

Packaging Machinery: Worldwide demand reached US\$ 41.8 billion by 2017

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Worldwide demand for packaging machinery is expected to climb at a 4.6% annual pace through 2017 to US\$41.8 billion. Packaging plays a vital role in terms of protection, storage and hygienic handling of a product and it plays a key role in the marketing mix.

An improved business climate which will be reflected in expanding fixed investment spending, manufacturing output, and packaging demand, will drive increases in equipment sales through 2017. Machines used in the packaging of chemicals, pharmaceuticals, and personal care products will post the fastest sales gains in percentage terms. Purchases of packaged pharmaceuticals and consumer goods and associated equipment demand will be boosted by rising living standards in developing nations. The worldwide sales of packaging in 2013 increased 4.127 trillion units (without pharmaceutical and industrial packaging). On the other hand World exports of food processing and packaging machinery increased from 28.3 billion Euros in 2008 to 33 billion Euros in 2012. According to Euromonitor International, VDMA, Global expenditure on pack-

aged food and beverages in the year 2013 was 2,715 billion Euros (US \$ 3,555 billion). However, World expenditure on packaged food and beverages increased to 3,392 billion Euros (US\$ 4,362 billion) by 2017. Packaging equipment manufacturers are mainly concentrated in the United States, Japan, Germany, Italy and China. According to the geographical, foreign packaging machinery market demand is different. The food and beverage industry occupies an important position in national economy, all over the world. The proportion of investment is also very huge. The biggest buyers of packaging machinery occupy about 60% of the share. The pharmaceutical industry is least affected by economic fluctuations, because drug is the basic need of peoples' life. The industry procurement that occupies all packaging machinery is about 20%.

Plastics is the mother industry to hundreds of manufactured components and products like automobiles parts, televisions, refrigerators, other electrical goods, plastic furniture, defence products, agricultural piles, woven sacks, packages, sanitary ware, pipes and fittings, tiles and flooring, PVC shoes and sleepers, artificial leather, bottles and jars, disposable syringes and hundreds of household items. The Plastic industry chain can be classified into two primary segments, these are; the Upstream which is the manufacturing of polymers



and the Downstream which is the conversion of polymers into plastic articles. The upstream Polymer manufacturers have commissioned globally competitive size plants with imported state-of-art technology from the world leaders. The downstream plastic processing industry is highly fragmented and consists of micro, small and medium units.

Demand

The global consumer packaging market is valued at approximately US\$400 billion and an estimated US\$500 billion if industrial end markets are included. The Brazil, Russia, India and China (BRIC) markets comprise approximately 30% of global demand, increasing as their economies further develop. Packaging sales in the emerging markets are expected to continue to show strong growth as both increased consumption and demand for consumer

Table-1: Export and Import of Plastic Products
Value: Rs. Million

Year	Exports	Imports
2012-13	464	1,507
2013-14	417	1,779
2014-15	326	1,909
2015-16	395	1,850

Source: Pakistan Economic Survey 2014-15 Government of Pakistan

goods drives the need for more sophisticated packaging, due to a growing middle class.

The sector includes five main types of packaging. Paper and board (including paper bags and cartons) is the largest consumer packaging category with a 34% share of the total packaging market. A rigid plastic (tubs, pots and jars etc.) are the second largest packaging category with a 27% share and is one of the faster growing categories until 2015.

The macroeconomic environment has been challenging for the packaging industry in recent years, given pressures on consumer spending and their exposure to fast moving consumer good (FMCG) producers.

The combination of Eurozone economic uncertainty and raw material and energy price inflation has also had a negative impact on packaging producers. Growth in emerging markets has been both a threat and an opportunity.

Packaging industry in Pakistan

Pakistan is the second largest market of plastic materials in South Asia after India but local production of polymer resins is limited to less than 150,000 tonnes, about 60pc of which is consumed locally.

Lately the use of polymer resins in manufacturing of PET bottles, cans and

Table-2: Imports of Plastic Moulding Machines				
Machines	Quantity: Numbers Value: Rs. Million			
	2014-15		2013-14	
	Quantity	Value	Quantity	Value
Injection moulding machines	9	5	10	5
Extruders	225	36	246	54
Below moulding machines	118	44	98	19
Vacuum moulding thermoforming machines	13	1	9	3
Moulding / Forming machines	--	--	76	5
Other machines for Working Rub / Plastic	40	33	31	3

Source: Pakistan Bureau of Statistics, Government of Pakistan.

crates has increased as farmers are shifting from wooden and straw baskets to plastic crates for vegetables and fruits picking and transportation to markets. PET bottles are also being increasingly used in packaging of fruit juices along with juice boxes, made up of multiple layers of paper.

Presently there are 6,500 plastics processing units in Pakistan. Major concentration of plastics processors whether they are injection, blow, extrusion, woven or tubular films manufacturers, is in and around the industrial hubs of Karachi, Lahore, Gujranwala, Peshawar, Faisalabad, Hyderabad, Rawalpindi, Gadoon and Hattar. The plastic resin industry produces resins which are further treated in plastics processing facilities and

sold largely to the building and construction, packaging and consumer markets. Plastic resins are generally categorized into two types: thermoplastics and thermosets.

Pakistan exported plastic in two forms i.e. plastic materials and plastic processed goods. Export of plastic and their products from Pakistan decreased from US \$ 548 million in 2011-2012 to US \$ 464 million in 2014-2015. On the other hand import of plastic materials and their products also decreased from US\$ 1,609 million in 2010- 2011 to US\$ 1,507 million in 2014-2015. Plastic moulding machinery is mostly imported from China, Japan, Korea Italy and EU countries. However, locally manufactured machinery is also being used. Export and import of plastic





products are given in Table-1 and import of plastic moulding machines are given in Table-2. Pakistan's food industry has been growing fast since the beginning of this century. But the lack of enough facilities particularly for manufacturing of food-grade packaging goods makes it difficult to exploit export potential of food items.

Owner of Afeef Packages Private Ltd. had said that his company's turnover in food packaging segment had crossed Rs1.2bn, indicating the size of food-grade packaging materials market. Many food processors are still importing food-grade packaging goods. A key reason for this situation is that unlike packaging materials for other industries, manufacturing of food-grade and disposable packaging goods is still cantered in the unorganised sector.

Future Prospects

Pakistan's food industry has been growing fast since the beginning of this century. But the lack of enough facilities particularly for manufacturing of food-grade packaging goods makes it difficult to exploit export potential of food items.

Industry sources say, in the Middle East and the UK, the demand for ready-to-cook South Asian foods has been on the rise, but the Indian companies outperform us as they have, in most cases an edge in packaging.

The lack of enough facilities, particularly for the manufacturing of food-grade packaging goods, makes it difficult to exploit the export potential of food items

During last 10 years or so, local packaging companies have started producing food-grade disposable packaging goods

to capitalise on the growing needs of local food industry. Multinational food companies that have either introduced or expanded output of food items like packaged milk, curd, ice cream, milk cream etc. have created more demand for packaging materials. Chains of fast-food outlets like KFC and McDonalds have also emerged as major users of disposable packaging boxes and glasses for their French fries, burgers and juices etc.

References

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