

SONOCO/WEIDENHAMMER MERGER INQUIRY

Summary of hearing with CBT Packaging held on 25 March 2015

1. CBT Packaging (CBT) told us that it was a packaging supplier based in Basildon, Essex. It produced packaging, including composite cans, for both food and non-food products. It produced packaging for customers located in both the UK and [REDACTED].
2. CBT's turnover for composite cans was £[REDACTED] a year. Around [REDACTED]% of this figure was derived from non-food packaging and [REDACTED]% from food packaging. This figure included sales to [REDACTED] and the UK. Around £[REDACTED] turnover was comprised of UK sales.
3. CBT was able to produce composite cans with an aluminium barrier for food contact and, in addition, a number of different liners including greaseproof liners that provided a moisture barrier for food products. CBT was also able to produce metal ends and shaker ends for composite cans. CBT had the ability to produce a sunken foil diaphragm (recessed membrane) suitable for cocoa powder products and peelable ring pull ends. CBT stated that this was not difficult for it to produce, as it only required the use of a standard metal end seaming machine. [REDACTED]
4. CBT was able to produce the following composite can diameters; [REDACTED]. CBT explained that the majority of its business was focused on [REDACTED]. This [REDACTED] line never had its diameter changed. The other diameters were produced on a 'jobbing' basis by a single line, which had its tooling adapted. This adaption process took [REDACTED] on average. CBT believed that Sonoco lines were mostly set up to mass-produce a single diameter of can. However, Sonoco had some lines it changed business on for smaller jobs and CBT considered itself to be in competition with Sonoco on these lines.
5. CBT recently purchased a new production line for €[REDACTED]. CBT estimated that to adjust a line to produce a diameter it currently did not supply, it would cost around €[REDACTED]. CBT estimated that it would take three or four months for a production line adjustment to be completed.
6. [REDACTED] The [REDACTED] line at CBT had capacity of [REDACTED]; other lines however, had limited capacity. These lines were appropriate for smaller CBT customers such as [REDACTED].

7. [§], CBT believed it competed with Sonoco or Weidenhammer on certain products, such as the lines taken over by Sonoco from AB Packaging Solutions (AB). CBT explained that it frequently competed for business with AB, and Sonoco picked up much of AB's business and customers. [§]
8. CBT's main competitor was [§]. However, CBT believed that [§]. CBT did not consider that it competed with [§] and [§]. CBT also considered that it did not compete with Can Packaging, as it had not encountered the company in the UK market. CBT believed there were a number of companies importing composite cans into the UK, including Weidenhammer and a Dutch-based company named Tupack.
9. CBT considered that it did face competition from other packaging formats, as from experience marketing decisions from companies could quickly change the type of packaging used for a product. Consumer brand recognition was an important consideration for a customer keeping a product in a composite can. It stated that although some products moved out of composite cans and others in, popularity for the packaging format generally did not seem to change.
10. CBT did not expect any new entrants to the UK composite can market. The cost of machinery was expensive compared with other types of packaging production. Furthermore, the production of composite cans was difficult, requiring 'know how' and experience to achieve the high quality standards expected by customers. This is something that a new entrant would struggle to achieve.
11. If CBT were approached by a company such as [§] to supply composite cans, it would consider doing so if it would be a sponsored entry. CBT believed that [§] would also be in a position to do so. It was estimated that it would take at least [§] to obtain the required machinery.
12. CBT said that it was BRC accredited and used to supply [§]. It recently quoted [§], for a substantial number of composite cans for [§]. This would be produced on the [§] line. CBT also used to produce composite cans for [§].
13. CBT had noticed an increase in the amount of enquiries it received since the Sonoco/Weidenhammer merger was announced, particularly for high-volume production work. CBT believed that it would have the capacity to take on Sonoco's [§] work, but it would not have the capacity for products like [§]. [§] If CBT were approached to do such a product it would want a long commitment and investment from [§].
14. CBT was unconcerned as to whether the merger went ahead. [§]