

# At a glance: the container glass industry for beer in MEXICO

**Rajeev Jetley**

## **O**VERVIEW OF THE MEXICAN BEER INDUSTRY

Steady growth in beer consumption year-after-year has made Mexico one of the largest beer consuming nations in the Americas. Hot and dry conditions are a mixed blessing for Mexico's beer industry - one of the country's most interesting achievements. Both beer and container glass producers

are enjoying the success as thirsty consumers seek solace from record temperatures. At the same time near-drought conditions present a huge challenge to the country's beer industry as water supplies become increasingly scarce.

With per capita yearly beer consumption at nearly 65 litres, Mexico is among the top beer-drinking nations worldwide. A high number of nationals consider beer to be their favourite drink. The never-out-of-fashion hop drink accounts for USD 22 billion worth

of sales - way ahead of tequila (USD 6.6 billion) and other hard drinks. Indeed, as fourth-largest beer producer in the world, Mexico is a veritable beer giant. The beer industry is one of the most important beverage sub sectors in Mexico. The country ranked as the third largest beer producing nation in the Americas in 2022 - behind only the United States and Brazil. Moreover, the industry's production value has grown in recent years. In 2022, Mexico produced 244 billion Mexican pesos worth



MEXICO has been among the largest beer producing and consuming nations in the global beer industry – partly owing to the high volume of beer produced for both the domestic market and for exports, mostly to the USA. This also benefits the country's container glass industry, where the consumption of beer from container glass bottles has always been the preference.

of beer – approximately 68 percent more than the value reported in 2017.

Investment in beer production in Mexico has scaled new heights in recent years. Heineken's Meoqui plant, the largest green-field brewery in the company's history with six million hectoliters, was inaugurated in 2018, with

an investment of USD 500M. Mexican beers are also widely-recognized and appreciated all over the world, with the Corona brand being among the most valuable globally. As a result, the country is a net exporter of the product and beer exports have consistently increased year after year. In 2022, exports of beer from Mexico

exceeded its imports by USD 5.45 billion. Due to demand in foreign markets, Mexico has become one of the largest beer exporters on a global scale with its main trade partner being the United States. In 2022, nearly 97 percent of all the beer exported from Mexico went to the US market.

### **THE CONTAINER GLASS INDUSTRY FOR BEER IN MEXICO**

With a population of 129 million (at the end of 2023), and substantial beer production and consumption, the Mexican beer industry is one of the most significant demand drivers for the country's container glass industry. Here glass bottles play a very important role in the packaging of beer in Mexico. Currently, 40 percent of all beers sold in the country come in non-returnable bottles, 24 percent in returnable bottles, and 36 percent in metal cans according to data from the National Chamber of the Beer and Malt Industry. Catered by some of the most established names in the global container glass industry, Mexican container glass industry has been among the fastest growing container glass industries in the Americas. Container glass producers including O-I, Grupo Modelo, Fevisa Industrial, Crown Holding and Grupo Pavisá all cater to current glass container packaging demand for the burgeoning beer industry of Mexico. Much like the rest of the world, other forms of packaging such as metal cans and PET bottles have been challenging the dominance of container glass producers in the beer industry. Here, while PET bottles have been unsuccessful in gaining any sizable market share, metal cans have instead proved a tough competitor for the container glass industry in beer packaging.

### **O-I MEXICO**

The largest global container glass producer today, O-I (Owens





Illinois) is also the largest container glass producer and a major supplier to brewers based in Mexico. O-I operates a total of six plants spread countrywide in Guadalajara, Los Reyes, Monterrey, Mexico City, Nava, Queretaro and Toluca. The company had bought Mexico's Vitro SAB's glass container business back in 2015 for about USD 2.15 billion in order to strengthen

its operations in Mexico. With this transaction, O-I acquired five food and beverages glass container manufacturing plants in Mexico, one plant in Bolivia and the distribution of container glass products in the United States. Vitro's Cosmetics, Fragrances and Toiletries ('CFT') segment, the company's Machinery and Equipment business, as well as its equity participation in the Comegua joint venture in Central

America were not included in this transaction.

In 2019, O-I acquired Nueva Fábrica Nacional de Vidrio, S. de R.L. de C.V. ("Nueva Fanal") from Grupo Modelo, a wholly-owned affiliate of Anheuser-Busch InBev, in a transaction valued at approximately USD 188M. The Nueva Fanal facility is located near Mexico City, Mexico. This plant has four furnaces to produce and

Plant Location	Region	Remarks
Monterrey	North East Mexico	OI's Mexican head office. The plant is the oldest container glass unit in the country
Guadalajara	Western Mexico	
Los Reyes ( Mexico city)	Capital city	
Toluca	Central Mexico	
Queretaro	Central Mexico	
Nava (OI- Constellation)	US Mexican border	50 : 50 JV with Constellation Brands

Table- OI's container glass plants in Mexico







## COUNTRY STUDY

supply approximately 300,000 tons of glass containers annually for Grupo Modelo brands, which serve the local and global export markets. Earlier this year, OI Mexico announced a USD 44M investment to reduce emissions at its Guerrero and Ruiz Cortines plants in the country. The company has committed to a comprehensive short, medium and long-term emissions reduction programme spanning from 2024 to 2031.

### GRUPO MODELO

Grupo Modelo, the beer market leader in Mexico which is fully-owned by AB InBev since 2013, operates three container glass plants in Mexico. These are located at Mexico City, San Luis Potosi and Tierra Blanca - strategically placed near breweries operated by the company. In 2021, the company invested USD 154M in the expansion of its Tierra Blanca production facility. The project increased factory production capacity from 3.5 million to 5.5 million bottles a day. Here expansion has provided materials to supply AB InBev's operations in Colombia, Ecuador and Peru - an expansion that has increased the company's daily production by 57 percent, thereby enabling it to produce about 1.4 billion bottles a year.

"Having economic reactivation as a priority, it's a great honour to announce this investment along with both the secretary of

the economy and the governor of Veracruz. It is a reflection of our commitment to the Southeast region of the country. Grupo Modelo remains committed to Mexico and the Mexican people," Cassiano De Stefano, president of Grupo Modelo stated at the time of this expansion. Grupo Modelo owns 11 breweries, 10,000 Modelorama stores. These are mostly small, family-run stores with strong connections to their neighborhoods - together with ten factories for vertical operations such as malting facilities, in addition to container, cap and glass factories.

### FEVISA INDUSTRIAL

Fevisa Industrial began glass container production in 1987 in Mexicali, Baja California with the objective of providing packaging solutions to the food and beverage industry through production and distribution of quality glass

packaging as well as by delivering the product on time and at a competitive price. Later, FEVISA expanded its production capacity by opening a new plant in San Luis Potosi, Mexico. Located in Mexicali, the plant oversees the distribution of containers to both the west coast of the United States and to Mexico, while the San Luis Potosi plant manages distribution to such areas as Monterrey, Guadalajara and Mexico City, where the majority of the Mexican population reside.

### CROWN HOLDING

US-based Crown Holdings Incorporated, one of the leading global packaging suppliers, operates two container glass plants in Mexico-Crown Sivesa and Crown Vichisa. Almost all the company's output meets the beer industry's packaging needs. Its Sivesa Glass facility is among the oldest container glass producers in the country. Located at Veracruz, the facility has an installed container glass capacity of 360 TPD. In 2018, Crown Holdings commenced commercial production from a new glass bottle manufacturing plant in the municipality of Meoqui, Chihuahua. The company invested USD 120M for the construction of this plant - a facility that has a container glass production capacity of 450 tonnes per day.



**NOV. 27-29, 2024**

**TASHKENT, UZBEKISTAN**

**THE FIRST GLASS INDUSTRY EXPO  
IN CENTRAL ASIA**

**REGISTER NOW**



**ORGANIZED BY:**



More Information :  
**WWW.UZGLASS.COM**