

Africa Glass Bottles and Containers Market - Growth, Trends, Covid-19 Impact, and Forecasts (2023 - 2028)

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Report description:

The Africa Glass Bottles and Containers Market is expected to register a CAGR of 5.67% during the forecast period. The COVID-19 pandemic affected most of the end-user industries in Africa. Owing to the local government's lockdowns to curb the spread of the virus, there has been an adverse impact on both the demand and supply of glass packaging products. Further, the Russia-Ukraine war has an impact on the overall packaging ecosystem.

Key Highlights

Alcoholic drinks, like beer, account for the major segment of the market, as glass does not react with the chemicals present in drinks and, therefore, preserves the aroma, strength, and flavor of these beverages, making it a favorable option for packaging. It is packed in dark-colored glass bottles to preserve the contents, which are prone to spoilage when exposed to UV light. Beer consumption is also increasing in the region, creating a demand for glass bottles and containers. According to the data published by Kirin (January 2022), a Japanese beverage company, the annual beer consumption in Africa was 13.13 million kiloliters in 2020, which is equivalent to 20.74 billion beer bottles of 633 milliliters each.

Governmental authorities have pushed to improve the local production of medications in Africa, bringing new opportunities for glass packaging. According to International Finance Corporation (IFC), pharmaceutical imports comprise as much as 70% to 90% of drugs consumed in most of Sub-Saharan Africa.

In addition, the heavy investments directed toward developing and manufacturing COVID-19 vaccines also create a need for glass vials and other forms of packaging. In July 2021, World Bank and government institutions from the United States, Germany, and France offered a EUR 600 million (USD 709.8 million) loan to Aspen Pharmacare, one of the biggest pharmaceutical companies in Africa, for manufacturing vaccines.

The vendors in the region are also investing heavily to improve the manufacturing process and expand. For instance, in July 2022, the Nigel production facility of Ardagh Glass Packaging (AGP) in Gauteng, South Africa, received a ZAR 1.5 billion (USD 95 million)

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extension.

Africa Glass Bottles & Containers Market Trends

Beverages is expected to Hold Major Market Share

Africa is home to more than 500 wineries and produces wines for local and international markets. Huge vegetation creates close-to-perfect temperatures, and the presence of sandy loams aids in cultivating and harvesting vineyards. This is coupled with hot days and cool nights that set the right environment to grow and harvest grapes and ferment the same to manufacture wine. According to the International Organization of Vine and Wine, 10.6 million hectoliters of wine was produced in South Africa in 2021, up 2% from the previous year, which was comparatively higher than other countries such as China and Germany, producing only 5.9 million hectoliters and 7.9 million hectoliters of wine in 2021. The production is expected to scale during the forecast period, which is expected to drive more opportunities for glass bottle manufacturers in the region.

Multiple initiatives that drove investments from local beer manufacturers are expected to drive the demand for glass bottle packaging further. For instance, in September 2022, The South African Competition Commission permitted Heineken to acquire South African wine-and-spirits company Distell. Additionally, it has approved Heineken's full acquisition of Namibia Breweries (NBL). This is expected to increase beer exports and the production volume of beer in the region. Thus driving the demand for the market in the region.

Non-alcoholic beverages such as carbonated drinks are also expected to integrate more regional glass bottles. For instance, in February 2022, Coca-Cola announced that it intended to sell 25% of its beverages in returnable and reusable glass bottles by the year 2030, concentrating most of its efforts on the markets in Africa, Latin America, and the Southwest of the United States.

Egypt is anticipated to Grow with the Highest Growth Rate

Egypt was an importer of glass until 2010, but in 2012, the country was able to achieve self-sufficiency with the product category and began exporting locally-produced glass. According to the Federation of Egyptian Industries, Egypt exports about 30% of its glass production.

Neighboring African markets, which are unable to manage domestic production, are the primary purchasers of Egyptian glass, especially the Arabn markets and the countries associated with Egypt in trade agreements, such as the COMESA countries, which include Libya and Eswatini.

Egypt also exports large quantities of raw material, nearly 1 million tons annually. A switch to exporting finished products instead of raw materials could result in better financial revenues for the country with the added benefit of the growth of the manufacturing sector.

Using locally collected raw materials in industries helps to regulate investments within the country before it leaves it, premising local development in several aspects, offering more opportunities to developing the industry.

The country has been attracting foreign investments for glass manufacturing. For instance, in August 2022, with an investment of USD 400 million, Vitro Architectural Glass intends to expand into Egypt and construct two facilities. Vitro is interested in the construction of a glass production facility with 1.1 million square feet and 493,000 feet of land to create container glass. The plant's output will be exported by the company.

Africa Glass Bottles & Containers Market Competitor Analysis

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The Africa Glass and Container Market are moderately competitive. The major vendors in this market have a strong foothold in this market due to their reliable access to distribution channels. Additionally, Console Glass (Pty) Ltd operates in Kenya, Nigeria, and Ethiopia, and the capacity of these three plants is 37,000, 40,000, and 40,000 tons per annum of container glass products, respectively. Some other major vendors in this market are Schott AG, Bonpak (Pty) Ltd, Nurrin Pharmalab (Pty) Ltd, Frigoglass SAIC, etc.

In December 2022, Frigoglass announced new funding and an agreement on a comprehensive recapitalization. The Frigoglass Group will be given the first payment of EUR 13.25 million (USD 13.95 million). The Frigoglass Group would receive a second tranche of EUR 10 million (USD 10.54 million) on December 7th, 2022. The company would receive a third tranche, totaling EUR 10 million (USD 10.54 million), on or around December 21st, 2022.

In April 2022, One of the largest manufacturers of glass packaging on the African continent, Consol Holdings Proprietary Limited, was acquired by Ardagh Group. The acquisition, for USD 1 billion, including net debt acquired in Consol, represents a large inward investment into the South African and other markets in which Consol works, with a follow-up investment program of ZAR 3 billion (USD 200 million) in two additional furnaces.

Additional Benefits:

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

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