Beverage Containers in China

Industry Study with Forecasts for 2015 & 2020

Study #2815 | November 2011 | $5400 | 266 pages
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Gains in the beverage container market will be driven in part by rapid growth in packaged beverage consumption, and the growing use of single-serving containers and smaller container sizes.

Demand in China to rise 9.6% yearly through 2015

Demand for beverage containers in China is projected to rise 9.6 percent per year through 2015 to 469.5 billion units. In value terms, demand for beverage containers is expected to reach ¥314.0 billion in 2015 on annual growth of 13.3 percent, which is faster than unit growth due to rising prices. Gains in the beverage container market will be driven by rapid growth in packaged beverage consumption, supported by an increase in personal income and expenditure levels. Other factors supporting growth include the growing use of single-serving containers and smaller container sizes, and the ongoing debut of new products.

Plastic containers to remain largest segment

Plastic beverage containers will continue to account for the largest share of total sales, reaching nearly 223 billion units in 2015 and reflecting their widespread use in the Chinese beverage industry. Demand will benefit from plastic containers’ low cost and expanding usage in almost every beverage market, as well as from technological improvements. Advances will also be driven by their advantages over other materials, including shatter resistance, light weight, ability to be produced in diverse sizes and shapes, and resealability. Moreover, single-serving plastic containers will continue to make inroads into the market, leading to increases in unit growth, as well as further declines in the average plastic container size. Polyethylene terephthalate (PET) will remain the dominant plastic container material, benefiting from its versatility, clarity, and good performance in hot-fill and cold-fill applications. Water has become the largest market for plastic containers due to increased bottled water production.

Paperboard containers to be fastest growing

Fast growth is expected for paperboard containers, as unit demand increases 11.1 percent annually through 2015. Opportunities for paperboard containers are expected in the packaging of milk, fruit beverages, and other nonalcoholic beverages. In particular, aseptic cartons will post strong growth, benefiting from their ability to provide lengthy shelf life at room temperature. Gains for metal cans will be close to the overall average growth for beverage containers.
MARKETS

Nonalcoholic Beverages

Production of nonalcoholic beverages in China is expected to advance at a 12.0 percent annual rate through 2015, reaching over 202 billion liters. Nonalcoholic beverage consumption per capita will reach 146.5 liters in 2015. Advancement will be fueled by rising personal income and expenditure level, growing expenditure on ready-to-drink (RTD) beverages and new beverage promotion. The increasing popularity of beverages among young and old people also supports growth in nonalcoholic beverage consumption.

Water output is forecast to become the second largest among packaged nonalcoholic beverages in China, with market share of 20.9 percent in 2015. Rapid growth will be supported by rising personal income, increasing consumer health awareness, and concern about natural water contamination. Fruit beverage production will grow the fastest and become the largest segment, at a 14.9 percent annual rate, driven by their perceived health benefits, as they contain rich vitamins and minerals. Increasing flavor choices will also push expenditures for fruit beverages. Since RTD tea is considered as the representative of sugarless beverages, which is part of the concept of a natural healthy lifestyle, demand for RTD tea will continue to grow very fast compared to other type of beverages. Consumption of other nonalcoholic beverages will also be stimulated by rising health awareness, as well as by consumers continually seeking newer and better-fortified beverages.

Milk production will not keep its high growth rate, based on its already large production base and the occurrence of several safety issues in the past few years. However, there is still room for milk production growth because of a relatively low per capita consumption rate in China. Furthermore, carbonated soft drinks production will grow at a below-average level, limiting the increase in the overall nonalcoholic beverage production. Growth in the carbonated soft drink market

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Full Apex Holdings Limited
Room 502, 5/F, Sun’s Group Centre
200 Gloucester Road
Wanchai
Hong Kong
852-2375-7818
http://www.fullapex.com

Employment: 120 (2010)

Key Products: polyethylene terephthalate bottles, preforms and resin

International Contact: Lingxiang Guan, Chairman/Managing Director

Full Apex Holdings is a producer of polyethylene terephthalate (PET) bottles and preforms, paper packaging products and low density polyethylene (LDPE) shrink film. The Company operates through three segments: PET Bottles and Shrink Film, Paper Packaging Products, and PET Resin.

The Company competes in the Chinese beverage container industry primarily via the PET Bottles and Shrink Film segment, which had 2010 revenues of ¥438 million [US$65 million]. Through the segment, Full Apex manufactures such items as PET bottles and preforms. PET bottles from the Company can be used to package a wide range of cold- and hot-fill beverages, including tea, fruit juice, isotonic drinks, carbonated and noncarbonated soft drinks, and water. These bottles, which are designed to offer such properties as high air-tightness tolerability, high water resistance, light weight, durability, transparency and brightness, are available in sizes ranging from .35- to 2.25-liters. Full Apex sells PET bottles and preforms to such beverage manufacturers as the Chinese subsidiaries of Coca-Cola Company (US) and PepsiCo Incorporated (US). In addition, the Company’s PET Resin segment,

“Demand for plastic containers for RTD tea packaging in projected to grow 9.3 percent per year to 22.5 billion units in 2015, lower than the overall plastic beverage container average. Growth will be driven by continuing demand for packaged RTD tea, due to its image as a healthy drink without sugar. Packaged RTD tea will continue to provide convenience over the other forms of tea: tea bags, looseleaf tea and powdered tea mixes. In addition, ...”

--Section V, pg. 136
Five Convenient Ways to Order

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