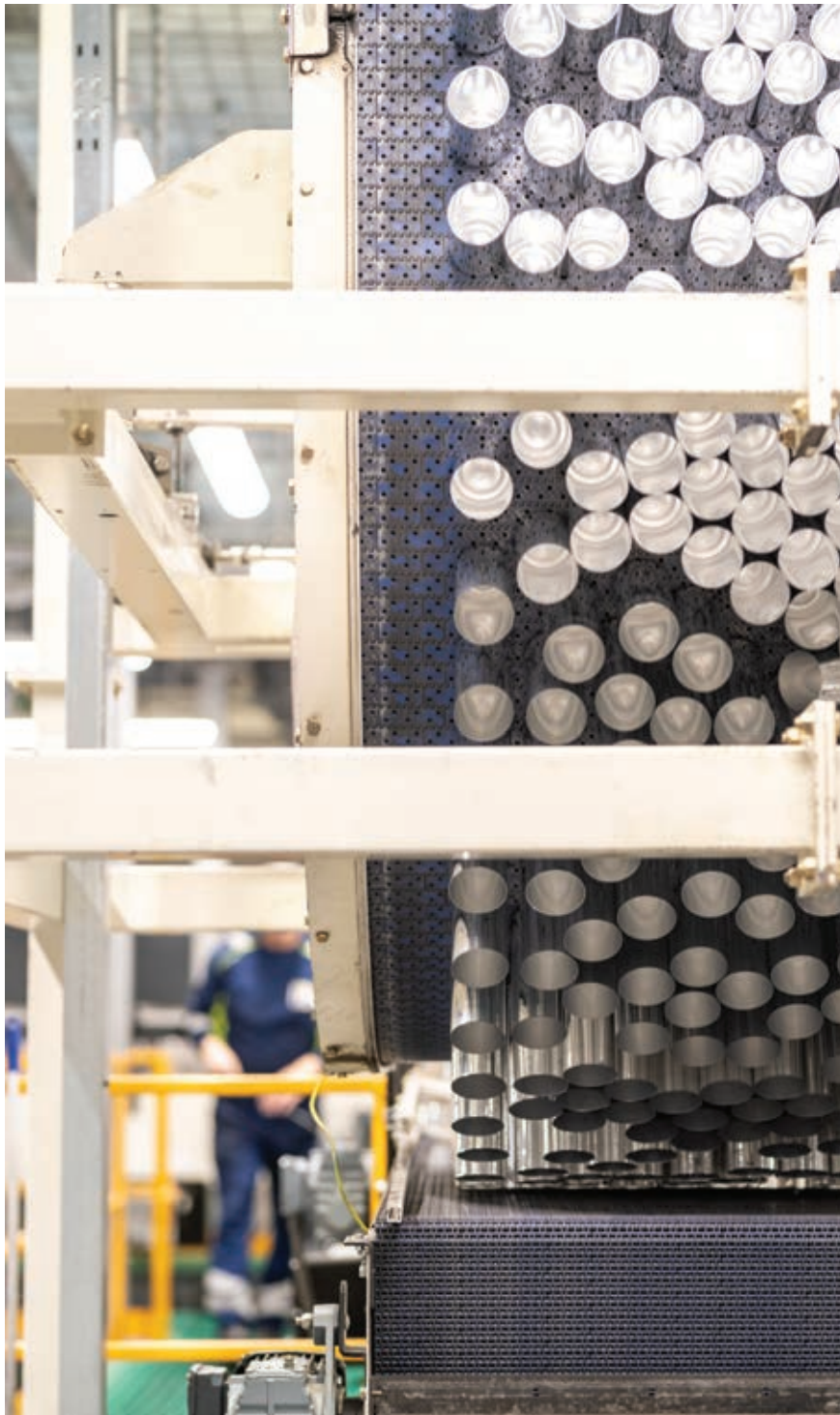


# Chinese efficiency in *Belgium's Flanders*

Dominique Huret from Cape Decision visits Benepack Belgium's Genk site to speak to general manager Wenming Cai about the company's aluminium beverage can production and plans for the near future

Cup on the magnetic vertical belt



Back in early 2019 came a true 'scoop' in the small business community in Belgium: a Chinese mega group was investing to build a can factory in Flanders, in the Northern part of the country. In July 2020, the plant started commercial operation with 330 and 500ml cans. In one year, one billion aluminium cans were produced – a revolution for the BeNeLLux can market. A second line will now be ready before the end of the year, doubling the capacity. Journalist Dominique Huret from Cape Decision was invited to visit and interview Benepack Belgium's general manager Wenming Cai.

## Benepack's international complex company structure

Benepack Belgium NV is a joint venture between two Chinese industry leaders CPMC and Haoneng. CPMC belongs to the COFCO Group, a leading supplier of agro products (meat and milk) and packaging. It is the largest food processing company in China with activities in more than 140 countries worldwide.

In China, CPMC has 40 production sites with 10 factories of two-piece cans for beverage applications. Among them, nine manufacture bodies and one is specialised in lids. Fifty per cent of the overall production is two-piece cans, the rest are three-piece and plastic cans. CPMC also makes aerosol cans and tin cans. On the Hong Kong stock exchange, CPMC has a market value of just under half a billion euros. Benepack is its first and only factory outside China.

As far as Haoneng is concerned, the company is not a newcomer in Belgium. Since 2011, Illochroma, the printing company specialised in labels, has been in the hands of Haoneng and has relocated from Brussels to Genk. The two Chinese compatriots decided to cooperate, being located now just door-to-door. "Both companies are suppliers to large beverage producers. It was interesting for us both to work together, close to our customers. There were several regions in the running, but the success and satisfaction of Haoneng in Flanders convinced us to choose Genk," says Zhang Xin, chairman of CPMC.



Genk is located North-East of Belgium, a central area 90 minutes' drive from Gent, one hour from the Antwerp port, and the same from Leuven. Nearby is 'Haven Genk,' the Port of Genk, a Belgian in-land port established in 1936 located on the Albert Canal leading to Antwerp. The port is also equipped with a railway terminal. The Netherlands, Germany and Northern France are nearby, all with numerous breweries.

### Why Belgium?

"Four elements played in the selection of the location. Firstly, the central location of the country means we can easily ship cans to major soft drinks and beer factories. Secondly, there's a strong presence of major brewers in Belgium and the Netherlands, and the same for soft drinks producers. Thirdly, the Belgian authorities have been welcoming and finally, Illochroma had already paved the way and gathered contracts in the beer and beverage industry," explains Wenming Cai, Benepack's general manager.

This project included the investment of around €60 million in the most innovative production facilities, a first of this kind in Belgium. The Belgian authorities gave €3 million as financial incentive. "The Genk region is gradually recovering from the closure of the Ford car manufacturer site and the arrival of the Chinese is good news for employment. The factory employs 150 people. We are happy with this extra manufacturing industry for Genk," says Mayor Wim Dries in the local media.

### Knowledge transfer challenges in the Belgo-Chinese factory

At the time of the visit, the workforce was 150 people, with only 30 Chinese on site. The ratio has changed in the last months, when most of the knowledge transfer has been done. "Chinese CMPC engineers had to teach local staff how to operate, maintain and repair the line. This has posed some challenges. The language was one obviously, especially in the early days. Interpreters were needed initially, then some phone applications helped and body language too. But it was mainly learning by observation with the skilled Chinese engineers that helped. All CPMC lines are composed of the same equipment, so the Belgian line is a perfect replica of the ones they are familiar with back in China. But our head office wants Benepack to become a Belgian company, so the objective was to have only a Chinese CEO and only local staff," explains Cai.

### Thriving prospects and open secrets

Cai continues, "The demand from AB InBev 330ml and 500ml is steadily increasing, and so is the one from Coca-Cola. Our clients know our efficiencies, our prices are competitive and so are our delivery costs. Consequently, in October, a second canning line will be fully operational and dedicated to 250ml slim and 330ml sleek cans. Recruitment for an additional 50 pairs of arms is on the way. ▷

Outside view of Benepack & Illochroma



“Due to the manufacturing background of this area, hiring is quite easy. We have several nationalities including Italian, Turkish, Indian and Belgian of course. Now, Ukrainians refugees welcomed in Belgium are also applying for operator positions. After the summer, we will need strong manpower, working 24/7 with four shifts. The objective is to reach full capacity of two billion cans a year.”

The actual warehouse is impressive with its 16,000m<sup>2</sup>, and three racks on top of each other. Recognisable coloured cans from major brand owners are waiting to be delivered to the factories. Today, beer packaging is the main product, but soft drinks will most probably take the top spot in 2023. The lids of Benepack’s two-piece cans are presently still imported from the Chinese CPMG factory. This could change in the near future, with good market traction.

Ten forming machines at Benepack Belgium come from Belvac



### Same equipment for all factories

The production at Benepack Belgium consists of seven key steps: shaping the cup; washing; printing; inside coating; neck finishing; drying and finally palletising. Equipment on the canning line is mainly American, with a can forming system from Standun (Dover). Ten forming machines come from Belvac. The automatic printing equipment is also all American. “Printing some of the Coca-Cola cans requires as many as eight printing stations. Our equipment is state-of-the-art and brand owners are aware of this,” concludes general manager Cai.

A few Belgian companies were proud to contribute to the new factory. Martens delivered six Toyota forklift trucks for the production process, while also supplying the largest electric forklift in Europe. This fully electric Kalmar has a lifting capacity of no less than 14 tonnes and is the first of its kind to be seen in Belgium.

Another Belgian company, Limoco, shared information on its cooling work inside the Benepack factory. In the production area, colt adiabatic cooling units have been used. This natural system is based on cooling air by allowing water to evaporate. The cooling units were equipped with Limoco’s ventilation system: 12 units with a capacity of 30,000 m<sup>3</sup>/h each blow a total of 360,000 m<sup>3</sup>/h of air into the building. In addition, 13 roof fans (4 x 12.000 m<sup>3</sup>/h and 9 x 25.000 m<sup>3</sup>/h) take care of the extraction of 275.000 m<sup>3</sup>/h of air. The warm air is extracted at the top of the hall, while cool air is blown in along the floor. In addition to office ventilation, 14 chimneys were installed to blow fumes from the production machines outside. This ensures a pleasant working environment for the operators. Limoco staff said, “It was necessary to follow precise planning and, above all, to communicate very well with all the partners involved. An additional challenge was the communication with the Chinese clients. Initially this was done through interpreters, but later communication was in English. Limoco was not assigned the integral project from the start. But thanks to our flexibility, we were also able to carry out the two other parts. Congratulations from our customer gave us the extra boost.” 