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PRESS RELEASE

Aluminium aerosol can industry faces challenges of cost increases and sustainability

Clouds on the horizon after a successful first half of 2008

After a record production in 2007 aluminium aerosol can producers enjoyed another successful first half of 2008 with a global market growth of roughly 6 percent. Whereas demand in North America and in large parts of Asia is more or less stagnating, business in Europe and South America is still going strong. For the year 2008 the aluminium aerosol can industry is expecting a global production of about 5.6 billion cans.

Currently the worldwide economic slowdown and the turmoil on the financial markets are worrying aluminium aerosol can producers, although at this stage the industy has not seen a sharp impact on demand yet.

In 2008 aluminium aerosol can producers have benefitted from the sustained trend to shaped cans and increasing demand for smaller can diameters for promotion packs. Demand for deodorants is still strong, especially in Europe and South America. In addition there is a rising demand for aerosols for the food applications which is a market with a considerable growth potential in Europe.

“Our industry is really thinking outside the box when it comes to new applications for aluminium aerosol cans. New products such as toothpaste in cans, self-tanning sprays, hair powder sprays or cooking oil sprays have been developed in order to explore new markets. The aluminium aersol can is the packaging of choice for these products because of the exact and hygienic application of the product, the ideal product protection, great convenience and the recyclability of aluminium for a better ecological product sustainability, explains Gregor Spengler, AEROBAL Secretary General.

The unprecedented cost explosion of tinplate prices also improves the competitive advantage of aluminium can producers because the aluminium price did not increase to such an extent and – contrary to the tinplate price – term contracts can be bought for aluminium in order to manage raw material price risks.

Nevertheless, also aluminium aerosol can manufacturers have come under pressure due to rising slug, energy, coating, transport and labor costs. “In recent years, we were able to at least partially absorb some of the cost increases through improved in-house efficiency and higher productivity. These possibilities are now exhausted and pressure on margins has become extraordinarily strong. Our industry has to have adequate margins, if the future innovative strength of companies is to be guaranteed", states Emmanuel Perret, AEROBAL President.

Convincing answers to increasing sustainability requirements of customers

Brand owners and major retailers currently focus on sustainability issues. In this context carbon labeling and the use of recyclable material in the production of packaging are selected as possible tools to encourage a shift in consumer purchasing and consumption patterns.

Under the guidance of the German Aluminium Association (GDA) the leading European aluminium aerosol can manufacturers conducted a life cycle assessment (LCA) study reflecting the full life cycle of aluminium aerosol can production. A by-product of this exercise was the carbon footprint. However, sustainable development is not only "the carbon footprint" of a specific product. It includes environmental, social and economic aspects as well as interdependencies between those areas. Life cycle assessment is a good tool to get a better understanding of a product's environmental performance. Hence, it refers only to the environmental part of sustainability and does not consider other important packaging functions which play a vital role for consumer acceptance.

For example, aluminium aerosol cans prevent product waste and ensure the product is fit for purpose when it is used by the consumer. They keep consumers safe and healthy. They are economical through the supply chain and are affordable by the consumer. They are produced from viable sources of primary and recycled materials. Aluminium aerosol cans are infinitely recyclable without loss of quality. And thanks to a process of continuous improvement at manufacturer level, aluminium aerosol cans have an excellent record in resource minimization.

The LCA study will be followed by a sustainable consumption study which integrates the supply chain and downstream activities (suppliers, aerosol can producers, customers, consumers, end-of-life). It puts all influencing factors into proportion and shows how big the impact of packaging is on certain LCA indicators compared to other stages. For this purpose GDA has commissioned the internationally renowned Swiss research institute ESU Services to conduct a sustainable consumption study at the example of a typical product of the aerosol industry. Already existing sustainable consumption studies for other packaging have proven that the current emphasis on the packaging sector is not justified. The results of the GDA study will be available by beginning of 2009.

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