

Spotlight on CHINA: container glass for the beer industry

Rajeev Jetley

Necessitating a sizable volume of container glass for its packaging, China is the largest global producer and consumer of beer. Diminished demand and curtailed production of beer and container glass during the Covid-hit years was followed by a steady recovery during 2023. Expansions and modernisation exercises by leading brewers in 2023 led to significant

demand for container glass by year-end. Here, in examining the current container glass demand in China, the country's massive beer segment can offer a useful lens of interpretation.

OVERVIEW OF CHINESE BEER INDUSTRY

The Chinese beer market has developed at an unprecedented pace over the past three decades. The country has been the world's largest beer market since 2002. With total revenue in the range of

USD 138-140 billion by the end of last year, the beer market is one the most important sub-segment for the country's container glass producers. However, the market is facing some challenges, such as overcapacity in beer mass production and decreasing domestic beer consumption. That said, the value of beer sales in the country continues to grow thanks to rising demand for premium and flavoured beers. China's beer market is consolidated. Here the top five brewers account for a large



A significant driver of container glass demand, the beer industry in China faced challenges during Covid only to rebound in 2023. Today, leading brewery expansions are boosting glass demand. In this issue of Glass Machinery Plants & Accessories, we explore the resilience and growth of the container glass industry in the PRC amidst economic fluctuations.

CR Snow held the largest market share (23.2 percent), followed by Tsingtao Brewery (16.4 percent), Budweiser Asia Pacific (16.2 percent), Yanjing Beer (8.5 percent), and Carlsberg (6.1 percent). According to He Yong, secretary-general of the China Alcoholic Drinks Association, "The Chinese beer industry is confident of upgrading, particularly high-end products - an unwavering trend that's fueled by higher expectations among consumers. There have been profound changes in products and consumer groups in the beer sector, leading to more variations to push the sector to further expand its categories. This overrides boundaries between bever-



proportion of total sales volume and continue to hold a reasonably consistent share of the market. The Chinese beer industry is dominated by domestic brewers - making it challenging for international brewers to take market share away from the domestic companies. Back in 2021, China Resource Beer, Tsingtao

Brewery, Anheuser-Busch InBev, Yanjing Beer and Carlsberg all dominated China's beer market. The combined market share of these five brands has reached more than 70 percent, with a relatively high industry concentration. Small and medium-sized brands make up the remaining market share. In the same year,

ages and liquors to meet demand for diversification and personalization, as the consumption population has become increasingly more fragmented." Digital and smart transformation is key to transforming the supply chains for beer producers, according to Geng Chao, chairman of Beijing-based Yanjing Brewery, the nation's top brewer. Chao went

on to add that every aspect of operations, including production, logistics, marketing and consumer management, must still face challenges in digitalization to unleash further growth potential.

BEER, THE LARGEST DEMAND DRIVER OF GLASS CONTAINERS IN CHINA

The beer industry is by far the largest consumer of glass containers in China. More than 70 percent of the total beer consumed in the country is through glass containers. Metal packaging has been increasing the share in the beer industry, leading to market share loss for container glass producers. The Covid years were one of the most challenging times for beer and container glass producers for the segment in China. At one time during these years, the country's largest beer producer China Resource Beer had to close a total of 28 plants in locations including Heilongjiang, Liaoning, Anhui, Sichuan and Guangdong provinces. It also closed two plants in Hunan and Jilin provinces, respectively, in the six months through June 2020, which left it with 72 plants in China. Then the country's second largest brewer, Tsingtao's revenue dropped 5.3 percent to JPY 15.6 billion for the first six months of the year back in 2020. Beijing Yanjing Brewery, another major player, saw net income decrease 47.5 percent to CNY 269M, while revenue dropped 13.9 percent to CNY 5.5 billion in the six months to June of that same year.

CONTAINER GLASS FOR THE BEER INDUSTRY

Much like its beer industry, the Chinese container glass industry is the largest global container glass industry. Indeed the country's container glass industry accounts for nearly 40 percent of the global container glass produc-

tion on volume terms. Catered to by more than 100 container glass producers, the Chinese container glass industry registered one of the lowest growth in recent memory. This was mostly on account of the long lockdown due to Covid-19 pandemic and the eco-

nomic slowdown that ensued. Consolidation in the Chinese container glass industry, which has been going for the last few years, has been one of the most important developments of the Chinese container glass industry. Here tougher environmental reg-

S. No.	Company	Location	Production Capacity
1	Yantai NBC Glass Packaging	Shandong	140,000 tonnes per annum
2	Yantai Changyu Glass Company	Yantai, Shandong Province	500,000 tonnes per annum
3	Rockwood & Hines Glass Factory	Jiaxing	120,000 tonnes per annum
4	Kohler Glass Company	Jiangsu	80,000 tonnes per annum
5	Shandong Yuncheng Ruisheng Glass Co., Ltd	Yuncheng, Shandong	160, 000 tonnes per annum
6	Xuzhou Dahua Glass Company	Jiangsu	180,000 tonnes per annum
7	Yamamura Glass Qinhuangdao Company Limited	Jiangsu	200,000 tonnes per annum
8	Shandong Heishan Glass Group	Shandong	100,000 tonnes per annum
9	Zibo Baoxiang Glass Company	Shandong	120,000 tonnes per annum
10	Shandong Shenhua Glass Joint Company	Shandong	160,000 tonnes per annum
11	Dalian Shengdao Glass	Dalian	120,000 tonnes per annum

Leading container glass producers for beer industry in China



ulations and issues of profitability have been the two main factors behind the consolidation, with the consolidation drive making it difficult for both small container glass producers and standalone glass producers to survive.

Last year China's economy experienced ups and downs. Growth was driven by the resilience of the high-tech and services sectors, while challenges came from declining property investment, debt risk and weak consumption growth. The most appropriate word to describe China's economy over 2023 is bumpy. After an expectations-exceeding growth of 4.5 per cent in the first quarter following three years of strict COVID-19 prevention policies, China's GDP grew short of the market

expectations by 6.3 per cent in the second quarter. Despite pessimism, GDP growth for the third quarter reached 4.9 per cent, beating expectations once again. The fourth quarter saw 5.2 per cent GDP growth, which also marked the annual growth rate for China. Growth within the container glass sector for the beer industry hinges on overall economic growth to some extent. Indeed robust economic growth over 2024 will be a harbinger of steady growth in beer consumption and resultant in container glass for the beer industry in coming years.

SHENZHEN TONGCHAN GROUP

Shenzhen Tongchan Group is one of the leading producers of glass containers for the

beer industry. The group operates a number of companies - Shenzhen Beauty Star Co., Ltd., Zhaoqing Tongchan Glass Co., Ltd., Sichuan Tongchan Huajing Glass Co., Ltd., and Shenzhen 863 New Material Technology Co., Ltd. Some of the leading consumers of Tongchan Group are Carlsberg, Heineken, Pearl River, Kingwei, Qingdao and Haitian.

SHANDONG HUAPENG GLASS

Shandong Huapeng Glass Co., Ltd. is among the leading container glass producers for the beer industry in the country. Comprising the subsidiaries Huapeng Glass Company, Liaoning Huapeng Guangyuan Glass Co., Ltd., Anqing Huapeng Changjiang

Glass Co., Ltd., and Shanxi Huanpeng Shuita Glass Co. Ltd., Shandong Huapeng Glass has an installed capacity of about 300,000 tonnes per annum of container glass.

YAMAMURA GLASS QINHUANGDAO CO., LTD

Japanese container glass producer Yamamura Glass entered the Chinese container glass industry by establishing a JV with an existing Chinese glass producer, Qinhuangdao Fangyuan Glass Co., Ltd. back in June 2013. Operating since 1958, Qinhuangdao Fangyuan Glass is located in the coastal city of Qinhuangdao of Hebei province. The company operates a total of four furnaces and eleven production lines with an installed capacity of 200,000 tons of glass containers. Yamamura acquired the full ownership of the company by acquiring the remaining 15.25 percent stake in the venture.

GUANGDONG WHUAXING GLASS

With 14 production sites spread across China, Guangdong Huaxing Glass is one of the largest container glass producers globally. Headquartered in Foshan City of Guangdong province, Guangdong Huaxing Glass operates container glass production in Guangdong, Hubei, Henan, Guizhou, Fujian, Jiangsu, Zhejiang Hebei and Xinjiang provinces. The company operates a total of 35 furnaces and 169 glass production lines to cater to almost all the segments of food, beverage and pharma industries - in addition to the beer industry.

GUILIN JINGSHENG GLASS

Guilin Jingsheng Glass Co., Ltd., formerly known as Guilin Glass Factory, was founded



in 1956. Back in 2002, it was restructured from a state-owned enterprise to Guilin Jingsheng Glass Co., Ltd. The company has invested more than USD 60M in technological transformation during the last five years. Currently it has three furnaces, nine glass bottle production lines and two glass bottle printing production lines. The company's leading products are beer bottles, with an annual output of more than 400 million beer bottles - main-

ly supplying to leading brewers such as Yanjing, Qingdao, China Resources and other beer brands.

CHANGYU GLASS

Changyu Glass (Yantai Changyu Glass Co., Ltd) is a leading producer of container glass for beer industry. With 500,000 tons in production capacity, Changyu Glass also supplies container glass to the Chinese wine industry. The company ranks among the top ten container glass producers in China. ■

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