

Taking the time to learn the market

Having gone through the learning curve with its three-layer blown film line, this year, Australian flexible packaging producer Gelpack Enterprises expects to forge ahead by producing new films on machinery supplier Mamata Brampton's largest line in Australia.

The Australian economy is expected to grow faster this year, by 2.5%, up from the 2% the *International Monetary Fund (IMF)* forecasted last year, against the back of global growth of 3.9%. In fact, according to an *IMF* report, Australia outperformed other developed countries during the global recession last year, with its positive growth of 1%.

Indeed, things are beginning to look up in the country, amidst cautious optimism. The growing economy bodes well for consumer confidence and this will spill over to the packaging sector.

Gelpack is setting itself up to ride on the crest of this growth wave. Having spent 12 months "bedding" down the new line it installed last year, it is now looking at capitalising on the capabilities it has to offer.

Started 52 years ago, Gelpack has since 1996 belonged to the *Shah Group*, a diversified multinational that is in property investment as well as metal roofing and PU foam products. A few years ago, Gelpack acquired the public-listed *Ruskin Flexifilms* boosting its product range further.



Gelpack and 15 other packaging suppliers in the country including *Amtcor*, *Visy* and *Fine Wrap*, provide a range of flexible packaging made from HDPE, LLDPE, LDPE and UHMWPE to the domestic market.

The company is looking at enclosing its line in a closed environment. "It is something that needs to be looked at in the future," said O' Malley



Peter O' Malley (left) and Nihal Shah say that the company is looking at doing larger volumes on the new machine. "We have spent a lot of time and effort enabling ourselves to be fully conversant with the technology and its limitations," said Shah

Ranging from a thickness of 15-250 microns, the product range comprises shrink/stretch films as well as films with UV inhibition, fire retardancy, opacity, anti-static, low or high slip properties.

The company has three divisions: industrial, consumer and trading. "The industrial sector (flexible packaging) constitutes 70-75% of our business. Under the trading division, we import various types of packaging material from China, like bread bags," said General Manager Peter O' Malley, during a visit to the plant located in Victoria, Melbourne.

Occupying 6,000 sq m of built-up area, the plant is also equipped with bag making equipment from *Mamata Machinery* for producing carrier, bread and ice bags, bags on rolls as well as a variety of side seal and bottom seal bags. Four *Alpines*, one *Reifenhäuser* and one *Kuhne* machine make up the other extrusion equipment.



Other equipment at the plant include Mamata's servodriven wicketer and bag maker

"Traditionally Gelpack has been a general flexible packaging supplier, with a significant part of the output involving mono-layer films. But we are now going forward to become an extrusion house that is able to offer a sophisticated range of packaging," said Nihal Shah, Managing Director of the company.

"We spent 2009 learning and investigating the benefits of co-extrusion as well as identifying customers," he said, adding that the line was installed in February last year. "It has been running since then but we didn't want to rush headlong into the market," he added.

"We now have a line that is capable of producing a width of 2.5 m, though we have had the capability for



The new line, which has 65-75-65 mm extruders with 400 mm die lip, is equipped with an automatic width control system, 1+3 component gravimetric blending/feeding system, touchscreen SCADA-based control panel and on-line printing, making it user-friendly and allowing for quick changes with minimum wastage, says the machinery supplier

producing up to 2.75 m wide films for over 30 years. With the new line our output has also increased by 40%," Shah explained, adding that the printing and bag making machinery will complement it.

The line will also allow the company to enter a new market, which is import substitution, since a number of Australian suppliers import finished packaging.

"With the high costs of production in the country, it is substantially cheaper to import packaging. One way of reducing the cost of the packaging is to increase machine speed," said O'Malley, adding that the line has an output of 350 kg/hour.

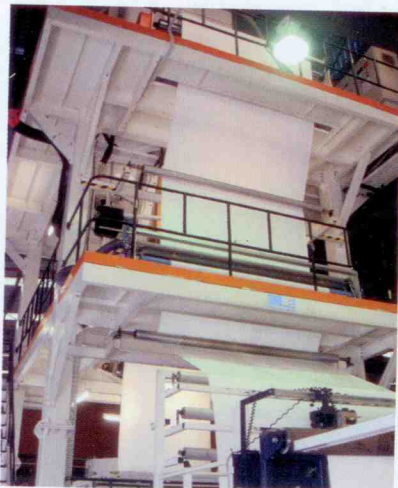
Gelpack has already started testing the waters having produced a bladder film for wine casks and heavier gauge mattress bags that contain a small percentage of metallocene resin. Another new application is a barrier packaging for automotive components. "The customer produces the components in Australia and sends them by sea. So an anti-rust covering, impervious to the sea and air, was required to protect the component," explained O'Malley, adding that the trialling with customers allowed the company to be ready to face the market.

There are other applications in the wind but these are being kept under wraps for the time being. For now, Gelpack expects to add on six new co-extrusion product lines to its current offering of 40 different packaging types.

"We didn't realise how difficult the co-extrusion market would be. But the support from materials suppliers like *Borouge*, *ExxonMobil Chemical* and *Qenos* helped us. Plus, we spent a lot of time being fully conversant with the technology and its limitations," he added.

With three sales offices in New South Wales, South Australia and Queensland, Gelpack's business is evenly spread throughout the country. It expects to enter the markets at full throttle. "The challenge for us is to source for "pure" co-extrusion opportunities in the packaging sector," said O'Malley.

Having enjoyed two years of strong growth, Gelpack expects to do just as well this year, since the new line has opened the door to product customisation. "We have not utilised the full capacity of the line and this will give us room to grow in the near future," he said, explaining that the additional capacity will allow the company to develop new opportunities and broaden its markets further. ♦



Gelpack says the high output line allows it to produce films at lower energy and manpower costs/kg

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