

## COUNTRY OUTLOOK

# CHINA's container glass industry for the wine sector

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## WINE CONSUMPTION AND PRODUCTION IN CHINA

China is the largest wine consuming market on the Asian con-

tinents. With a total consumption of 19,456 thousand hectolitres in 2019, China is the sixth largest consumer of wine, globally. Though the per capita consumption is still very low (The average Chinese citizen consumed a lit-

tle over two bottles of wine (1.2 litres) in 2018, and 1.23 litres in 2019) as compared to high per capita consumption in the Western countries, one should remember that mass-scale wine consumption started very recently in the country.



Wine culture is relatively new in China, but in a short period of time it has surprised both European and American wine industry stalwarts. Consumption and production of wine in China has grown exponentially in the last ten years. The rising affluence of the vast and aspiring middle class, along with increasing expenditure on wine products, has presented a unique opportunity to container glass producers to cater to this important sub-segment of the container glass industry. Glass Machinery Plants & Accessories presents an insight of container glass industry for wine industry in China in this feature.



In 2019, China produced more than 800 million litres of grape wine and had the second largest vineyard area worldwide. That makes it the tenth largest wine producer in the world. While the industry is still considered relatively small, there is plenty of scope for it to grow in coming years, with the quality of its wine continuously improving.

Chinese wines are considered new world wines — a term used

by the industry to describe wines which are not grown from traditional regions such as France or Italy. China has the second largest vineyard area in the world after Spain, and is ahead of France and Italy. While most of that area is currently used for table grapes, the production of wine is increasing rapidly.

Shandong and Ningxia provinces dominate the wine production in China. Shandong province is China's largest wine





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region, producing over 40 per cent of the country's wine. This is where China's first modern winery, Changyu, started up in 1982. Yantai and Penglai sit along the same latitude as Bordeaux, so it is easy to point out the similarities between the two wine growing regions. The other prominent producing region, Ningxia, is home to some of the most critically acclaimed wines in China. The region specializes in Bordeaux varieties, including Cabernet Sauvignon, Merlot, and Cabernet Gernischt

(Carmenere). The region is home to about 93,900 acres of vineyards (38,000 hectares), making it the second largest wine region in China. Most of the (about 200) wineries found here work vineyards on the low foothills of Helan.

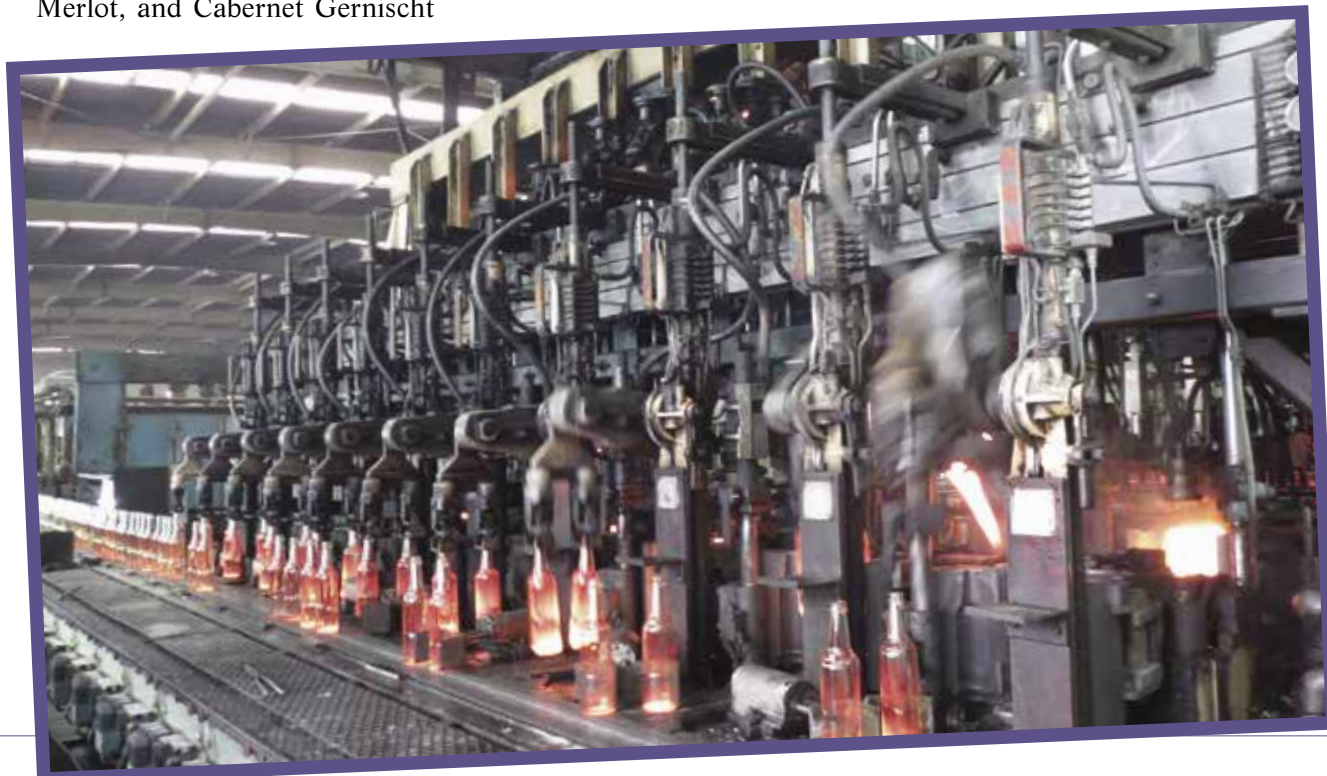
Although Shandong is currently the largest wine producing region in China, Ningxia is, however, the most talked about wine producing region in the country. A number of winemakers are working hard to make their

region well known. Twenty years ago, few had heard of Ningxia wines. Many of the wine estates have been created in the last five- to ten-year period, and are still learning the intricacies of the trade. The producers themselves say they lack experience and technology, while many seek help and advice from international oenologists.

Initially, wines were consumed mainly by urban youths and middle aged and high salaried professionals in first tier (Beijing, Shanghai, Guangzhou, Shenzhen and Tianjin) and second tier (including Dalian, Qingdao, Hangzhou, Nanjing and Xiamen) cities in the developed coastal regions. In last ten years, wine consumption has also reached smaller cities and towns.

### GLASS CONTAINER PRODUCERS FOR THE WINE INDUSTRY

China is the largest container glass producing country in the world. Accounting for nearly half of the global container glass output, China's container glass producers have also become leading exporters of glass bottles to a



number of countries.

In the wine bottles category, Chinese container glass producers have been exporting their products to leading wine producing markets of France, Italy, Spain, USA, Australia and South Africa for more than three decades. The exports, which started on a small scale in the early 1990s, reached high volumes by the start of the last decade.

Rapid growth in China's domestic wine production at the start of the last decade offered the wine bottle producers a profitable market in their own country. The wine movement also led a number of new producers and existing container glass producers, who were supplying to domestic beer and spirits producers, to diversify into wine glass bottle production. By 2015, the number of glass wine bottle producers reached 40.

During the last five years, the number of container glass producers for the wine segment has remained at this level. Nevertheless, the volume produced has almost increased by more than 30 per cent due to growth in wine production in the country.

Along with the bottling demand of the domestic wine industry, Chinese wine bottle producers also meet the bottling demand of wine imported in bulk from international countries.

In 2020, China imported approximately 430 million litres of wine, a decrease from around 610 million litres of the previous year. The Covid-19 pandemic was the main reason behind the huge drop in import volumes in the year 2020.

About 60 per cent of the total wine imports are in bottles form, while the remaining 40 per cent comes as bulk wine imports. These bulk imports are bottled in the country. Demand from this segment also offers plenty of opportunities for Chinese wine bottle producers.



### **LEADING WINE BOTTLE PRODUCERS**

China has nearly 40 container glass producers, including most of the large container glass producers, who produce glass bottles for the wine industry. The wine rush in the country has also produced some specialist wine bottle producers, who produce container glass bottles exclusively for wine packaging.

### **YANTAI CHANGYU WINE AND GLASS COMPANY**

Founded in 1892 in Shandong province, Chateau Changyu is the oldest and largest wine producer in China. Today, the Changyu brand is recognised as one of China's famous trademarks and has been included in the World's Most Admired Brands.

Changyu wine bottles are made by its affiliate, Yantai Changyu Glass, which started production in the late 1990s and has grown to become China's largest wine glass bottle producer, using the latest European process technology, including automatic decorating lines. Changyu is the first to use glass enamels to decorate wine bottles, in place of traditional paper or plastic labels.

With 500,000 tons of production capacity, it is the executive director of China Daily Glass Association and Yantai

Branch of the China Chamber of International Commerce. The company has seven furnaces and 20 automatic production lines. Most of the production equipment is imported from Europe.

### **WENDENG WENSHENG GLASS COMPANY**

Established in 1977, Wendeng Wensheng Glass Company specializes in glass container production for the wine industry. With automated production equipment and decades of production management experience, Wensheng Glass is able to produce 80,000 tons of glass bottles (around 140 million bottles) per year. The company's premium quality wine bottles are widely used by winemakers in the US, Australia and New Zealand.

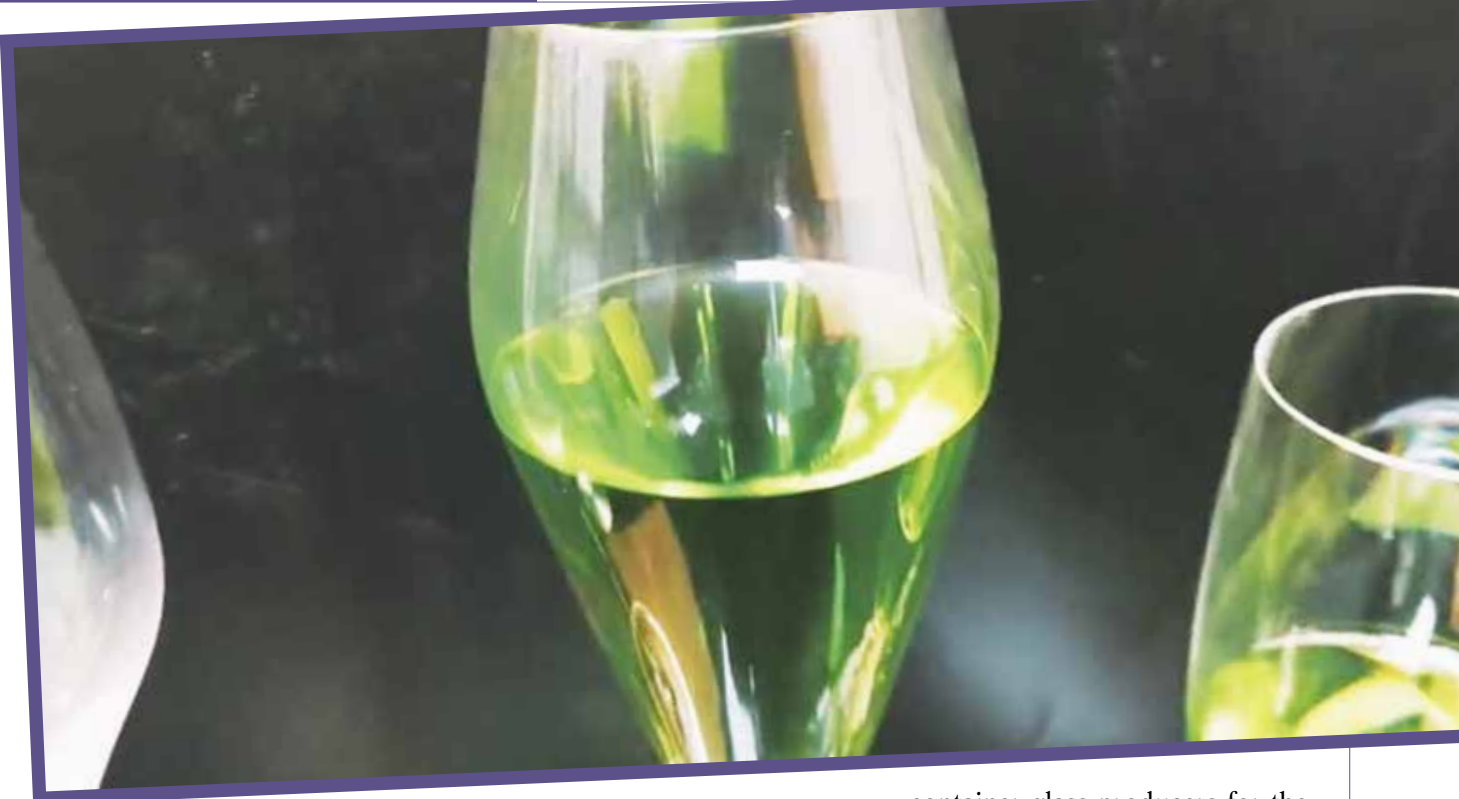
### **GUANGDONG HUAXING GLASS**

The largest container glass producer in China in terms of tonnage, Guangdong Huaxing Glass, is one of the major suppliers of glass containers to the Chinese wine industry. The company owns 15 production facilities with an output tonnage of more than 3.5 million tons of glass containers per annum, making it Asia's largest container glass producing company.

The company produces glass



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containers for wine, beer, soft drinks, pharmaceuticals and cosmetics industries.

#### **YANTAI NBC GLASS PACKAGING COMPANY**

Yantai NBC Glass Packaging Company is one of the pioneer glass bottle suppliers to the wine industry. The company can produce 150,000 tonnes of glass containers on a yearly basis. The company's production area comprises of two advanced automatic feeding lines, two Sorg automatic control melting furnaces, Emhart electronic timing 8-group 2-drop bottle maker, 2 BDF full servo electronic timing 8-group 2-drop

bottle makers, 3 home-made 8-group 2-drop bottle makers, 2 STRUTZ high-speed printers, ROSARIO printer, 1 Italian automatic RB-4/6 six-colour printer and 6 automatic packaging lines, achieving automatic stacking, automatic sampling, automatic shrinkage and automatic packaging.

The company supplies glass bottles to well-known Chinese wine producers including Great Wall Wine Corporation, CITIC Guoan Wine Co., Ltd., Shanghai Bacchus Wine Co. Ltd.

#### **SHANGHAI VISTA PACKAGING GROUP**

Shanghai vista packaging company is one of the well-known

container glass producers for the wine industry in China. Founded in the 1974, the company currently operates 4 container glass production plants and 24 production lines.

The annual installed capacity of Shanghai Vista Packaging group is 800 million containers in crystal, high and common flint, brown and green. The company is also among the leading exporters of container glass from the country. It exports wine bottles to more than 20 countries.

#### **ANHUI FENGYANG GLASS PRODUCTS COMPANY**

Anhui (Fengyang) Glass Products Company is a state-owned container glass producer based in the Anhui province of the country with an annual production capacity of 150,000 tons of glass.

Founded in 1953, Anhui Glass supplies beer and wine glass bottles to a number of leading wine producers such as Anhui kouzi Wine Group, Jiangsu Shuangou Wine Group, Zhejiang Yue Lungshan rice wine and Shaoxing rice wine. ■

