

Supporting document 5

The packaging supply chain – P1034

Chemical Migration from Packaging into Food

The production of packaging is a relatively mature industry in Australia with limited overall growth. A significant change over the last two to three decades has been the growth of the plastics sector at the expense of other materials (particularly metal cans) (PCA, personal communication). By international standards the Australian market is small, as the value of world packaging is estimated to be \$US300 billion (PCA 2005). In 2009, > 4000 billion pieces of packaging were sold globally; plastics represented 54% of the global market share, followed by paper/cardboard (18%), composites (11%), metal (9%) and glass (8%) (Euromonitor International 2010¹).

The Packaging Council of Australia (PCA) is a national association representing the entire supply chain – importers, raw material suppliers, manufacturers and converters, brand owners, retailers, recyclers and designers. The membership of the PCA totals approximately 90 companies representing large, medium sized and small companies. The Board membership covers all these sectors (PCA, personal communication). Similarly, the Packaging Council of New Zealand is a trade association that represents the life cycle of packaged products, including raw material suppliers, packaging manufacturers, brand owners, retailers and recycling operators. There are approximately 100 members representing more than 80% (by turnover) of the New Zealand packaging industry.

Broad industry trends in Australia (PCA personal communication):

- The growth of imports of “empty” packaging – which is increasingly an internationally tradable commodity;
- The increasing concentration of the sector – there are just 2 glass packaging manufacturers in Australia, approximately 6 metal can manufacturers and 2 major corrugated box manufacturers, which together account for over 90% of the market;
- Competition from domestic, and increasingly global, manufacturers has increased with the result that margins are tight;
- Increasingly, the major users of packaging (both brand owners and retailers) are sourcing their packaging from overseas sources, often at a lower cost;
- The multinational companies now adopt global packaging standards (eg EU or US) which Australian suppliers of packaging must meet.

The industry has a high level of market share concentration. The two major packaging manufacturers in Australia (Visy and Orora² (previously Amcor)) are Australian owned, as are a substantial proportion of small and medium enterprises (PCA, 2005).

¹ <http://www.euromonitor.com/packaging>

² Amcor underwent a demerger in December 17th 2014: Amcor remains a global company and focusses on the manufacture of rigid and flexible plastics whereas Orora is regionally focussed and manufactures fibre, metal and glass.

Amcor and Visy produce the bulk of the corrugated packaging required for the domestic market. The two major players are estimated to account for 95% of total industry revenue in 2013-14³. Paper/board packaging represents the largest share of the packaging material market, comprising about 36% of the total Australian packaging market, followed by plastics (30%). The food and beverage sector uses approximately 65-70% of Australian packaging (of all types) (PCA, 2005).

Packaging manufacturers and related businesses may be members of professional bodies for packaging technologists, such as the Australian Institute of Packaging⁴. They may also be members of specific industry trade associations, for example, Plastics New Zealand, which represents 184 member companies and the Australian Plastics and Chemicals Industries Association⁵, which represents Australia's chemicals and plastics industries.

References

PCA (2005) Issues Paper 18, Australian Packaging: Issues and Trends, Packaging Council of Australia Inc <http://www.pca.org.au/site/index.php/page/issues-papers>

³ IBIS World, 2013

⁴ <http://www.aipack.com.au/index.cfm?MenuID=44>

⁵ http://www.pacia.org.au/aboutus/business_of_chemistry