



Consumer Packaging Manufacturers Alliance

**MIKE RIDGWAY
WT MIDDLE EAST**

PACKAGING REGULATION

PLASTICS POSITION

ATTACK ON BRANDS

DUBAI - APRIL 2019



BACKGROUND REMINDER

- CPMA formed in 2013 to act as a spokesperson for the packaging industry to counter the arguments against regulatory trends.
- Communication via written articles; TV and radio media – putting the case for the packaging industry.
- CPMA not against regulation which is effective – but against regulation which is excessive, disproportionate and ineffective.



Plain Packaging



ROLE OF PACKAGING

- Branded Packaging as a Barrier to Trade in Counterfeit and Illicit Goods
 - Packaging complexity
 - Specialist processes
 - Design variety
 - Packaging Waste Control
 - Standardised 'Plain Packaging' – simpler specification
 - See Samples
 - Australia
 - United Kingdom
 - Available For Collection



PLAIN PACKAGING

- WHERE?
 - Australia First – December 2012
 - France – full implementation 2017
 - Ireland – full implementation October 2017
 - Hungary – implemented 20th May 2018
 - Slovenia – implemented 2017/2018
 - Belgium/The Netherlands considering implementing – early 2019
- U.K.
 - Full implementation plus EU -TPD-2 – Fully implemented 20th May 2018
 - Regulations on 10g pack size/R-Y-O 30 g weight
 - Causing chaos at the retail outlets – staff confusion
 - Frustration by customers!
- EU
 - European Union implemented the TPD – but **not** Plain Packaging – left to Member States



PLAIN PACKAGING



"Strip back the glamour and glossy packaging that contain tobacco products, and what is left? A product that kills almost 6 million people every year. Tobacco packaging is a form of advertising and promotion that often misleads consumers and serves to hide the deadly reality of tobacco use. ... plain packaging works."

NSD Director-General
Dr Margaret Chan,

WHO for Tobacco Day, May 31, 2010



PLAIN PACKAGING



PLAIN PACKAGING



Graphic health warnings: Plain packaging by stealth



Cigarette graphic health warnings rankings		
Ranking	Average front and back of packaging	Country
1	90%	Nepal and Vanuatu
3	85%	India and Thailand
5	82.5%	Australia
6	80%	Sri Lanka and Uruguay
8	75%	Brunei, Canada, Laos and Myanmar
14	65%	EU, Turkey, Brazil
123	30%	Japan, Israel
153 (last)	0%	Botswana, North Korea, Tuvalu, USA
Source: Canadian Cancer Society (October 2016)		



BRANDED PACKAGING



BRANDED PACKAGING



PLAIN UNBRANDED PACKAGING



BRANDED PACKAGING/PLAIN PACKAGING

- Barrier to the Illicit Trade and Counterfeit Product
- CPMA -Brochure explains manufacturing processes and complexities
 - Design
 - Pack Construction
 - Variety
 - Security Features
 - Branding Benefits
- Adverse Consequences of Plain Packaging
 - Health – illegal supply chain
 - Reduced Economic Activity
 - Nationwide Boost to Illicit Trade
 - Everyday Occurrences – London, Midlands, North of England
 - Australia – illegal Tobacco Crops
 - Packaging Counterfeiting = Fake Product



PACKAGING MANUFACTURING FEATURES

- Pack Complexity - gravure printing/capital intensive reel to reel technology
- Design Variety - sku reduction
- Design Evolution - Example -- Lambert & Butler
- Specialist Manufacturing Processes
 - metallic substrates; finishes; embossing; hot foil stamping; vignettes
- Branding Reinforces Consumer Preference for Genuine Products



DESIGN VARIETY

Design Variety



- 285 cigarette skus (> 2000 other tobacco products)
- 23 cigarette pack shapes / constructions



Economies of scale



- One main pack shape
- One colour pallet / set of inks
- Common printing plates across brands and brand variants



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DESIGN CHANGES

Pack Design Changes



- Lambert & Butler – 4 major changes in 5 years (moving 'target' for counterfeiters)



**Barrier to
counterfeit**

- Government-regulated, fixed design



**Easy for
counterfeiters**

COUNTERFEIT PACKAGING

‘The quality of counterfeits can be so good unless you know what you are looking for it is incredibly difficult to spot.’ (Senior Trading Officer – London)

SO LET US TAKE A TEST !

CONSIDER CONSUMER TIMING
AT THE POINT OF SALE !

WHICH IS THE FAKE PACK ?



TAKE THE TEST

Pack A

Pack B



WHAT TO LOOK FOR

- Counterfeit Products Include –
 - Position and size of health warning
 - Pack Code Number Errors
 - Bevelled edged features
 - Incomplete Bar Codes
 - Tightness of film overwrap
- COUNTERFEIT PACKAGING = FAKE PRODUCT !!



WHAT COMES NEXT?

- PLAIN PACKAGING IS EMERGING AS A MAJOR THREAT TO TOBACCO INDUSTRY AND BRAND VALUATIONS
- EUROPE
 - EU Harmonisation – all Member States
 - Re-opening of TPD-2 and TPD-3
 - Proposals from EU Commission – more restrictions
 - Political Momentum to regulate
 - Additional Pressure from WHO/NGO's



ADVERSE CONSEQUENCES

- Reduced Economic Activity
- Consolidation of Manufacturing
- Factory Closures
- Boost to Illicit Trade
 - Contraband
 - Counterfeit
- Elimination of Brand Intellectual Property

2017: Plain packaged volumes



The combined cigarette volumes of countries that have implemented or already legislated for plain packaging was over 110 billion sticks ...

1 trillion sticks
50% World volumes (ex. CN)

■ In effect

1 trillion sticks
50% World volumes (ex. CN)

☒ In effect

WHERE NEXT – since December 2017

- ~~Singapore~~
- ~~UAE (Bahrain)~~
- ~~Hong Kong~~
- Ukraine
- ~~Norway~~
- ~~Canada~~
- ~~Uruguay~~
- ~~Thailand~~
- ~~Belgium~~
- Romania
- Barbados
- ~~Turkey~~
- Finland
- Chile
- ~~South Africa~~
- The Gambia
- Mauritius
- Kenya
- Botswana
- Brazil
- Taiwan
- ~~The Netherlands~~
- ~~Georgia~~
- Nepal
- ~~Malaysia~~
- ~~Sri Lanka~~
- Congo
- Tonga
- Ecuador
- Lithuania
- Nigeria
- ~~Saudi Arabia~~
- ~~Channel Islands~~



OTHER PACKAGING PRODUCTS

Other Packaging Types

Barrier to
counterfeit



Chesapeake



WEISSENHOFER



PAYNE



payson



IGGESUND



b



British Brands Group

- **Pack complexity**

- Composite cans, paper/plastic pouches, decorated tins, rigid boxes, shell & slide packs

- **Specialised technology matched to pack dimensions**

- 'Evo-Can' closure system for composite cans
- In-house built machinery for cans and rigid boxes

- **Applications**

- Cigars
- Fine cut, loose tobacco
- Roll your own
- Blended products



ILLICIT TRADE

GLOBAL STATUS

- 480 billion cigarettes sold illegally every year
- Governments tax losses
 - estimated \$35/\$40 billion annually
- Approx. 9% of EU consumption is illicit amounting to 47 billion cigarettes (counterfeit and contraband)
- Counterfeit is increasing – UK seizures
- **PACKAGING COMBATS THE COUNTERFEITER BUT PLAIN PACKAGING ASSISTS THE COUNTERFEITER**
- Source : BAT – www.bat.com/ProjectSun-KPMG



PLAIN PACKAGING

- World Wide Trends
 - Increasingly looking to Europe
 - Recent visits/contacts with Singapore; Hong Kong; UAE; Ukraine; Malaysia and The Gambia confirmed this position
- Additional Consequences of Plain Packaging
 - Withdrawal of manufacturing – Australia; UK; Germany; Netherlands
 - Closure of packaging plants
 - 3 in UK; Australia; Malaysia
 - Others – reduction in labour
 - Reduction in marketing/design activity
 - Countries need to recognise the impact and threat to Intellectual Property Rights and marketing of Branded Products



PLAIN PACKAGING

- Summary of Consequences
 - In addition to withdrawal of manufacturing
 - Elimination of engineering support services
 - Reduction in marketing/design activity
 - London particularly affected as World centre for consumer product design creativity
 - Financial Times CPMA Quotation –
 - See Summary slide later



OTHER MARKET SECTORS/TRENDS

SLIPPERY SLOPE

- Slippery Slope – getting steeper!!
 - Alcohol – PH England wants Plain Packaging
 - Politicians want health warning labels
 - Health warnings on snack foods
 - Confectionery free aisles in supermarkets
 - Call for ‘less glitzy ‘ packaging for sweets
 - Plain Packaging for soft drinks in New Zealand
 - Breakfast Cereals in Australia in Plain Packaging?
- Other Brainstorming Proposals
 - Paying For Fuel at Pump?
 - Bollywood films in India



Health Lobby Sights Plain Alcohol Packs

Judith Mackay, adviser to WHO fought for tobacco regulation in Asia stating a packaging change would help 'de-normalise' excessive drinking.

The CPMA response 'There is no evidence that packaging plays a part in any consumer choice or decision at the point of purchase.'



UK health body calls for cigarette-style warnings on alcohol

More graphic link to alcohol-related diseases would raise awareness and reduce harm, says the Royal Society for Public Health



Sarah Boseley Health editor

Fri 26 Jan 2018 06:01 GMT

A leading public health body is calling for graphic cigarette-style health warnings on bottles and cans of alcohol in the UK that would make clear the strength of each drink and the risks of exceeding the recommended limit, including for pregnant women and drivers.

Label Warnings on Sweets – Leave Sour Taste

‘The British Medical Association aided by the Dentists and PHE Want to introduce warnings onto sweets by introducing ‘tobacco style’ labels and ‘less glitzy’ packaging with supermarkets under pressure to introduce confectionery free check-outs.’

CPMA response 'Brand owners should voice concerns about lack of consumer choice and need for education relating into eating habits rather than restrictions on the packaging where no evidence exists of its effectiveness.'

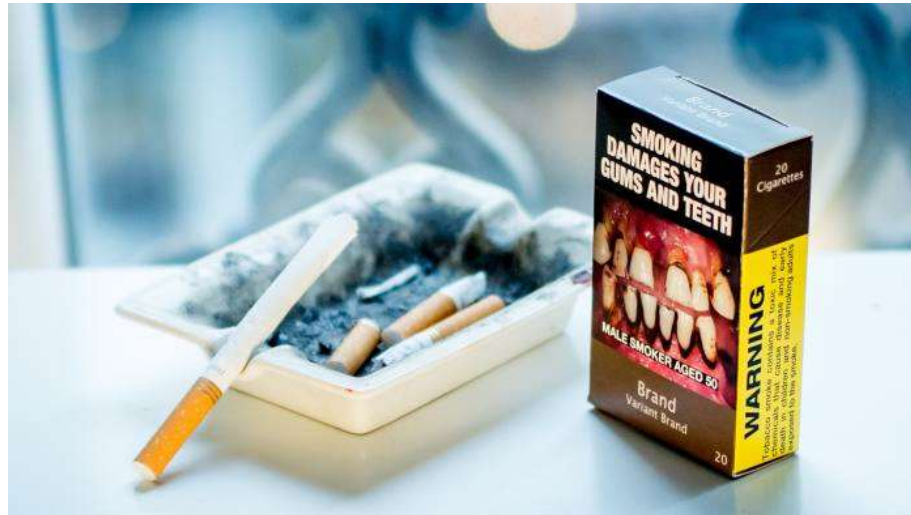


PLAIN LABELLED PRODUCTS



FINANCIAL TIMES – FEBRUARY 2017

BIG TOBACCO SETS STAGE FOR ALCOHOL TO DEFEND BRANDS.



The Consumer Packaging Manufacturers Alliance argues that Plain Packaging on alcohol would curtail an area of brand design and development in which the UK is a 'world specialist' at a time when 'brands need to be protected and intellectual property rights maintained in the globalised trading environment.'

Financial Times – February 2017



Consumer Packaging Manufacturers Alliance

PLASTIC POSITION

PACKAGING AND TOBACCO

WT MIDDLE EAST

DUBAI - APRIL 2019



PLASTIC AND TOBACCO

- EUROPEAN UNION – SINGLE USE PLASTIC
 - Ocean Pollution
 - Beaches – 80% - 85% marine litter is plastic
 - Costs to EU economy €470 million per year on average
- Public Consultation
 - Urgent and necessary action required
- Impact Assessment
 - Introduced targeted products
- Increase Public Awareness
 - Waste management control
 - Impact of negative disposal systems
- Intensive Media Pressure on Governments
 - David Attenborough – environmentalist
 - Blue Planet TV Series



PLASTIC PRODUCTS

- The EU Identified Following Products –

Food Containers

Drinks Cups

Cotton Buds

Cutlery

Drinks Bottles

Cigarette Filters

Wet Wipes

Carrier Bags

Drinking Straws

- Tobacco Industry became high profile – Butt Littering



PLASTIC POLLUTION SOURCE

- Inappropriate Disposal
 - Sewers
 - Drainage Systems
 - Rivers
 - Oceans
- Ineffective Separation/Collection
 - Low Consumer Participation
- Extended Producer Responsibility
 - Food Containers
 - Packets and Wrappers
 - Wet Wipes
 - Personal Care Products
 - **Tobacco products with filters and filters marketed for use in combination with tobacco products**



Why Tobacco Filters ? – Cellulose Acetate !!

MAJOR ISSUES

- GENERAL

- Extended producer responsibility
 - Producer responsibility post consumer stage of life cycle
- Marking of individual products
- Consumption reduction

- INDUSTRY

- Marking of products – How ?
- Use of symbols – Where ?
- Informing the consumer – Customer Communication !
- Environment affects
- Waste management
 - Product take-back requirements and costs





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FUTURE ATTACK ON BRANDS

PRINGLES – BEFORE BRAND REGULATION



PRINGLES – AFTER BRAND REGULATION



THREATS TO OTHER PRODUCTS



CARTOON PACKAGING



SERIOUS POLITICAL THREAT TO REGULATE

HILLSTRONG Makes Cannabis Packaging a Focal Point

Humboldt County, CA firm works with supplier partners to offer packaging that addresses changing regulations, barrier requirements and consumer appeal.

By [Jim Butschli](#), Editor

PRINT

EMAIL

SHARE

Packaging is an established function within traditional industries such as food, beverage, and pharmaceutical, but in the world of cannabis, that's not always the case. Humboldt County, CA-based HILLSTRONG Collective is looking to change that.



CANNABIS PACKAGING

packaging.com/article/hillstrong-makes-cannabis-packaging-focal-point?ajs_uid=9796E0327467G41&oly_enc=



FUTURE PACKAGING OPPORTUNITY ?

A NEW BRANDED PRODUCT ??

Marijuana legislation: A huge opportunity
GLOBAL TOBACCO REGULATION OVERVIEW
North America is at the forefront of legalising
recreational marijuana
~US\$160bn industry (legal and illegal) Close to
a fourth of the entire tobacco category



QUESTIONS AND ANSWERS

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Consumer Packaging Manufacturers Alliance

END

For More Information –
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