FEFCOnnect

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Contents

FEFCO Congress in Prague underlines the sustainablility of corrugated

JOHN WILLIAMS
FEFCO PRESIDENT

Editorial

Dear Readers,

By voting for me as President, the members have handed me a challenge for the next two years !
I strongly believe that FEFCO is headed in the right direction but there are always things we can improve.
After a well organised congress in Prague, we have already started discussions on the format and content of future FEFCO events. Over the coming months the Board and the Communication Committee will decide on any future changes and members' input is always welcome.
So what of the future of FEFCO ?
I will continue the focus that Dermot Smurfit started some years ago, and most particularly his idea of spreading best practice across our industry and the country based associations. I will also continue to stress the importance of promoting our products to retailers and throughout the various supply chains that use our material. FEFCO will continue to offer materials to help its members position our products and services.
These are the kind of services FEFCO should provide to its members and I am determined that they should grow and improve as our only reason for existing is to serve our membership.
I look forward to an exciting two years.

John Williams
FEFCO President

PREPARING CORRUGATED FOR A SUSTAINABLE FUTURE!

A striking piece of art made from corrugated by students of the secondary Technical School - Hradec Králové and exhibited in Prague

PRAGUE

This Congress has shown the corrugated board industry is committed to producing sustainable packaging for our customers and all the supply chain players, not only today but for a long time to come.

Angelika Christ,
Fefco Secretary General

The 30th FEFCO Congress focused on the vitally important topic of sustainability. The modern corrugated industry has always concerned itself with such issues, but at the latest congress, held at the Prague Intercontinental Hotel from June 18 to June 20, FEFCO members took the opportunity to summarise the latest challenges and to discuss plans for the future. The primary aim of the congress was to understand the implications of EU Sustainability Policies for the industry but also to identify the latest sustainability expectations of customers and retailers.

30TH FEFCO CONGRESS
18-20 JUNE 2008

Opening speech

The Congress was opened by Dermot Smurfit, outgoing President of FEFCO. After receiving a warm welcome, he explained that this was FEFCO's first Congress ever in the Czech Republic. This conference venue is located right in the heart of Europe in a region which has achieved a very impressive record of economic growth in the past few years. Furthermore, the Czech Republic is becoming increasingly important in the European corrugated industry.

Dermot Smurfit thanked Mr. Karele Kabele, President of SVVL (The Czech Corrugated Association), who had a close involvement in the organisation of the event and he also thanked Powerflute, who kindly sponsored the FEFCO Welcome Cocktail.

He reminded the audience that paper packaging is the only genuinely sustainable business in the world but the industry still has to learn how to tell this story. Of course this is one of the main missions of FEFCO - to explain why corrugated is such a great packaging material with so many sustainable benefits.

The aim of our industry should be to build awareness and to adapt our behaviour. We need to continue to improve effective sustainable policies within our industry, for the benefit of all of the participants along the supply chain.

Although the industry has already been very active in environmental matters, a lot of work still needs to be done in getting our message across. However, he stressed that FEFCO is definitely on the right track, and that this conference would provide many good examples of the positive actions that have already been taken at industry level.

THURSDAY 19 JUNE 2008

Overview of the Czech Market

Petr Dokoupil, CEO, Smurfit Kappa, Czech Republic

As is traditional, this FEFCO Congress started with a market overview of the host country. Mr Dokoupil gave a brief analysis of the Czech economic situation, focusing mainly on the past 10 years, during which this market has experienced an increase in GDP of 90%. He explained that in the coming months, this positive trend will continue but at a much slower pace. He also underlined the economic effect of EU membership overall, and said that the Czech economic environment will be characterised by the following fundamentals:

- A long-term stable economic and democratic environment (in 2009 , the Czech Republic will chair the EU).
- The country does not yet fulfil the convergence criteria, mainly because of its budget deficit, but nevertheless, the Czech Republic is on its way towards adopting the Euro (expected in 2013)
- The export boom will continue, although a slow down in GDP is expected. This seems to be caused by weaker foreign trade influenced by a strong currency (1 Euro = 25 CZK).
- Slow-down in the EURO zone will have a direct effect.
- The forecast for GDP growth in 2008 is 4.5% - to 5% (6.5% in 2007);
- Foreign investment flow into CZ is slightly weakening;
- Strong consumption and demand in 2007 with low unemployment, high wage increases and high inflation;
- A decrease in some traditional activities such as textiles, food, beverages and tobacco, and by a move into electrical and optical industries;
- A decrease in inflation rate is forecasted (5% in 2008 vs 7% at present) ;
- Low unemployment level (April 2008 = 5.2%);

% CORRUGATED 2007 SHIPMENTS		EXPORT
SVVL members	619 Mm²	24 %
Independent	304 Mm²	
Total market shipment	923 Mm²	

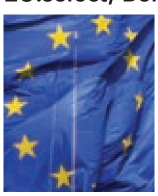
SVVL-member capacity on 2-shift pattern = 850 Mm²
SVVL-member capacity utilisation = 73 %

EU Sustainability Policy Developments

He also presented the work and the main activities of the corrugated packaging association SVVL, representing the interests of the Czech corrugated packaging manufacturers, comprising 5 collective members and one individual company.
As with trade bodies in most countries, SVVL core activities are focused on legislation with particular emphasis on environmental topics and various marketing activities, but SVVL has also been very active in organising contests for students (see picture on page 2).

The European Policy Agenda on Sustainability A public affairs & Communications Perspective

Werner P. Bohrer, Managing Director – EU.select, Belgium



Mr. Bohrer presented an overview entitled "The European Policy Agenda on Sustainability." He began by recalling the most cited definition of Sustainable Development, describing it as "development that meets the needs of the present without compromising the ability of future generations to meet their own needs." (UN Brundtland Commission 1987).
Mr Bohrer reminded the audience of the "three main pillars" of sustainability - Environmental, Social, and Economic - and of the importance of finding a balance between these "three pillars".
Since 1997, sustainable development has become a fundamental objective of the EU. In 2001, the EC launched the SDS (Sustainable Development Strategy), and a first progress report was made in 2007. Nowadays the EU concentrates on changing attitudes by promoting a society that is focused on sustainability.
He briefly mentioned the priorities for the coming period up to 2010, presenting the main "building blocks":

- Thematic Strategy on Sustainable Use of Natural Resources
- Thematic Strategy on Waste Prevention and Recycling
- Integrated Product Policy (IPP)

He also quoted Maurice Strong, one of the world's leading environmentalists "Sustainability means running the global environment - Earth Inc. - like a corporation: with depreciation, amortization and maintenance accounts"...

- Eco-Management and Audit Scheme (EMAS)
- Eco-label Scheme
- Eco-design of Energy Using Product Directive (EuP)
- Environmental Technology Action Plan (ETAP)
- Green Public Procurement (GPP)

The rest of Mr. Boohrer's presentation focused on **Sustainable Consumption & Production (SCP).** Mr Bohrer told delegates that the new Action Plan on SCP will consist of a vision and revitalising of existing legislation, for instance on EMAS, GPP and eco-labeling. He also told them that, unfortunately, the Action Plan has been delayed repeatedly by the European Commission.
The objective would be to create a virtuous circle in order to improve the overall environmental performance of products, leading to the demand for better products (but also technologies and processes) and finally helping the consumer in his purchasing decision.
The priorities are:

- Reduction of climate change emissions
- Improvements in the efficiency of the use of natural resources and energy
- Phasing out of the use of hazardous and endangered materials

Therefore, the Commission will:

- Provide one set of legislation and conditions for the industry;
- Make the future predictable: what will come tomorrow must be clear today;
- Support the right choices for innovation and investments.

Amongst the core elements are:

- The Eco-Design Directive which currently covers energy-using products (EuPs) and which might also include non energy-using items;
- Life-cycle assessment (in order to check the eco performance of a product);
- 'Best performing' products should be encouraged through preferential public procurement rules (after benchmarking carried out on common basis rules). It is acknowledged that the difficulty will be to avoid internal market distortions and therefore, a harmonisation of criteria for 'green' public procurement would be required.

The sustainability challenge according to the Draft Action Plan

"Sustainable development [...] aims at the continuous improvement of the quality of life and well-being on Earth for present and future generations, in a way that mutually reinforces economic growth, welfare and environmental protection. Increasingly rapid global changes, from the melting of the icecaps to growing energy and resource demand, are challenging this objective"

SCA harnesses windpower

Finally Mr Borer's presentation dealt with the response of the industry to this paradigm shift, bearing in mind that what the industry needs is sustainable regulation. He emphasised that the most important thing is to manage and be involved at the beginning of the process, and to participate in the development and shaping of the regulation. This requires the use of all kinds of instruments: media relations, thematic dialogue, monitoring, coalition building etc…but what counts is that the industry must become a privileged partner in the process in order to gain maximum influence and facilitate better regulation! Answering one of the most repeated questions during the Congress - 'How can we change the perceptions of society when we are promoting corrugated?' Mr Bohrer maintained that the answer was simple - start by improving your communication skills.

Example from the Paper Sector: SCA

Anders Hilderman - Senior Vice President Public Affairs, SCA

The objective of this presentation was to give a concrete example of how companies are dealing with CSR (Corporate Social Responsibility) and more specifically how SCA copes with the three fundamental aspects of CSR (social, environmental and economical). Mr Hildeman began with an alarming excerpt from the WWF Living Planet Report 2006.
"As of 2003, by about 25 %, the Earth's regenerative capacity can no longer keep up with the demand". Projections suggest that by 2050, humanity's demand will be twice the biosphere's capacity. To respond to this threat, the SCA Company, (a major player in the paper sector) has actively started to incorporate sustainability into the company's strategy, and Mr Hildeman gave a number of examples demonstrating how this is now an integral part of the company's operations. He explained that SCA's CRS objectives actually contribute to the success of the company.
Concerning the fibre sourcing objective, SCA will continue to control its wood fibre sourcing to ensure that no materials based on fresh fibres used in production come from controversial sources. SCA is actively involved in forest management certification through the Forest Stewardship Council.
Mr Hildeman spoke about climate change policies and energy consumption, explaining how SCA is working to reduce its dependence on fossil fuels. In addition, in order to meet its objective of reducing the fossil CO_2 emissions, SCA is investing in technologies that will increase its energy self-supply capabilities.
SCA has extended the use of wind power to run paper mills operations in Sweden, has also invested in biofuel based electricity generation and is producing heating power in its (Refuse Derived Fuels) incineration Plant.
Mr Hildeman demonstrated to the audience that such an integrated sustainable strategy can deliver tangible benefits and create value for shareholders, customers and other stakeholders including our industry. However, he then questioned the audience concerning the role of consumers as far as sustainability is concerned - it should not only be a concern for companies but also a serious matter of interest at individual level. Consumers must make decisions on the products and packaging that they buy. Is the product seasonal or locally sourced? What amount of energy is required when using the product? Is its packaging optimised for its use and for its supply chain journey?

It is the role of our industry to help customers in their sustainable purchase decisions, and we already have many good arguments to help them to make the right choices.

Renewable Energy: Implications for the Paper Industry

Teresa Presas, CEPI, Belgium

Mrs. Presas, Managing Director of CEPI (the European Confederation of Paper Industries) gave a detailed summary of the many implications and challenges of renewable energy for the paper industry. Energy is one of the hottest issues at EU level and things are moving quickly in that area. Indeed, the EU is already active in the promotion through legislation of the use of renewable energy sources.

Although the industry is very much in favour of renewable energies, the following targets set at EU level will represent a considerable challenge to be met by 2020:

- 20% reduction of CO_2 by 2020 versus 2005 - 30% if international agreements are applied
- 20% energy efficiency by 2020
- 20% renewable energy of all energy use. Including 10% biofuels for heating and transport.

This really is **a new industrial revolution**, and switching to low emission energy sources has become a priority. Renewable energies such as wind power, solar energy, hydropower and biomass can play a vital role in tackling the challenge of energy security and global warming. The paper sector is strongly impacted as it faces the simultaneous pressures of emissions trading, high electricity prices, and process changes, and other policy measures that have a direct impact on raw materials.

Wood in short supply?

Mrs Presas agreed that this policy will undoubtedly have a serious impact on the paper sector, but she argued that the industry will continue to develop sustainable energy systems, and indeed is already the largest producer and consumer of renewable energy in Europe. One of the detrimental effects of the use of renewable energy is the high priority place on (subsidised) biomass[1]. She explained that this would create a gap between the supply & demand of wood, creating a shortage of wood and recovered paper by 2020, and impacting severely on the global competitiveness of the pulp and paper industry. In this context, and referring to a study by McKinsey/Pöyry, she stated CEPI's position, which is that wood should be reserved for high value added activities. The comparison of the two value added chains, namely the bio energy products chain and the paper chain, shows that the paper sector creates 8 times more value than the former! Therefore, it makes more sense to transform wood into paper products and to use it as a source of energy only at the end of the product lifecycle, rather than to simply use wood for energy.

New renewable energy legislation would be needed, particularly in order to avoid clashes in the use of biomass and also to avoid conflict later between food, fuel, fibres and animal feed (fodder).

Bearing in mind that energy demands will continue to grow - doubling by 2030 - and that population, global meat consumption and animal feedstock use will similarly increase, the availability of land will become a critical problem. Growth in the use of renewable energy is therefore part of a broader issue and for the time being the priorities are still far from clear.

[1] Renewable organic materials, such as wood, agricultural crops or wastes, and municipal wastes, especially when used as a source of fuel or energy.

PRAGUE
30th FEFCO Congress
18-20 June 2008

Outgoing President,
Mr Dermot Smurfit
welcomes delegates

The Future of Raw Materials Supply

Esko Uutela, RISI Inc Germany

Mr Uutela introduced his presentation with an overview of the worldwide consumption of paper & board, which grew by 15 million tonnes in 2006, reaching 383 million tonnes. Unsurprisingly, the growth was predominantly led by China. This consumption is predicted to continue to grow by between 2.8 and 2.9% per year, and should approach 440 million tonnes by 2011 mainly due to the emergence of the Chinese market.

He commented on the recent developments in the Recovered Paper Market (RP): The global RP consumption reached 199 million tonnes in 2006 (probably some 207 million tonnes in 2007) showing a growth trend of 4.5%/a since 2000, with China becoming clearly the main growth factor. The Chinese imports of RP in 2007 reached 22.6 million tonnes.

North America continues to be the main source of Chinese RP imports but Europe already accounts for almost one-third of the total.

Some 57% of US RP exports go to China, but due to flat and partly declining US paper and board consumption, this growth will be limited. Nevertheless, Mr. Uutela thought that there is still potential for growth since the US recovery rate lags behind Europe.

He highlited the main differences between the most important European markets:

- Germany developed into a net importer of RP
- The UK has clearly taken #1 European RP exporter position from Germany, with China & India accounting for most of its RP exports.

Changes in paper-making capacity will result in added demand for RP. Mr Uutela's figures suggest that we will need 24 million tonnes more RP worldwide in the period 2006-2010. It seems that 2007 may have been the peak year for investments. China wants as many projects as possible completed so as to cope with the added demands of the Olympic Games. In 2009 we may see less capacity coming on stream than in the past two years.

The Recovered Paper Market Outlook shows that the Global RP consumption will grow at an average rate of 4.2%/a, (from 199 million tonnes in 2006 to 245 million tonnes in 2011). North American RP use will decline, but Europe's consumption will grow by some 8 million tonnes and China's consumption will grow by 28 million tonnes, up from 42 million to 70 million tonnes.

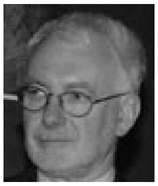
China will continue to import almost half of its RP needs from North America, Europe, Japan and other regions, but China's own RP recovery rate has limited room to expand. It will soon become a major net exporter of paper and board, and it also exports some 15-20 million tonnes of packaging materials. None of these materials, nor those used for the packaging of exported goods, is recoverable in China and therefore the "true" Chinese recovery rate is already some 45-50%. China's imports will grow in all RP grades, but these will continue to be dominated by OCC because of numerous containerboard projects.

In conclusion, we expect European paper and board consumption to grow at a rate of **+2%/a or by more than 10 million tonnes**, but growth will focus on the East with Southern regions expected to show little growth. Western European net exports of paper and board outside the region are expected to grow very little.

European capacity investment is likely to peak in 2009, although some projects may be delayed. Mr Uutela mentioned in his conclusion that forecasts for net capacity increases (based on currently known projects) could well be influenced by rationalization measures or closures of old capacities.

FEFCO Work on Carbon Footprint

John Swift, Director Regulatory Affairs, SCA Packaging, Belgium



This presentation described the steps taken by the European paper and board sector in response to the initiative led by a major UK retailer to provide product "carbon footprints". Mr Swift explained the development from the CEPI Framework, to the common CITPA methodology, which has lead to the average number for corrugated board now available to FEFCO members. During this process, the speaker chaired the technical group which was open to all P&B sector organisations and which worked with three consultants to produce a Framework document. The resulting "Framework for the development of Carbon Footprints for Paper and Board products" was completed in September 2007 and approved by the CEPI Board on 20/9/2007.

The FEFCO footprint is now available in two parts as follows:

- FEFCO Technical Information Sheet "Carbon Footprint" of Corrugated Packaging
  Published on the open website
- Calculation of a "Carbon Footprint" for Corrugated Packaging
  Published on the Members' Only website identified as Not for distribution. To be used by FEFCO Members, specifically in the development of product "footprints".

John Swift explained to the audience the numbers involved in the calculation of a "Carbon Footprint" for Corrugated Packaging, as follows:

Application of the Sustainability Principle on the Market

The carbon footprint challenge

- Fossil CO_2 equivalent per tonne of corrugated packaging: **887kg**
- The stored CO_2 equivalent per tonne of corrugated packaging: **1696kg**

The current scenario for labelling of products was summarised, and the key question of whether or not provision of average data is compatible with this scenario was discussed. Mr Swift told his audience that our industry will face many challenges, of which Carbon Footprint is certainly not the biggest. The presentation concluded with the view that the paper and board sector has so far responded very well to this relatively new priority, but that in the future the subject of Carbon Footprinting will continue to represent a formidable challenge.

NADs Spotlight session

In this afternoon session, the work of some national corrugated associations was presented to the FEFCO Congress, with a view to spreading the use of best practices at a European level.

ONDEF - France

Olivier de Lagausie

ONDEF, the French Corrugated packaging Association is very active in promoting the corrugated sector, having some years ago launched a successful packaging Contest - “The Corrugated Gold Stars”. This event attracts more and more companies each year, having a jury composed of distinguished personalities from the industry. The contest now includes many categories, from the more classical ones to unusual ones such as ‘The Young Stars’, ‘The Non Packaging Award’, and a special category to reward industry’s suppliers.

Corrugated is a Natural Sustainable Leader

Mr de Lagausie, Secretary General of ONDEF suggested that in the coming years this award should take place at the European level, with a final in Brussels. He then described the many French initiatives aimed at promoting the sustainable benefits of corrugated packaging. Much has been done to illustrate the environmental and costs benefits of corrugated recyclable packaging vs. reusable packaging. An in-house software programme, dedicated to the comparison of logistics loops has been used for several years and is reinforcing the arguments of the industry at meetings with influential packaging decision makers. This software is also now in use in other European countries,

Mr. de Lagausie claimed that “Corrugated is a Natural Sustainable Leader” and he invited all delegates to visit the ONDEF Stand at Salon de l’Emballage, next November in Paris, an event that will showcase the attributes of this exceptional packaging material.

AFCO - Spain

Ignacio Carro

Ignacio Carro, AFCO Secretary General gave a complete overview of AFCO’s activities in the fields of communication & institutional relations, technical and labour relations.

AFCO’s work in these areas started a long time ago, but recently the communication activities have been reinforced. Mr Carro explained that, following the emergence of new competitive materials, AFCO has launched a campaign to promote the benefits of corrugated packaging and to defend the industry against inroads by reusable packaging, mainly in the Fruits & Vegetables sector. The number of initiatives is considerable, ranging from brochures, face-to-face interviews within the supply chain and lobby work to gain the support of important organisations (institutes, schools, politicians, etc).

AFCO also joined forces with other industry organisations and launched the Paper Forum, formed to eradicate the untruths & misconceptions about paper packaging and the paper sector.

AFCO is also very active in the technical area and has designed various types of widely used packaging standards (for the Fruit & Vegetables, fish and poultry sectors). Mr Carro invited the delegates to visit a new web portal www.prevenafco.es providing easy

access to labour relations information (accident rates, training courses, news & events, self-evaluations). He also mentioned other projects, such as the Risk Prevention Software which allows members to design or re-design the workstation in order to prevent accidents and improve working posture. A training simulator which will soon be available in 5 languages will be a useful internal tool designed to enable all kinds of on-line technical training.
Mr Carro suggested that FEFCO could support AFCO's work at EU level by adopting an ambitious and effective plan for the promotion and defence of corrugated.

CPI- UK

Andrew Barnetson

Mr Barnetson is the Corrugated Sector Manager for the Confederation of Paper Industries, and he made a focused speech presenting the case for corrugated to UK retailers.
In the UK, a small number of powerful retailers are making key decisions which could have a significant impact on our industry. Issues relating to returnable plastic containers (RPCs) and shelf ready packaging (SRP) are the most important ones.
The UK Corrugated industry is targeting the Retail Sector with a number of key messages regarding space efficiency (in transport & on shelf), together with the short notice availability and branding possibilities offered by our packaging material.
The CPI has decided to develop an informative and lively 'Flash' presentation with attractive content that 'speaks for itself'. Besides the 3 points mentioned above, the core messages will be on the environment, the very high recycling record of our industry, and the sustainable nature of our resource.

Shelf-ready packaging success

Mr Bartnetson summarised the arguments that we, as an industry, should continue to spread effectively:
In logistics, corrugated can provide better use of warehouse with more product per pallet, and fewer vehicle journeys.
In stores, Shelf Ready Packaging provides an easy route to shelf and the best use of space.
One of the key arguments is that manufacturers can provide any number of packs, manufactured to any height, and at short notice, as opposed to a pool of plastic crates (RPCs) which are not always available in a specific location on demand and are not 'made to measure' – the flexible height availability of corrugated guarantees a maximum space utilisation.
With regard to branding, there are virtually unlimited design capabilities, and printing options improve visibility and customer appeal and can be adapted to any requirements.
One of the industry's key strengths is its environmental credentials, with a very high recycling performance (84%) and a UK recycled fibre content on average of 76 %. In addition, paper industry estimates suggest that fibres can be back on shelf in a new box in just 10 days. Andrew Barnetson pointed out that corrugated uses a sustainable resource, and the industry should fight strongly against the misconception that the paper sector is destroying the forest, since paper typically uses thinning and saw mill waste. Trees are cut down for timber, for furniture & construction and NOT for PAPER.
The industry still has some work to do on awareness and image and to spread the message that **corrugated packaging is good for business ...and society!**

Communicating corrugated

Dr Oliver Wolfrum
VDW – Germany

"Communicating corrugated" was the title of VDW's presentation given by Mr Wolfrum, managing director of the Association of the German corrugated board industry.

He started with a retrospective of the latest advertisements placed by VDW, all with an immediately recognisable style. and in which corrugated is clearly the star. These advertisments are very simple, with self explanatory images and catch-phrase at the bottom. The key message of the 2008 campaign is targeted at purchasing managers and retail experts, underlining the value that corrugated brings to each of the different market segments.

This campaign was backed up by advertorials explaining the ecological and economic benefits of corrugated. In parallel with these activities, Mr Wolfrum explained that VDW has continued its usual PR activities, including press releases & articles, customer events, packaging contests, image brochures, annual reports, newsletters and client magazines etc… an impressive range of effective communication tools. He added that during the last year there has been a particular focus on the fruit & vegetable sector. A comparative study was commissioned showing that solutions using corrugated were 13 % cheaper than plastic. A series of advertorials emphasising the results of this survey appeared in the trade press.

He concluded his speech with a slide showing the achievements and the results of this extensive communication strategy. The image study concluded that corrugated board has the best image in comparison with other packaging materials. Survey respondents claim that they consider corrugated has the best price/performance ratio and reveal their sympathy for the material, and in particular for its ecological benefits.

Simple but effective advertising

Friday 20 June 2008

Report on the CO_2 Tax in the Netherlands: European implications

Geert Bergsma, CE institute Delft, NL

This presentation summarised the history behind the Dutch packaging tax systems.

Mr Bergsma recounted the various studies made on eco-taxes and their effects, and finally described the latest developments that have ocurred in 2007, namely the packaging tax aimed at protecting the environment and preventing litter.

CE Delft, a non-profit environmental consultancy, was selected to make a survey of the environmental aspects of packaging, and to evaluate the carbon emission of each type of packaging. **The survey concluded that:**

- CO_2 emission is a dominant environmental effect for packaging
- Production of packaging materials, recycling and waste treatment are dominant in the analysis
- The methodology conformed to general LCA rules (cradle to grave cycle including the recycling stage)
- The tax is based on CO_2 emissions and the tariff is around **115 euro /ton CO_2**. The industry has been closely involved in the checking of data which takes into account an average per materials.

Outcomes for 2008:

The tax brought in an income of 240 million Euros to the Netherlands:

- 115 million for the waste fund aimed at preventing litter and boosting the recycling of plastic
- 125 million of packaging tax and less tax on labor (there is higher tax on primary packaging compared to secondary)

In 2009, this revenue is expected to increase to 365 millions with a fixed amount for the waste fund and the rest for the tax itself. There should be no distinction between primary and secondary packaging.

The projected revenue for 2010 has not yet been published, and tariffs will need to be updated, but the NGO's aim is for a total of 1 billion, which would match Danish levels of packaging tax revenue.

Mr Bergsma concluded his presentation by recommending the following improvements to the regime:

- Damage and losses prevented by packaging should be given credit;
- The varying environmental impact of different

The results in CO_2 equivalent per Kg material

Material	recycling % 2005	CO_2 emission per kg packaging material	Remark
Paper/carton	72 %	676	Land use should be considered also
Glass	78 %	443	
Steel	89 %	1095	
Aluminium	53 %	5570	High amount of final waste by mining (red mud)
Plastic	22 %	3453	Average of large group of materials
Wood	39 %	< 0 (If wood is replanted)	Land use should be considered

types of packaging should be taken into account (although this might be complex);
- Consideration should be given to a system that rewards recycling and addresses concerns such as land use and biodiversity. Both would recognise the advantages of the paper industry;
- Altogether, the various plastics groups will pay 65% of the tax, but each group should be taxed according to its impact;
- The environmental figures should be updated.

Mr. Beergsma added that smaller countries (NL, D, B, etc) have started to experiment with such a packaging tax, although the effect on the environment is not yet known. Larger countries such as Germany have opted for another approach - centered on the collection of packaging waste (Dual System Deutschland etc). Although, as yet, there has been no noticeable environmental benefit, in the longer term it is expected that there will be an impact on the competition between packaging materials.

> The industry will redouble its efforts to communicate on the many positive initiatives already taken at industry level and will provide the legislator and supply chain players with the most accurate information.
>
> ANGELIKA CHRIST, FEFCO SECRETARY GENERAL

Example from the Chemical Industry

Dr Reinhard Quick, VCI Brussels

The audience welcomed Mr Reinhard Quick who was invited to share with FEFCO delegates the benefit of his extensive experience in the Chemical Industry in responding to the application of the sustainability principle on the market.

He explained how the chemical industry has tackled the various issues such as Responsible Care and more specifically Environmental Protection, Product responsibility, Employee Protection, Process Safety and Transport Security. In all these domains, he highlighted the importance of demonstrating the progress and improvements made in these fields, an essential prerequisite before implementing any public relations work. As an example he said that "zero accidents" is not a realistic objective and that it is the overall reduction in the total number of accidents that is essential, and this should be backed up with data.

He reported on how the Chemical industry has successfully worked on the improvement of its sustainable development indicators.

Mr Quick also explained why it is important to make a distinction between the production and usage of a product. He cited the CO_2 emissions, "What kind of CO_2 emission do we have when producing a product and how much CO_2 is emitted when using the same product?" This kind of exercise is useful to understand the environmental friendliness of a product and it often leads to an interesting trade off.

Mr Quick then showed how the chemical industry maintains a dialogue with the general public and various stakeholders.

He concluded his presentation with some observations concerning the long awaited EU Action Plan and the list of questions that will probably emerge from it: will certain products be favoured? He questioned the promotion of innovation through the use of regulation.

In conclusion: Do we? Should we promote innovation through regulation? Should we use fiscal incentives to change people's behaviour, etc…and finally how we can cope with conflicting legislations that are bound to arise!

Sustainability and Supply Chain

Jane Bickerstaffe, INCPEN, UK

Mrs Bickerstaffe began her presentation with a brief description of INCPEN (the Industrial Council for Packaging & the Environment) and of its membership.

Mrs Bickerstaffe outlined the views of INCPEN concerning the sustainability challenges facing packaging, but she went on to

Routine collection of corrugated

emphasise the different priorities of all those involved along the supply chain: packers/ fillers; retailers, wholesalers & depots, consumers and material recycling operators; all have different ideas as to how packaging performs. At the end of the day, it seems that the consumers' views will drive the decision of retailers and politicians. Clearly they all want to see less impact on the environment.

Following are examples of the views commonly held by consumers:

- **Paper - "good"**, from trees, natural
- **Glass - "good"**, been around a long time
- **Metals - "not sure"**
- **Plastics - "bad"**, they don't biodegrade
- **Biodegradable plastics - "better"**, won't stay around for ever
- "Reusable, returnable containers are better than one-trip containers"
- "All packaging should be recyclable" and … overall "there is too much packaging" whatever it is made from!

These beliefs often motivate the legislator to create new packaging regulations, and it is true to say that packaging is a convenient target for politicians to use to demonstrate that they are doing something about the environment.

Mrs Bickerstaffe considered that no packaging has a monopoly of environmental virtues and gave a definition of a sustainable product supply chain and packaging: it is a system that optimises material, water and energy use, minimises the waste from products and used packaging, and maximises the value recovery from waste (as material, energy or compost).

Mrs Bickerstaffe explained that sometimes the trade-off between the weight of packaging and its impact on the environment is not easy to understand (more packaging sometimes means less impact on the environment).

Mrs Bickerstaff concluded by suggesting that we should all remember that the most important positive contribution of packaging to sustainability is that it REDUCES DAMAGE and spoilage of products, resulting in far less impact on the environment than the resources it uses. This is the common message that we should all spread as widely as possible.

The industry should ensure that perceptions concerning packaging are correctly informed, and should demonstrate to consumers its role in a sustainable lifestyle.

Key facts about commerce in Europe

- **11% of EU GDP;**
- **6 million businesses, 95% of them small;**
- **Interface between industry and the 493 million consumers across Europe**
- **Providing jobs for 30 million people from all parts of society**

Sustainability Policy in the Retail Sector

Christel Davidson, EuroCommerce, Belgium

The presentation by Mrs Davidson from EuroCommerce summarised Retailers's Sustainable Policy across Europe and gave insight into the Retailers' Environmental Action Programme (REAP).

She also gave the audience plenty to think about when she described the measures identified by European retailers as being necessary in order to reduce the environmental impacts of packaging.

Mrs Davidson listed their priorities:

- Efficient use of scarce resource and pressure on unsustainable forestry - this means that retailers want to control the origin of the fibres and would like to use packaging manufactured using fibres from certified sustainably managed forests and post-consumer recycled waste;

- Climate change – the focus will be on the measurement of the carbon footprint through life cycle analyses;
- Waste management – this means getting waste recycled (rather than going to landfill);
- Packaging reduction – this implies the use of re-usable plastic trays and re-usable plastic checkout bags.

Mrs Davidson concluded by listing the three factors regarded by retailers as the most important for our industry. Unsurprisingly, the N°1 concern is the overall **reduction of the environmental impact of the production of packaging** (from CO_2 reduction to measures concerning water treatment…). The second concerns the sourcing of our raw materials, and retailers expect us to guarantee full traceability of fibres. By this, they mean the elimination of fibres from unknown or illegal origins and the use of either PCW and/or virgin fibre from **certified sustainably managed forests.**

Finally, they expect our industry to **develop recycling waste streams** in particular in new member states, non-EU member states and Third World countries.

Mrs Davidson was very positive about the recently established relationship between FEFCO and EuroCommerce. She confirmed that both organisations should benefit from it, and she hoped that this would turn into a fruitful and long lasting collaboration.

Sustainability as a Management Tool

Robert Wilson, Chairman Pöyry Consulting, UK

The last speaker of the Congress, Mr Wilson approached the sustainability topic in a much broader way by demonstrating that sustainability can create added value for a company.

Mr Wilson, Chairman of Pöyry Consulting UK, a global consulting and engineering firm focusing on the energy, forest industry and environment sectors gave convincing examples of companies that have succeeded in creating a competitive advantage from their sustainability measures. They have re-thought their approach to business, Wal*Mart with its packaging scorecard, the Innocent drinks company with its recognisable sustainable design and 100 % recycled PET Bottle. Some others have created an alliance within the dairy sector and have formed a closed loop supply chain.

Robert Wilson explained that it is necessary to to identify what the new Key Performances Indicators are for packaging in a sustainable context, such as a closed loop or cradle to cradle systems. He cited the following possibilities: carbon footprint, recyclability, reusability, transportation of food and product miles (km), total cost of shelf space, etc. and explained that these indicators reveal a new way of thinking and will lead to changes in the value chain.

He assumed that sustainability will shape future businesses and that there will be many business opportunities that can be exploited and still be to the benefit of the environment. The industry should think in terms of new structures, new channels, and new products. Many requests are stemming from downstream and we should not treat sustainability as a constraint, but on the contrary we should invest in sustainability for our own benefit.

Powerflute SVL

We thank the sponsors for their contribution to the success of this event.

Closing Address

John Williams – FEFCO incoming President

Mr Williams, incoming FEFCO president, thanked all the participants, the sponsors, and the Czech association for its great contribution to this congress and its active involvement in it.

In his conclusion, he summarised the event: "Sustainability is a series of subjects which are all influenced by various players in the supply chain and they all expect a simple answer to a complex question." In his final address he declared: "The members of a trade association cannot delegate the accountability for issues as important as sustainability to the trade association, it is the members' duty to feel accountable for managing some of the relationships with stakeholders. FEFCO is there to facilitate and help to drive the issues that are at the top of the industry's agenda. This very successful 30th FEFCO Congress has underlined the environmental qualities of the European corrugated industry, and provided an excellent basis for ongoing action by its members."

He also urged the decision makers to promote corrugated packaging as much as possible. He suggested that they do it in a more emotional way, and said that in the past our industry has put a great deal of effort into communicating rational arguments.

Now the time has come to speak to the hearts of decision makers and packaging users.

Safe handling of corrugated packaging

An outstanding innovation in picking technology from Witron Logistik + Informatik GmbH allows for fully automatic assembly of mixed orders on pallets or in roller containers, thanks to its new Order Picking Machinery (OPM) solution and loading machine – Case Order Machine (COM).

With OPM, Witron is able to provide a completely integrated and automated storage and picking solution from goods-in through to goods-out, a valuable tool for retailers supplying to hundreds of stores on a daily basis. Users of the system can expect to have the edge in terms of efficiency, whilst achieving considerable cost savings.
As with all Witron picking systems, the OPM system is based on a module configuration. A typical OPM project will therefore use elements from a range of standard, ex-stock components including the software, controls, mechanics, and hardware used, thereby ensuring optimum plant availability.
Such modularity means that the expansion of an installation or the combination with other Witron picking systems is easy to accomplish (E.g. DPS for small parts picking).

The system uses no clamping or gripping, which for corrugated means

- corrugated packaging is lifted, moved, shifted and stacked without manual interaction which is not the case with some other order picking solutions. This system minimises the possibility of damage.
- the packing units are stored, transported and picked with minimal contact. The boxes are depalletised in layers using vacuum technology, and the picking process is completed exclusively by carrying and pushing movements.
- shelf ready corrugated packaging can be handled in a fully automated warehouse
- corrugated packaging ideally suits this innovative distribution concept.
- corrugated packaging design is able to satisfy any supply chain demand.
- distribution of goods in corrugated packaging is optimized by the retailer.

Benefits

- Over 90% of the average range of goods to be shipped, representing over 15,000 SKU's of dry goods, can be successfully picked by COM.
- The packing units stored, transported and picked in OPM are treated with all possible care. The cases are depalletized in layers by a depalletizer using vacuum technology. Picking with COM is achieved exclusively by carrying and pushing movements.
- Zero-defect picking due to fully automated process sequence / fewer damaged or broken goods.
- The distinctive features of the system allows for the picking of far more cases and for more compact completed order pallets.

Facts on the system

- Projects have been successfully implemented in Germany, Southern Europe, the USA and Canada, totaling 13 projects since 2004.
- These projects represent a total of 214 picking machines installed so far.
- Nine distribution centers are already using OPM, and another four will be up and running by 2009.

photo: Witron

After depalletization in layers, the individual cases are separated on the conveyor system.

photo: Witron

Every case is "married" with a tray.

photo: Witron

The heart of the OPM system is the loading machine COM (Case Order Machine), which enables a fully-automated and store-friendly order picking without picking errors.

Technical Seminar
6 - 8 May 2009 Berlin, Estrel Convention centre

- Additional projects featuring a further 250 picking machines are already in the pipeline.
- Over 1.5 million cases per day are picked in existing OPM systems, corresponding to about 25,000 order pallets per day.
- Already more than 10 million order pallets have been produced by OPM.
- Three customers are already operating the system at several sites. Around 60% of customers have bought more than one system and rollouts at other locations are ongoing, proof of the confidence of clients in both the OPM system solution and the Case Order Machine.

About WITRON

Founded in 1971, WITRON Logistik + Informatik GmbH, headquartered in Parkstein, is a leading company in the planning and realisation of automated logistics system solutions.

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photo: Witron

The ready picked order pallet (or roller container) demonstrates a high degree of optimization and stability. A variety of different customer requirements can be taken into consideration for stacking cases

We are pleased to inform you that the 15th FEFCO Technical Seminar will take place on 6th, 7th and 8th May 2009 at the Estrel convention centre in Berlin, Germany.
Make sure you mark these dates in your calendar now!

FEFCO Technical Seminar is the only conference and trade show for the European Corrugated Industry. For over 20 years this seminar has been the number one platform for the industry, bringing together buyers and suppliers of corrugated packaging machinery, equipment and services.
The FEFCO Production Committee, in charge of the organisation of this event, has decided to select a new venue, and for the first time this event will be held in Berlin.
This venue has been carefully chosen and the Production Committee is confident that it will respond to the changing demands of our industry. Berlin is famous for its convenient access for people coming from all over Europe, and the Estrel venue will facilitate networking opportunities, with everything under one roof, including hotel, convention centre, restaurants and all facilities.
The Estrel convention centre is Europe's largest convention, entertainment and hotel complex.
With 1,125 rooms and suites, five restaurants, two bars, a beer garden and the daily live "Stars in Concert" show; the Estrel has plenty to offer every guest.
More important to us is the fact that it is a multi-functional exhibition place which provides space for every type and size of event. We are confident that it will help FEFCO to provide

our delegates and exhibitors with the best of facilities with optimum flexibility.
Please note that this event will be open to FEFCO members only.
We are pleased to inform FEFCO sympathiser members that the exhibition floor plan will be sent out in the second week of September and will also be available on line in a special page dedicated to this event to be staged in Berlin.
If you wish to be added to the mailing list please send your contact details as soon as possible to angela.edwards@fefco.org.
We remind you that the FEFCO Technical Seminar is one of the best platforms to promote your technical solutions, and as usual a number of sponsorship opportunities will also be available.

For additional information about Estrel hotel & convention centre visit:
www.estrel.de

Contact for exhibitors:
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Contact for sponsorship opportunities:
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National Associations Updates

Carrefour now packs and transports fresh fish in corrugated board

AFCO, the Spanish Association of Corrugated Packaging Manufacturers, has launched into the market the first corrugated box for fresh fish under the quality brand name AFCOfish.

The revolutionary box is designed for the refrigerated transport of six kilograms of fresh fish and two kilograms of ice. It opens the door to a new niche market for corrugated which, once again, is shown to be the best material for sustainable packaging in the 21st century. Natural, renewable, 100% recyclable and biodegradable, corrugated board with its "zero waste" formula, protects both the product and the planet.

The Carrefour Group understands this and has chosen the AFCOfish box for packing and shipping fresh fish from wholesale markets to its logistics centres and shops in Spain. "Carrefour's commitment to sustainability has led it to replace expanded polystyrene packaging with corrugated board alternatives", noted Mariano Rodríguez, Carrefour Spain's Quality and Sustainable Development Manager.

New Secretary General for the Finnish association

Anneli Laakso Secretary General of the Finnish Corrugated Board Association expressed her warm thanks to the industry after her several years of fruitful collaboration with FEFCO. She will be replaced by Eija Jokela. We wish Anneli all the best for the future and we welcome Eija Jokela her successor.

Eija Jokela
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FEFCO Activities

John Williams appointed new president of FEFCO

FEFCO is pleased to announce the appointment of John Williams (54) as the new President. John Williams was unanimously chosen by the General Assembly following Dermot Smurfit's 4 years of presidency.

Moreover, as our incoming Vice-President and Treasurer, the General Assembly voted unanimously for **Ryzsard Kolodziejski** (EUROBOX Polska Sp. z o.o.).

John Williams, who graduated from King's College with a degree in Literature, has been president of SCA Packaging Europe since 2005. Before joining SCA Packaging, he held a number of senior positions within companies dealing mainly with branded products, packaging and consulting.

As our previous Vice-President for the past 2 years, John Williams has already had an active involvement in the work of FEFCO. His priorities for the coming years are to concentrate on strengthening the organisation and to continue the 'best practices' policy.

New Administrative assistant for FEFCO

Angela Edwards is the newest member to join the FEFCO team in Brussels. Angela is of American nationality and has studied Business Administration at the University of Missouri-Columbia and worked previously in a steel industry trade association. She is assisting the team in events and database management secretariat and she will be responsible for supporting and responding to FEFCO members' inquiries.

New FEFCO annual statistics 2007

The new yearly statistics are now available for download in the FEFCO members only section.

Calendar of Events

Industry Events

- TAPPI Corrugated Package Conference
  22-24 September 2008
  Atlanta, Georgia, USA
  www.tappi.org
- SUPER CORR EXPO
  22-26 September 2008
  The Georgia World Congress Center, Atlanta, Georgia, USA
  www.supercorrexpo.org
- 15th FEFCO Technical Seminar
  6 – 8 May 2009
  ESTREL Convention Centre
  Berlin, Germany

Other Events

- Taropak-International Packaging Technology & Logistics Exhibition
  15-18 September 2008
  Poznan International Fair Grounds
  Poznan Poland
  Tel: +48 (61) 8692000
  www.taropak.pl
- Empack Expo
  24-25 September 2008
  Brussels Exhibition Centre
  Brussels Belgium
  www.easyfairs.com
- PPMA 2008
  30 September - 2 October 2008
  NEC, Birmingham, UK
  Tel: +44 (0)20 8271 2156
  www.ppmashow.co.uk
- The World Fruit & Vegetable Show
  8-9 October 2008
  Excel London – UK
  www.wfvexpo.com
- The CIES Supply Chain Conference 2008
  9–10 October 2008
  InterContinental Hotel
  1037 Vienna, Austria
  www.ciesnet.com

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