

BANCO DE IMAGENS ABTCP



BY JAIR PADOVANI,
PAST ABTCP'S FIRST SECRETARY-TREASURER
AND AN ADMIRABLE PROFESSIONAL.

THE FUTURE OF THE PACKAGING SECTOR

The packaging sector has always presented a positive correlation with GDP growth, particularly with the consumption of families. With inflation under control, the increased income of the population over the last decade and the current dynamism of Brazil's economy, the packaging market is gaining more and more importance. A *Macroeconomic Study of Packaging*, conducted by Fundação Getúlio Vargas (FGV) for the Brazilian Packaging Association (ABRE), showed that the sector in 2010 grew 10.13% in relation to the previous year. And the expectation for 2011 is very positive, with projected revenues of R\$ 44 billion. In the case of paper packaging, the trend is that the sector will continue growing at least 5% a year through 2015.

The concern towards the environment is also an issue very present in this market and gaining even more importance. Consumers today are much more aware and concerned about the environmental impact of the production chain of what they consume. According to the Packaging Machinery Manufactu-

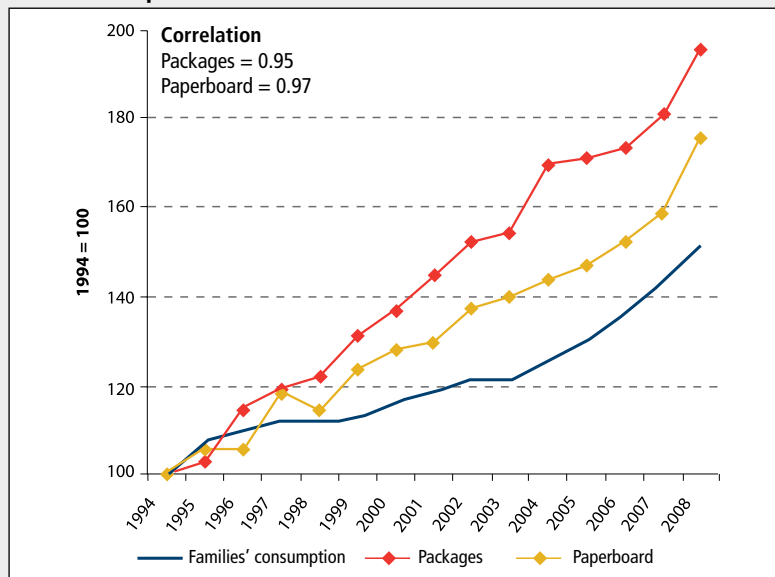
urers Institute (PMMI), the main objective in reducing the consumption of materials and energy in production processes is to produce packagings that do not harm the environment and, at the same time, maintain their functionality through the distribution, transport and warehousing chain, safeguarding the product's safety, quality and acceptability.

Several socio-cultural factors have called for a new posture on the part of the packaging industry. The new middle class, with greater purchasing power, wishes to consume more and better products. E-commerce is gaining force. Individuals consume for a longer time as a direct consequence of the population's aging. The profile of families has also undergone changes; today, we have a greater number of singles living alone. These combined factors lead manufacturers to produce smaller, lighter, prettier and cheaper products, in other words, more practical and attractive goods. Additionally, the need to satisfy government and health entity requirements has also demanded the segment to adapt to international standards.

Within the paper packaging production chain, the most expensive raw materials are fiber, energy and chemical products, in this order of costs. In order to reduce the use of raw materials, it is necessary to reduce paper thickness through the use of new technologies. At a certain moment in production, the manufacturer needs to stop thinking about tons and direct its thoughts to stop thinking about square meters, that is, it needs to prioritize the area rather than the weight. With this, it will be able to achieve a significant reduction in its costs. It is also necessary to modernize industrial machinery and expand installed capacity. At present, the majority of machines in Brazil produces 400 to 700 meters per minute, while in order to satisfy current demands with international competitiveness, it is necessary to have machines that produce 1,000 meters per minute.

Investing more in process intelligence can bring about much greater returns. New technologies are continuously being developed to allow for solid growth in the sector. It's something worth looking into.

Correlation Between Packaging Consumption and Consumption of Families



Source: BNDES / Pulp and Paper Industry Department