

Russia Glass Packaging Market - Growth, Trends, Covid-19 Impact, and Forecast (2023 - 2028)

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Report description:

The Russian glass packaging market is expected to register a CAGR of 3.21% during the forecast period. There is an impact of the Russia-Ukraine war on the overall packaging ecosystem. The Russian glass industry provides packaging products for customers for food and beverage, perfumery, cosmetics, and pharmacy. The region's new sustainability and recyclability rules are also prominent factors pushing the glass packaging growth. The European Union targets recycling 75% of the packaging waste by 2030 as part of the Circular Economy Package.

Key Highlights

The recovery trend of the Russian economy is providing several growth prospects for various industries, like food processing and other indigenous industries, subsequently fostering growth for the glass bottle and container industry. Additionally, importing food ban from several countries, coupled with the Russian government's import substitution policy, created a situation where the Russian food industry is expected to expand in a favorable competitive environment. It will also incentivize investment in modern technology for processing and packaging. Regarding players, Aktis is one of Russia's largest glass container factories.

The capacity of Aktis is 1.4 billion units of glass containers per year. Also, Ruscam-Ufa operates a glass bottle plant in Ufa, the capital of the Republic of Bashkortostan, in central Russia. The company produces and supplies lightweight, disposable glass bottles to the alcoholic beverages and food industry. The facility includes three furnaces with a combined glass melt capacity of 360,000 MT annually.

Further, taking advantage of the recent economic surge in Russia, significant players like Sidel have started opening offices in the country. According to Sidel, more than 700 pieces of packaging equipment have been installed in the region. The development of packaging needs in food, beverage, and personal care production drives this growth.

The Russian alcoholic beverage industry witnessed the most substantial demand for glass bottles and containers. Russia is the fourth largest alcohol-consuming nation in the world. According to the statistics offered by the Analytical Center for the

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Government of the Russian Federation, beer was the most sold alcoholic beverage in Russia. With glass packaging being a primary packaging material for alcoholic drinks, the market for glass packaging can be expected to grow at a healthy rate in this region.

The Russia and Ukraine war can impact market growth of the market. Due to the war Europe-Russia gas standoff threatened the future of the world's oldest glassware company. Even though Russians are internationally acknowledged for their preference for vodka, statistical data by VCIOM (Russian Public Opinion Research Center) reveals that it is not the most consumed alcoholic beverage in the country. With the increasing beer consumption, the demand for glass packaging caters to significant demand. According to the Russian government, waste at Russian landfills generally is composed of 34% food, 19% paper, 14% polymers, 12% glass, 6% wood, 6% street waste, 4% metal, 3% textile, and 2% other. The government policy includes increasing municipal waste processing from 10% in 2018 to 80% by 2030 and building 200 waste processing installations. Also, increasing the recycling of packaging and waste by producers to 10-30% is aimed.

Amidst the pandemic resurgence, according to the World Bank, the effects of the pandemic have touched various spheres of the Russian economy. The unemployment rate increased to 6.3%, the highest in the last few years. Approximately half a million jobs have been lost in three large sectors: manufacturing, construction, and retail and hospitality services.

Moreover, the Russia-Ukraine war increased the prices of several commodities, including fertilizers, food products, and oil and gas. The supply chain disruptions have increased freight charges, created container shortages, and lowered the warehousing space availability. Already imposed sanctions, such as the US banning all Russian oil and gas imports and the EU's plans to ban all coal imports, industries across the board could feel the long-term effects. The rise in energy prices is liable to stay elevated as Western Europe attempts to reduce its energy dependency on Russia.

Russia Glass Packaging Market Trends

Bottles are Expected to Hold a Major Market Share

Glass bottles are extensively used for medicinal drugs packaging in the pharmaceutical industry and manufactured to meet various tolerance limits because they are often filled in high-speed lines. Glass is considered a viable alternative as its impacts on humans and the environment is much less compared to polyethylene terephthalate (PET), making it an environment-friendly packaging medium.

Returnable bottles are preferred by consumers, which is also a significant factor in encouraging beverage companies to adopt them. In June 2021, Gerolsteiner announced that it was planning to launch its Light Soda in returnable Glass as the company witnessed the highest sales and turnover with the glass bottles for water.

Vendors and beverage companies are developing lightweight and durable bottles to compete with other alternatives. Concepts, such as permanent engravings on containers, are being practiced to avoid counterfeiting. The engravings display the quarter and year of manufacturing. Glass bottles are also produced at the lowest possible weights with the help of advanced 'blow-low and NNPB technologies, which may prove to be an added advantage for logistics. Such innovations, glass bottles, and container benefits are expected to drive the demand and positively affect the market.

According to data published by BusinesStat in 2021, beer and beer products were the most produced alcoholic beverages in Russia. Approximately 10 billion l of these drinks were manufactured in the country. The volume of vodka and wine was significantly lower, amounting to 1.1 billion and 0.6 billion l, respectively.

Glass bottles are also largely recyclable, giving them a positive image in the market. Manufactured glass bottles are regularly tested to check for mold and yeast count, among other bacterial presences. Players in the market are making various investments to ensure glass bottle quality. For instance, Bionorica, a manufacturer of herbal medicines, worked with Romaco, a packing, and process technology manufacturer, to develop a simple, space-saving inspection unit named Spectra for monitoring empty bottles. It may prevent damage to the filling machine due to faulty bottles.

Furthermore, the Close, the Glass Loop platform involves most players from the bottle-to-bottle loop, from consumers, customers,

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and retailers to municipalities, recyclers, and manufacturers in a collaborative effort to collect, sort, and treat the Glass.

The Liquor Segment to Witness High Market Growth Rate

Wine sales and consumption have grown manifold during the COVID-19 pandemic. While most of the wines sold are packaged in the standard 750 ml format, alternatives, such as small format bottles, are rising.

Glass is among the most preferred packaging materials for alcoholic beverages, such as spirits. The ability of glass bottles to preserve the aroma and flavor of the product is driving the demand.

Various vendors in the market studied are also observing the increasing demand from the spirit industry. For instance, Piramal Glass, whose clients include Diageo, Bacardi, and Pernod Ricard, mentioned an increase in the market for short-run specialty bottle bottles for spirits.

Furthermore, the logistics aspect of the liquor packaged in glass bottles is challenging the growth. As glass is comparatively more cumbersome and prone to breakage during transport, increasing the chances of goods loss, vendors are also trying to innovate the packaging aspect of glass bottles. For instance, Nakpack provides safety systems specific to wine glass bottle packaging, allowing a single model of packaging to use with various bottle types and formats.

More and more liquor manufacturers are becoming conscious of using recycled materials in their packaging and increasing the percentage of recycled glass used in their bottles. For instance, Absolut vowed to minimize packaging waste by launching a limited-edition design made from 41% recycled glass.

Russia Glass Packaging Market Competitor Analysis

The Russian Glass Packaging Market is moderately competitive and comprises several major players. Only some significant players currently dominate the market in terms of market share. With a prominent share in the market, these major players are focusing on expanding their customer base across foreign countries. These companies are leveraging strategic collaborative initiatives to increase their market share and profitability.

November 2022 - Verallia announced the acquisition of Allied Glass in the United Kingdom. Allied Glass is a UK market leader in premium glass packaging, with an estimated turnover of over EUR 150 million (USD 153.4067) in 2022. Verallia will expand its northern European industrial footprint by establishing itself in the United Kingdom and strengthening its position in the premium wine bottle segment for the spirits market.

Additional Benefits:

The market estimate (ME) sheet in Excel format
3 months of analyst support

Table of Contents:

1 INTRODUCTION

1.1 Study Assumptions and Market Definition

1.2 Scope of the Study

2 RESEARCH METHODOLOGY

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3 EXECUTIVE SUMMARY

4 MARKET INSIGHTS

- 4.1 Market Overview
- 4.2 Industry Value Chain Analysis
- 4.3 Industry Attractiveness - Porter's Five Forces Analysis
 - 4.3.1 Bargaining Power of Suppliers
 - 4.3.2 Bargaining Power of Buyers
 - 4.3.3 Threat of New Entrants
 - 4.3.4 Threat of Substitute Products
 - 4.3.5 Intensity of Competitive Rivalry
- 4.4 Assessment of COVID-19 Impact on the Market

5 MARKET DYNAMICS

- 5.1 Market Drivers
 - 5.1.1 Rapid Shift Towards Sustainable Packaging Due to Stringent Regulations
 - 5.1.2 Growing Adoption of Premium Glass packaging in End-user Industries such as Beverage and Cosmetics
 - 5.1.3 Bottles are Expected to Hold Prominent Share
- 5.2 Market Restraints
 - 5.2.1 Alternative Forms of Packaging is Challenging the Market Growth

6 MARKET SEGMENTATION

- 6.1 By Product Type
 - 6.1.1 Bottles and Containers
 - 6.1.2 Ampoules
 - 6.1.3 Vials
 - 6.1.4 Syringes
 - 6.1.5 Jars
 - 6.1.6 Other Product Types
- 6.2 By End-User Industry
 - 6.2.1 Beverage
 - 6.2.1.1 Liquor
 - 6.2.1.2 Beer
 - 6.2.1.3 Soft Drinks
 - 6.2.1.4 Other Beverages
 - 6.2.2 Food
 - 6.2.3 Cosmetics
 - 6.2.4 Pharmaceutical
 - 6.2.5 Other End-user Industries

7 COMPETITIVE LANDSCAPE

- 7.1 Company Profiles
 - 7.1.1 Trade House Mirtorg
 - 7.1.2 Verallia Packaging SAS (Horizon Holdings II SAS)
 - 7.1.3 Sisecam
 - 7.1.4 SLODES LLC

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- 7.1.5 Saverglass
- 7.1.6 Melnir
- 7.1.7 Avangard-Glass
- 7.1.8 GRODNO GLASSWORKS JSC
- 7.1.9 SIBSTEKLO LTD
- 7.1.10 Ardagh Group S.A.

8 INVESTMENT ANALYSIS

9 FUTURE OUTLOOK

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