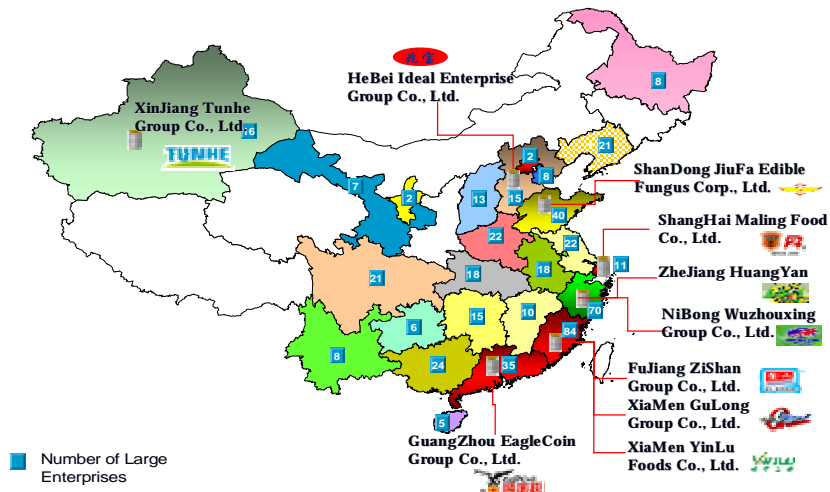
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Top 500 Canned Food Processors

Top ten counts 15% of domestic market

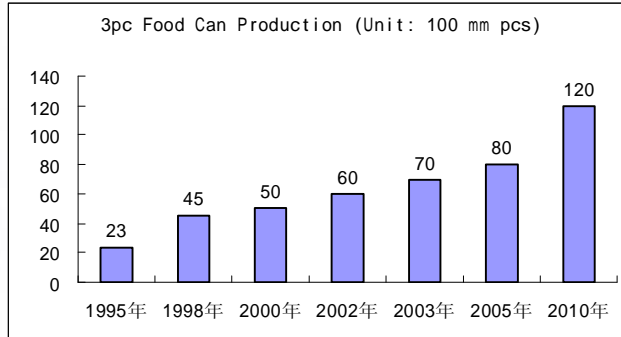


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Three Pieces Canmaking



3-pc cans are for non-carbonated drinks and processed food, consuming 30% of China's steel plate production, about 600,000 tons.

There are over 300 lines, 40% of them with a speed range from 800 to 1200 cpm. Other 60% are low speed lines.

Annual capacity can reach 23 billion cans.

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Metal Ends and Caps

Over 150 lines, speed at 110,000/per hour, 140,000 per hour and 270,000 per hour.

Annual capacity reaches more than 70 billion pieces. Demand for beer in 2003 is only 30 billion, for beverage 5 billion. Over capacity.

It counts 5% of China's total steel plate consumption, about 100,000 tons per year.

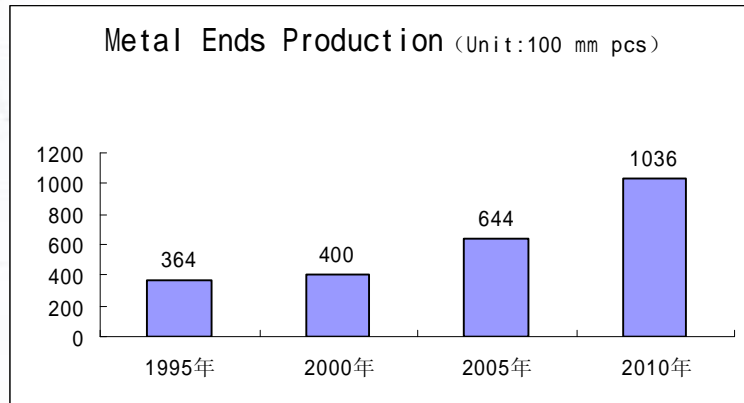


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Metal Ends and Caps



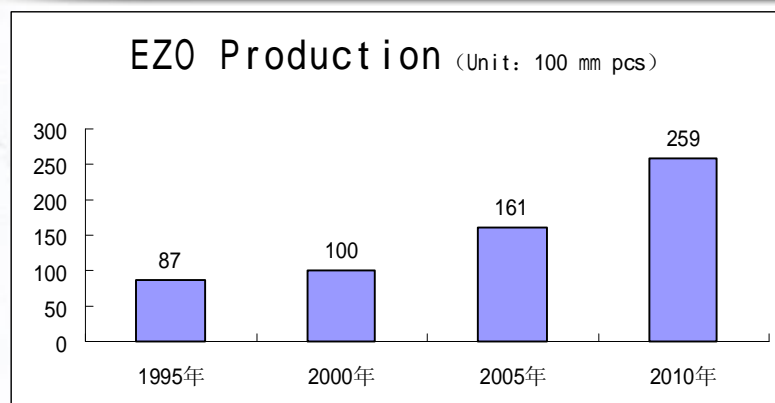
Larger companies are COFCO Packaging Huapeng, Shanghai Ziquan Packaging, Yiwu Endmaking and Changhong Endmaking.

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Aluminum and Steel EZO



In 2005, it reached 16 billion, increased 61.3% compared with 1995.

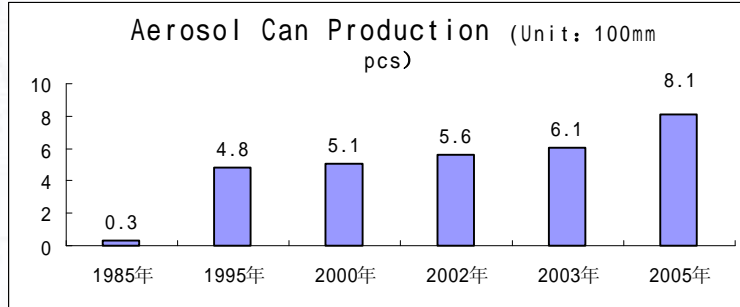
It is estimated by year 2010, the production reaches 25.9 billion pieces.

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Aerosol Can-making



In the 80s, the production was 30 million piece and reached 560 million in 2002. In 2003, because of SARS, the demand for aerosol can reached 610 million, rose 18 times in 15 years.

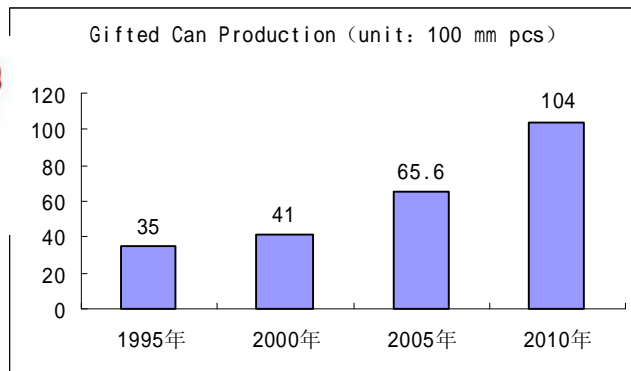
Aerosol can consumes 150,000 tons of tin plate and counts 8% of China's total tin plate consumption.

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General Can-making



With the growth of construction and automobile, the demands for painting, coating packages increase rapidly. The general can-making counts 42% of China's steel plate consumption, 800,000 tons/year

Gift styled cans are more labor intensive products and had become the major exported products from China.

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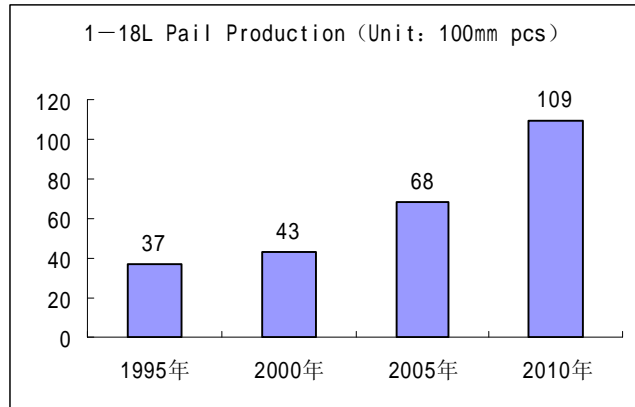


Under 18L Pail

Used for raw food materials, chemical coatings, paintings and lubricants.

Increased 16.2% from 1985 to 1995, by 2005, the production reached 6.8 billion pieces, increased 58.2%.

It is estimated by year 2010, it reaches 10.9 billion pcs.



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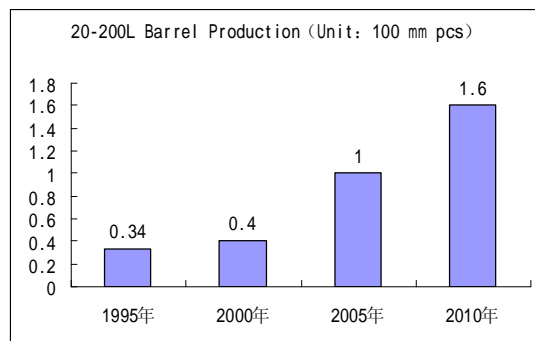
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200L Barrel

Steel barrel industry started in the 80s with 140 companies with 160 lines. By 1990, there are 300 factories and over 10 companies with annual production of 100,000 pieces. Most of these companies are well equipped and they represented 30% of the market.

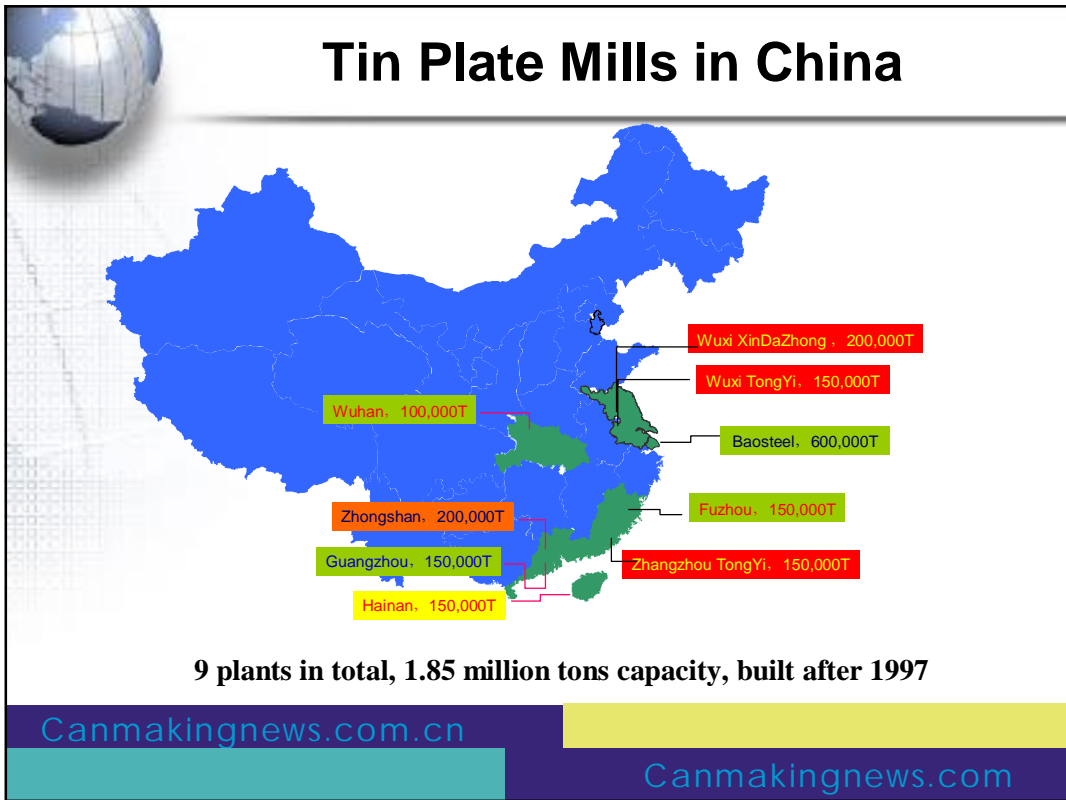
There are 17.7% increase from 1985 to 1995, while in 2005 the production reached 100 million, increased 150% in 10 years. By the end of 2010, the production will reach 160 million pieces.



The capacity in 2003 was 80 million pieces but the demands were only 50% of it. With the development of 200L plastics barrels, the competition worsened.

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Tin Plate Supply and Demand

In the past 5 years, the demands has increased over 15% each year, faster than China's economic growth.

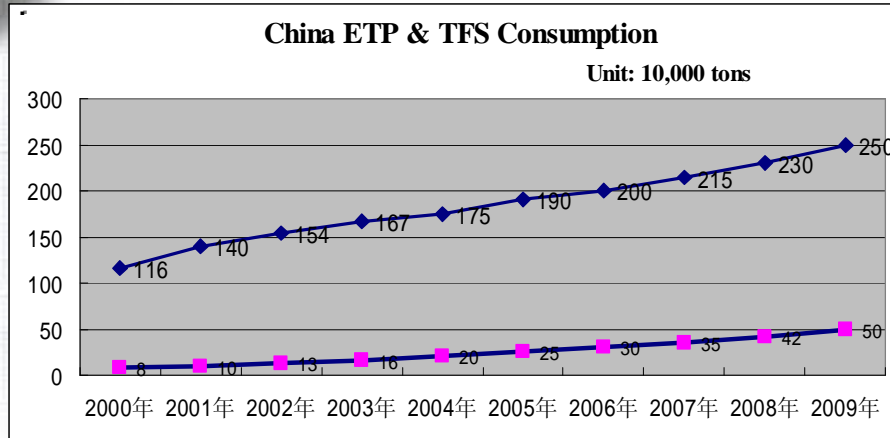
2003 data. Unit: 10,000 tons.

	Bao Steel	Yi Chang	Wuhan Steel	Zhong Yue	Jiangsu Tongyi	Fujian Tongyi	Zhong Ri Da	Hai Yu	Pacific	Import
Capacity	40	10	13	10	15	15	12	12	12	52
Production	43	9	5	9	13	13	10.5	10.5	11	
Export	8	2	-	-	0.8	0.6	0.8	1.0	1.8	
Supply Domestic	35	7	5	9	12.2	12.4	9.7	9.5	9.2	
Domestic Supply	Domestic Black Plate			Imported Black Plate						
	470,000 tons			620,000 tons						
	Total Domestic Supply 1,090,000 tons (not included exported)									
Total Domestic Demand	1,610,000 tons									
Remarks	Baosteel and Other exported 151,000 tons									

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ETP & TFS Market Trends



In 2000, it is 1.1 mm tons; in 2004, it was 1.8 mm tons and in 2005, 1.9mm tons. It is estimated that by year 2010, the demands will reach 3 mm tons, and then will remain steady

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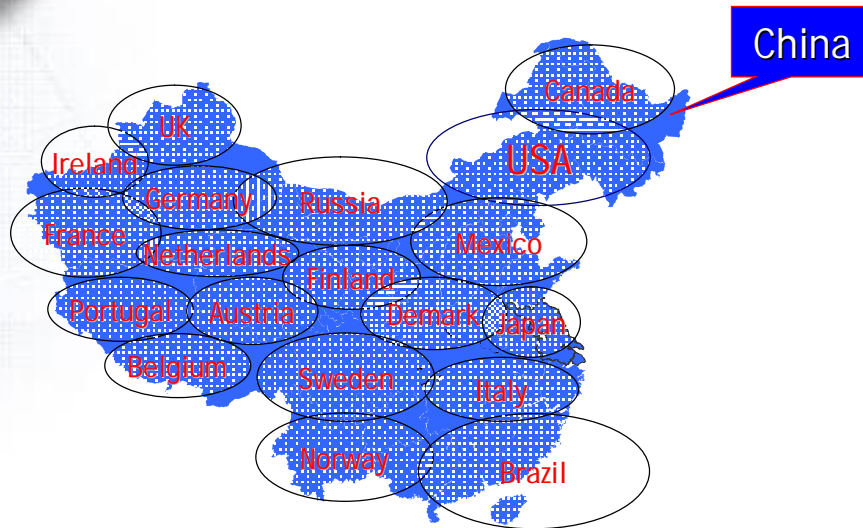
China Overview

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China – 1.3 Billion People



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Tourism



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China Overview

- Population growth
- Tourist
- Global factory
- Export products – Import technology

World's largest economy by 2030

World's thirstiest and hungriest markets

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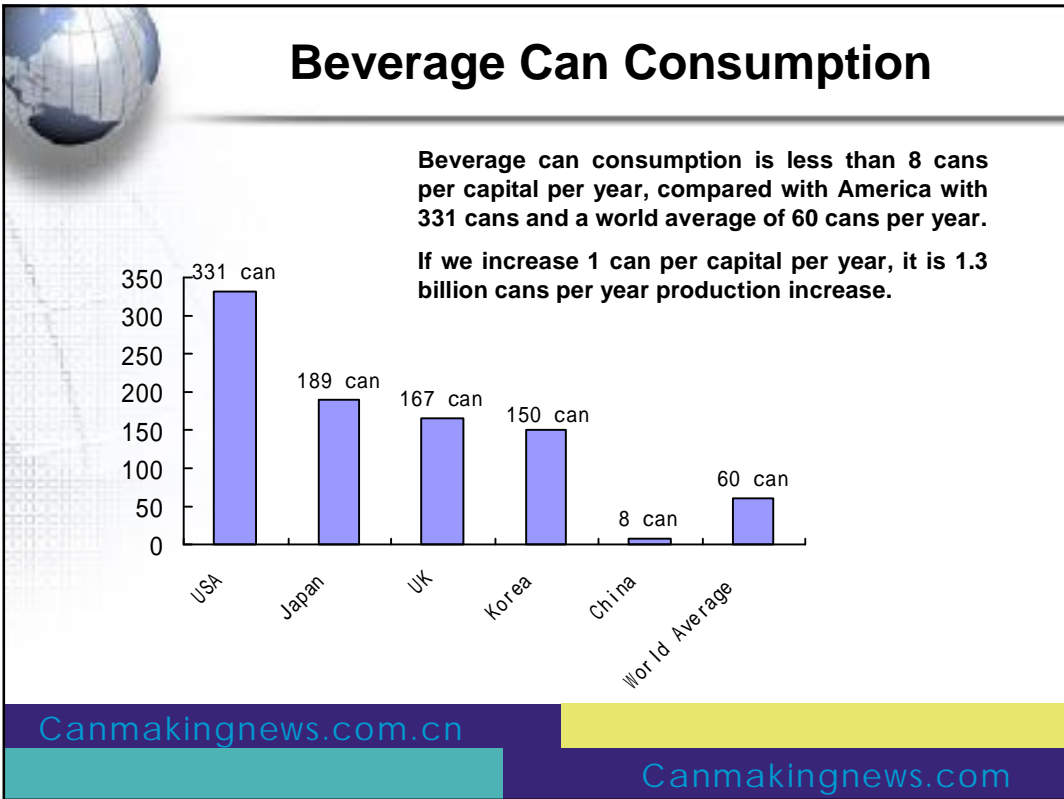
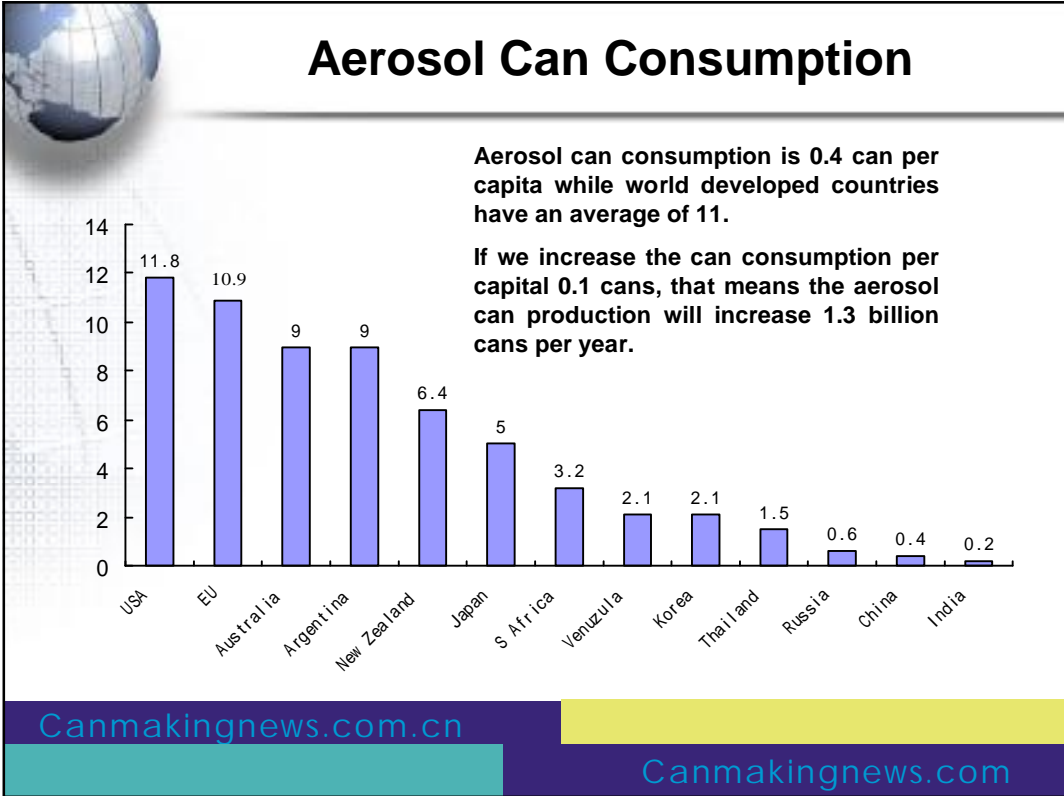
Bright Future & Great Potential

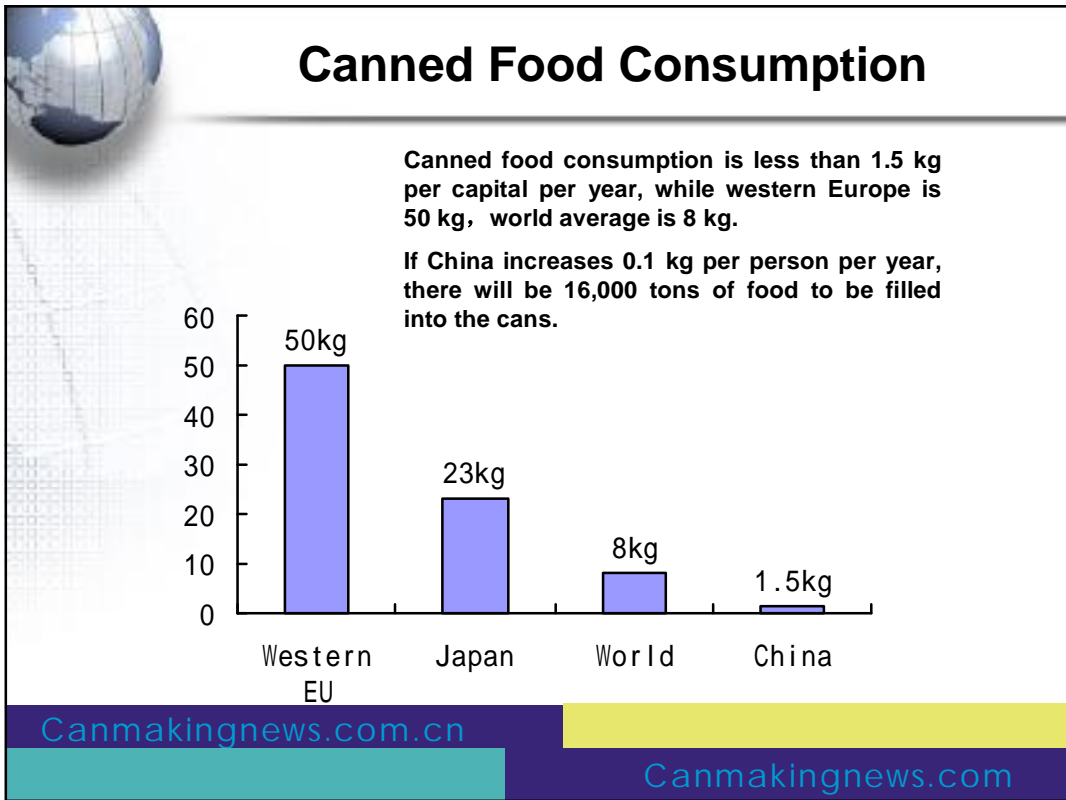
As China has joined the WTO, the economic development will change China from price competition into more brand competition and service competition. The brand competition will lead companies to develop packaging, invest packaging and promote packaging.

China has become the “world manufacturer” and the consuming products development will definitely lead the metal packaging industry a new era for growth.

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Development Trends

Merging and Consolidation:

Big fish is eating small fish. The overall enterprises of 3000 in the late 1990s had been reduced to over 1000 companies now and it is continue to be consolidated.

“United We Can!” this is the common slogan in China’s metal packaging industry, encouraging companies to combine resources and consolidate the market, technology, brand and management skills.

COFCO Packaging, for example, consolidated its resources and expanded from one facility to 5 facilities in 5 cities, covered market areas from South to North and to the East areas. It is the best brand name in China’s metal packaging industry.

With the economic development, big becomes bigger, small becomes more specialized and the mid ones will eventually disintegrated.

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Development Trends

New materials and new technology have been introduced and developed in China.

There are demands for wider and thinner coils and demands for DR plates.

Better metal decorating equipment and most of the Can-lines are upgrading.

Material down gauged from 2000's 0.26mm into nowadays 0.235mm, 10% reduce.

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Development Trends

Shanghai Baosteel have invested heavily on the metal packaging industry. Besides the 2 steel beverage Can-lines, newly built one 6-color metal printing line.

- **Main Equipment:**
 - Prepress system (incl. CTcP from Basysprint)
 - One six-color UV printing line with on-line UV coater from Bauer + Kunzi Germany
 - Three Coating lines (3 C452 from Fuji and 1 GREEN oven from Yamato Sanko)

- **Manufacturing capability:**
 - Thickness range: 0.12 – 0.4 mm
 - Max sheet size: 1145* 950 mm², Mini sheet size: 510* 710 mm²
 - Metal sheet material: Tinplate (SR、DR)、TFS、Al (Scroll and rectangular)

- **Annual Output Capacity:** 30 thousand tons

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Development Trends

New products and new tech development:

- COFCO has developed the high clearance (350Lpi) and high true color from 4 color CMYK to CMYKOGB 7 colors.
- Color printing laminated steel and spot laminated steel had started production in China;
- Laser Printing, Shinning Surface Printing、Fluorescent Printing、Light Change Printing、Reflective Printing、Fragranced Printing technologies had been successfully developed.
- Using DR plates to print “will change images” when utilizing distorted Litho, Vacuum safety closures for hot filled products, food cans applied EZO ends and twist off caps are also widely used in the canned food.
- Three piece shaped cans had started production by Wuxi Huoban Company.
- Other new products under development, such as microwavable cans and cans can be cooked directly on the heating source.

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Development Trends

- World Packaging Organization (WPO) had given permission to set up the “Asia Packaging Center” in Hangzhou (near Shanghai), China.
- This center will become the “Global Packaging Center” combine R&D, manufacture, trade and information services.

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China – the Seller’s Market

- China is a seller’s market with a huge potential to educate and enhance the consumer needs.
- Trade Show in Shanghai in Nov 2-4.
“Aero-Tech” and “Metal-Tech”.

For more info, please feel free to contact me.

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THANK YOU!

谢谢!

With special thanks to Mr. Hu Rong Hua, Mr. Hu Hong and many of my hard working colleagues.
They make the presentation possible.

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(data presented here is based on China Packaging Statistics)

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