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A growing sector. Numerous large foreign customers celebrate the success of Italian products (+6.6%) at the anniversary celebrations for market leader Nordmeccanica.

Italian exporters toast in Piacenza with the industry's international heavy hitters

By Laura La Posta and Natascia Ronchetti



Hi-tech. In one of Piacenza-based Nordmeccanica's factories, tests are carried out on a machine for Egypt (in the photo are president Antonio Cerciello, plant manager Bruno Giorgi and vice president Pietro Fiorenzi)

Extraordinary products come only from exceptional people, with a passion for excellence and the constant desire to improve themselves and the world: this is why I would like to thank and applaud all the employees in the room, from the factory workers to the managers, of Nordmeccanica, a leading innovator in the packaging industry." All the company's men and women celebrating the company's 40th anniversary excitedly stand and cheer in the splendid 17th century setting of the Sala degli Arazzi in Piacenza's Collegio Alberoni. The compliment is more unique than rare, coming as it does from Stefan Hamelmann, a member of the Henkel family which owns the German colossus with a 20-billion-Euro annual turnover. Nodding away beside him is Ulrich Lehner, super manager in 17 different boards of directors (Porsche, Novartis, and Deutsche Telecom, where he is president of the Supervisory board), after a career at the top of Henkel. Two Germans who are impressed by the best Italy has to offer.

One by one, the other international guests in the room raise their glasses and join in the toast: some of the most notable include Xia Jiali, president of the Chinese plastic industry's packaging committee; Javier Constante, head of packaging in Europe for American giant Dow Chemicals; Jeevaraj Pillai, co-president of Indian multinational Uflex, representing its founder, owner and president Ashok Chaturvedi; Stephane Martin and Alan Saxon, both European managers of Australian giant Amcor; Ram Singhal, vice president of the American flexible packaging association; and Guido Aufdemkam, executive director of the European equivalent. The evening will conclude with Rajan Vaswani, the entrepreneur leading the holding company for 18 industries in Nigeria, Veepee Industries, kneeling in front of Nordmeccanica's president, Antonio Cerciello, for a "father-to-son" blessing.

This is, ultimately, the reason for the success of Italy's packaging valley around the world: a model based on family-run companies driven by firm values, respect and understanding for customers, a constant drive for innovation, and genuine interest in matters of environmental sustainability. "Ours is a story of passion, trust, quality, respect, friendship; of people,

before employees and customers, always at the centre of our thoughts,” confirms Antonio Cerciello, who runs the company alongside his children, vice presidents Vincenzo (technical director) and Alfredo (financial director). It is an emblematic company for the sector, as it exports over 90% of its production and is the world leader in laminating machines for flexible packaging (with a share of above 65%). Its turnover is more than 110 million Euros, with 300 direct employees and five plants (three in Italy, one in China and one in the USA).

“These kinds of companies, which from small businesses have become medium-sized enterprises through internationalisation, are a strategic asset to the country,” commented Vincenzo De Luca, Italian Ministry of Foreign Affairs Director General for promotion of the country’s economic system, and guest of honour in Piacenza. Exports of packaging machinery are growing at more than double the Italian average.

This is due to the 634 expert companies in the sector. But the increasing institutional efforts to support Italian manufacturing performed by the internationalisation co-ordination committee should also be noted, as they are providing concrete results. This support in foreign markets, also provided by the network of embassies and consulates, is increasingly active in promoting Italian-made products, seeking out markets in the various countries and attracting investment to Italy.

The entrepreneurs and managers in the room - from Pierangelo Fantoni, Carlo Callegari and Marco Sala of Poplast and Alberto Nicolini of Castagna-Univel - confirm that the system missions, sector trade fairs and greater institutional activism are working. They are all growing, and have excellent reasons to toast to 2018, a year finishing with record numbers. Some of the stand-out numbers are the export data provided by industrial association Ucima: foreign sales of Italian packaging machines are up +6.6%, blowing past six billion Euros.

Only one worry tempers the celebrations on the Via Emilia. This is clarified by Giuliano Busetto, invited as representative of the long-standing partnership between Nordmeccanica and Siemens (for whom he is head of Country Division lead process industries and drives as well as Digital factory head), who cannot however exempt himself from commenting on the Italian government’s new Industry 4.0 plan, as president of Anie Confindustria (the electrotechnical and electronic industry association). “It will be important to continue supporting the 4.0 revolution in progress by concentrating, as the government promised, on employee training and digitisation bring brought into all company areas; it is also necessary to recognise that cloud technologies are also key in managing the enormous quantity of data generated by factories.”

In short, the sector requires a smooth phase-out of the generous incentives provided over the last four years. “The industry 4.0 change is irrevocable,” concludes Antonio Cerciello; “our company has been operating from a technologically advanced industry 4.0 point of view from the early 2000s. This has led us to attain a market-leading position, and allowed us to compete with the big German players. We cannot, and must not, stop now.”



VINCENZO DE LUCA

“The role of the internationalisation co-ordination committee is key.”



GIULIANO BUSETTO

“We need to continue driving the Industry 4.0 revolution.”

ITALIAN MANUFACTURING AND SECTOR TRENDS SEEN FROM ABROAD

INDIA

The Italian flag flutters over the converting sector



Jeevaraj Pillai

Executive joint president packaging & new products for Uflex

A multinational at home on the Via Emilia. The largest Indian packaging multinational decided years ago to use almost exclusively Italian-made systems. This company is Uflex, a giant with turnover of more than 1 billion US and 8,000 employees. Its founder, owner and executive president, Ashok Chaturvedi, has strong ties with Italy’s packaging valley in Emilia. “In our plants, we mainly use smart, high-precision Italian-made machines,” explains Jeevaraj Pillai, executive joint president for packaging & new product development in Piacenza. “90% of our print machinery comes from Italy, as does

nearly 70% of laminating and holography machinery. In converting, Italian manufacturers are always a step ahead of the competition. Even in the future, it is difficult to see them lose this position.”

Uflex produces packaging technologies destined primarily for the food and pharma industries. It has seven plants in India and five in the rest of the world (in Egypt, Mexico, the UAE, the Netherlands and the USA), where it produces polyethylene, polystyrene and polypropylene films. Its production is completely integrated. “We produce the packaging and our own adhesives,” continues Pillai; “we have a graphic design division and an engineering division for the filling lines.

We currently export to 140 countries. Europe is supplied by our plants in the Netherlands and Egypt, and represents around 10-12% for the films market.” Pillai is positive about the future of the sector.

“The packaging sector, which continued to grow even in the darkest depths of the financial crisis, will continue to generate double-digit growth, above all in Asia. You just need to consider what is likely to happen in India, a country with 1.3 billion inhabitants with strong per-capita consumption growth.”

TURKEY

Italian design? Number one in the world



Albert Nahmiyas

The CEO of Korozo guides the growth of Turkish packaging in Europe

Nine plants for the Istanbul-based group which is expanding rapidly. “Italy is the heart of the European food packaging industry. In our plants we use only Italian and German technology, but the former is undoubtedly a step ahead in terms of innovative design: it really is the best in the world.” Albert Nahmiyas is group director for Turkish group Korozo Ambalaj, with headquarters in Istanbul and nine plants producing flexible packaging destined primarily for the European market, which accounts for 80-85% of its production. The group is expanding rapidly, and within five years it expects to complete three acquisitions (the first two by the end of the year) to bring its turnover from the current 265 million to 600, while maintaining close links with the Italian industry in the sector.

“Germany and Italy are the leadership contenders,” Nahmiyas continues, “but the Italians have an identity-based characteristic which makes their product highly competitive: it features very fast innovation which has reached a high level of refinement. Just like in the fashion sector, it has a precise character in terms of the design as well, which is immediately recognised all over the world.” Korozo, founded in 1973, has since become one of Turkey’s main industrial groups. With around two thousand employees, it is pursuing growth in order to become a major player in Europe, in part through investments in cutting-edge technology. “We have adopted a very aggressive expansion policy; our goal is to become one of the top ten in Europe in the packaging sector,” Nahmiyas explains.

A year ago, Korozo inaugurated a large integrated plant in which Italian technology does the lion’s share of the laminating work. It is a green plant which also produces electricity and which recovers and reuses the solvents used in the production cycle.

USA / 1

An alliance for the green revolution



Javier Constante

EMEA Vice President of Packaging at Dow Europe

Dow Chemical operates over 200 factories across 36 countries. An international alliance to make green changes in the world of packaging. The idea comes from US multinational Dow Chemical, the chemical giant (it has a turnover of 50 billion dollars) based in Midland, Michigan. “The world packaging industry has a growth potential which exceeds that of world GDP,” says Javier Constante, EMEA Sales Vice President of Packaging and Special Plastics at Dow Europe. “But the biggest challenge,” he continues, “concerns the product’s end-of-life. Faced with the increasing social alarm at plastic refuse in our oceans, industry must accept its responsibilities through an alliance which also includes Italian manufacturers to reach the goal of a circular economy. We are already working on technologies for total recycling, both mechanical and chemical.”

With 53,000 employees and over 200 plants in 36 different countries, the group is already engaged in awareness campaigns in partnership with the Ocean Conservancy NGO. For Constante, all conditions for a green revolution exist in Italy, too. “We have encountered strong awareness among Italian manufacturers and sector organisations,” he explains. “Banning the production of plastic would be a mistake, and we are all aware of the fact that we need to identify practicable solutions.” For Dow Chemical, Italy represents a strategic market for innovative technologies.

“Today,” Constante continues, “there are two trends in packaging: long food preservation and convenience. Italian industry has developed solutions which satisfy these requirements, but with reduced environmental impact, thanks to our solvent-free adhesives.”

USA / 2

The future will reward extreme flexibility



Virag Patel

Co-founder and CoO of ePac, digital print start-up

Six plants in the US, now expanding into Europe. “The future will be made up of small, local brands and not giants fighting over the pennies with their suppliers, in turn large players who do not work on small lots. This is the bet which, two years ago, led me to quit my job as an employee of a big flexible packaging company and found ePac.” Virag Patel is the co-founder and COO of the Middleton, WI-based start-up, which aims to provide consumer-goods SMEs with everything they need to package their products (from pastries to cat food) thanks to digital print technology – with no minimum volumes, and in very short timeframes, ten days at most. “We already have six plants in the US, and we will be opening nine more next year, in Europe too: we are also looking at opening one in Italy.

Small plants close to the customers, to provide them with made-to-measure products in extra-quick time, Patel continues. ePac's second financial year closed with a turnover of 36 million dollars and 180 employees. Founded two years ago with 10 people, the company plans to double its workforce in 2019. “Every plant contains a press for flexible packaging, and in view of our expansion plan we have already ordered another ten Italian machines for solvent-free lamination,” Patel notes. The rise of the “small global brands” across the pond is soon destined to arrive in Europe, too. “Digital printing for flexible packaging is still a small niche,” he concludes, “but it is growing faster than packaging for consumer goods, and we are ready to pioneer the opening of small factories where SMEs most need them.”

GERMANY / 1

The real challenge is “rehabilitating” plastic



Johannes Remmele

CEO and owner of family company Südpack

Healthy German competition: the green revolution must be fought together. “The race between the Italian and German packaging industries for European leadership is still neck and neck. In Italy we see a network of companies, above all family run, which work very well and are competitive at a global level. But we can say the same thing about German manufacturers, who always keep up with the evolution of International demand.” The words of Johannes Remmele, CEO and shareholder of Südpack, the German group founded by his father in 1964 which produces composite films for packaging destined for the pharma, food and medical industry.

With a turnover of 400 million, it employs 1,400 people in five plants across Germany, France, Poland, Switzerland and the US, as well as exporting all over the world.

It has strong partnerships in place in Italy. “Your country will continue to trade blows with Germany in terms of technological innovation, but both industrial systems must now take on another challenge: that of radically changing the public opinion of plastic, as everyone thinks only of its negative impact on the environment,” the industrialist explains. For Remmele, the lack of uniformity in European legislation makes everything more difficult.

“But the process for increasing the sustainability of production is unstoppable,” he explains. It requires us to consider the need to increase the proportion of recyclable material, reducing the volumes of plastic that we produce. Today, everyone wants high-quality yet eco-friendly products, and this awareness is making great strides in big industry, which is trickling down to smaller enterprises. When everyone realises this, no one will any longer be able to stop the era of the circular economy, in our sector too.”

GERMANY / 2

The reputation of Italian industry is number one



Ulrich Lehner

Previously head of Henkel and head of the shareholder committee

An industrial giant, with 53,000 employees and a turnover of 20 billion Euros. “The Italian packaging industry is the plastic example of how your country is able to be competitive, and how it is people and their talent which counts, not the political system.” When the speaker is someone of the calibre of Ulrich Lehner, the supermanager from Düsseldorf who led Henkel (he is now a member of the shareholder committee), with a CV also featuring time at German symbols such as Deutsche Telekom, Porsche and Dresdner Bank, you sit up and listen.

“The reputation of a company which works seriously, is reliable and grows is the most powerful tool for attracting talent. The quality of the Italians with whom we work is one of the most striking aspects, even after more than 20 years of working with Nordmeccanica.” Although it is known to the wider public for consumer brands in the home & personal care sectors, Henkel – with 53,000 employees across 120 countries – generates half of its turnover (10 billion Euros out of a total of 20) from adhesives, of which it is the global leader in all industrial sectors, including the flexible packaging niche, for laminating layers

together. As regards the future, it is not environmental campaigns against plastic which worry Lehner, but rather the prospect of European disintegration.

"Over the next ten years, I do not see signs of possible decline in the packaging sector," he states, "because the 'unpacked' or 'loose' philosophy with the idea of saving on packaging materials does not match up to consumers' desire to have products shipped to their homes from everywhere, an in very short times. The future of European industry rather depends on the ability to safeguard the EU partnership," Lehner concludes.

NIGERIA

Business is enjoying double-figure growth in Africa



Rajan Vaswani

CEO and president of Veepee Group, Nigerian holding company for 18 industries

Great business opportunities: Italian exports running at 15%. Exports to Africa and Australia of Italian packaging machines are set for a record year, with 15% growth over the previous year, according to preliminary figures from Ucima. And the volumes are anything but low, touching on 500 million, almost as much as the Central - South America region or extra-EU countries in Europe. "I'm not surprised: the food industry is growing strongly in Africa, and packaging technology is in great demand. And it is known that Italian and German products are the best." This is what Rajan Vaswani – an Indian who has been investing in Nigeria for decades through 18 industries active in various sectors, from flexible packaging to corrugated cardboard, plus the entire connected supply chain – had to say about the boom in one of the country's main industries. His huge Veepee Group has bought eight large machines from Piacenza over the last 17 years, and he is very satisfied with them. Initially we bought machines from Asia, India, but we were left disappointed by the low level of technological reliability and by the poor quality of the maintenance services offered," the group's CEO and president explains. "We then switched to German, and above all Italian, machines, which ultimately have a longer life cycle, require virtually no maintenance beyond the scheduled maintenance, and are more efficient in terms of the energy and other resources used. "Value for money", above all as regards the Italian machines."

The industrialist has a sympathetic view of Italian industry on the whole, as do many foreign entrepreneurs. "The Italians are welcome in Africa," he concludes. Everything is needed here: production plants, infrastructure, energy production. And as regards packaging, plastic does not have a bad reputation like in the rest of the world. Long live plastic: light, safe, recyclable, low cost. In a word: democratic."

- Na.R.

CHINA

The Emilian model is a benchmark



Xia Jialiang

CEO and President of the Chinese Plastic Industry Packaging Industrialists

A holding company with 1,500 employees which manufactures for the internal market. "China is an enormous country with almost a billion and a half consumers, and packaging sees almost equally widespread use, from food to other products in daily use. But our industry is young, twenty years ago we still wrapped foods by hand, and today we are an industrial sector with nearly 300 companies with 4,000 plants around the country.

Growth has been extraordinarily rapid, thanks to co-operation with advanced European countries, Italy and Germany in particular, who are the pioneers and our role models. But we still have a long way to go if we look at the example in the Emilia region." Xia Jialiang is a Chinese entrepreneur from Kunshan, between Shanghai and Suzhou, and head of the holding Jiangsu Caihua Packaging Company (1,500 employees and 200 million in turnover with flexible packaging), as well as President of the packaging industrialists committee which groups together around 70 companies. "There are only twenty or so Chinese companies in the sector which export, not just because internal demand almost completely absorbs the volumes, but because language, regulatory and certification issues make internationalisation difficult," continues Xia, who has been working in partnership with Italy and the Emilian packaging technology district since the late 90s.

And it is this model that Chinese industry is looking at, faced with the challenge launched by Xi Jinping with the Belt and Road Initiative, the new Silk Road which will cross Eurasia and make the logistics supply chain – and therefore the packaging phase – ever-more strategic for the success of the plan. "The other aspect which we are investing in, also in terms of R&D and which we learn a lot from Italy and Germany about, is that of sustainability to reduce the consumption and pollution of the factories," Xia concludes.

Collated by Ilaria Vesentini

**Production efficiency combines with recycling of materials, from plastics to solvents.
Ecology and reputation to attract the talent needed by a sector in constant growth**



At the cutting edge. Coveme, founded in Bologna, Italy in 1965, converts polyester film for various sectors (such as PV, graphic and industrial printing, microelectronics and transport). It has 13 hi-tech production lines in two sites, in Italy (in the photo) and in China.

Sector dashboard

Source: Ucima

THE PACKAGING MACHINE MARKET IN ITALY

2017-2018 and provisional 2018 data

Values in millions of Euros

	2017	Change % 17/16	2018	Change % 18/17
Total turnover €	7,190	8.9	7,677	6.8
Italy turnover €	1,500	14.4	1,612	7.5
Export €	5,690	7.5	6,065	6.6
Import €	454	12.1	473	4.2
Export % share	79.1	-	79.0	-
Import/Consumption	23.2%	-	22.7%	-
Employees	32,227	8.7	-	-
Companies	~630	-	-	-

THE TRENDS IN THE MAIN DESTINATION MARKETS IN THE FIRST 8 MONTHS OF THE YEAR

Export 2018. Data for Jan-Aug

North America	+27.2%	
Africa and Oceania	+15.3%	
EU	+9.6%	
South America	+2.5%	
Asia	-2.4%	
Europe (Extra-EU)	-5.8%	

WHERE ITALIAN-MADE PRODUCTS GO

Exports by geographical area.

2017 data in thousands of Euros and %

EU	37.4%	(1,905,656)	
Asia	21.8%	(1,112,999)	
North America	11.6%	(592,571)	
Central/South America	10.4%	(532,826)	
Europe (Extra-EU)	10.1%	(515,409)	
Africa and Oceania			8.6%(439,555)
TOTAL	100%	(5,099,016)	

ITALY, EXPORT POWERHOUSE

Main exporter countries

2017 data as percentages

Germany	26%
Italy	24%
China	7%
USA	5%
Netherlands	4%
France	3%
Japan	3%
Switzerland	3%
Spain	3%
Sweden	2%
Other countries	20%

THE EMERGING TREND

INDUSTRY SETS OUT ON THE CIRCULAR ECONOMY

by Ilaria Vesentini

While for packaging technologies it is the Italian and German manufacturers who lay down the law – and therefore the international standards – in the production of flexible packaging the competition narrows, because the logistics and transport costs have a significant effect on the value of the product and the players are primarily domestic. This is what makes it important to co-ordinate strategies to support European industry in the sector.

This role is also played by intermediate bodies such as Flexible Packaging Europe, the European association of flexible packaging manufacturers, which represents 85% of the continent's market (400 sites with 15 billion in turnover). Giflex, the Italian manufacturers' association (around 40 companies with 6,000 employees and 2 billion in turnover, with 25% growth over 10 years) is also a member of this organisation. "The real challenge is that of sustainability, which involves the entire packaging supply chain, from the raw materials to the manufacturers of machinery, through to the consumer brands and the end customer, with the goal of achieving complete recycling of multi-layer packaging by 2025," states Guido Aufdemkamp, executive director of Flexible Packaging Europe. This is what is behind the launch of Ceflex, a consortium of companies and organisations working together to reinforce the role of flexible packaging in the circular economy in Europe and arrive at the collection, sorting and recycling of packaging throughout Europe. Right from the get-go, flexible packaging – which currently represents 40% of the packaging used in Europe – is more sustainable than other solutions because it is lighter, thinner, safer and tougher, and because its use allows for better food conservation and reduced wastage.

The environmental impact increases significantly, however, in the end-of-life phase. “The difficulty in recycling is due to the fact that flexible packaging is generally composed of three different films of paper, plastic and metal, as well as smaller quantities of other constituents,” explains Aufdemkamp, “but technologies for separation and recycling do already exist.” Ceflex aims not only to redesign packaging in order to minimise the wastage of material, but also to develop infrastructure to collect, divide and recycle flexible packaging in Europe.

“The sustainable alternative is not loose, or unpacked, product, above all for food,” (90% of flexible packaging is used by the food sector, ed.) notes the European association's director, “because this would require very short producer-consumer supply chains, and it would cause e-commerce and global products to disappear.” It has been calculated that in developing countries, just 50% of loose, unpacked products reach their destination, an enormous waste which packaging is able to offset. The flexible packaging industry nevertheless wishes to play an active role in the development of the circular economy. And, despite the poor environmental reputation of packaging and plastics, it already does its part: to transport the same quantity of liquid, for example, flexible packaging would require one lorry, while glass packaging would require 26 (with the consequent environmental knock-on effects in terms of emissions).

The challenge is to achieve multi-layer and plastic packaging by 2025 designed and used to allow reuse in the market. “The industry is making significant progress in closing the circle, but the important thing is for the value of flexible packaging in a sustainable economy to be recognised,” Aufdemkamp concludes. If the percentage of flexible packaging were to increase from the current 40 to 100%, 80% of packaging material would be saved. The use of flexible packaging in Europe is growing at a rate of 2% per year, and global consumption is expected to hit 107 billion dollars by 2022.

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