



Indonesia Rigid Plastic Packaging Market - Growth, Trends, Forecasts (2022 - 2027)

Description



Indonesia Rigid Plastic Packaging market is expected to witness a CAGR of 5.2% over the forecast period (2020 - 2025). Plastic packaging has changed the ways in which the packaging industry in Indonesia functions. Indonesia has a relatively developed downstream industry for rigid plastic, but dependence on imported raw materials has held back the industry's potential. The packaging industry in the country is characterized by packages that can easily enhance the utility of the products through on-the-go, convenience, and sustainability benefits. Packaging solutions that are lightweight, durable, and comfortable are some of the factors that have augmented the use of rigid plastics as packaging material across Indonesia.

Key Highlights

- The Indonesian packaging industry has the potential to undertake rapid expansion activities, which would be driven by the country's expanding population. Moreover, the country is also facing a major challenge ensuring that food products that are transported across the country arrive in the intended state, without any wastage or spoilage. Jakarta island in Indonesia has a great demand for Indonesian packaging products. Due to the difficulty involved in distribution, rigid packaging plays an important role in guaranteeing the quality of products remains intact throughout the supply chain.
- The demand for rigid plastic packaging continues to surge in Indonesia as serious concerns are being raised about its impact on the environment. Rigid plastic packaging solutions are used across various industries, such as manufacturing, retail, and healthcare. Plastic packaging has gained significant traction in the healthcare industry due to its high barrier properties, long shelf-life, and durability. The demand for plastic packaging solutions will continue to grow throughout the forecast period.
- Rigid plastic packaging is preferred by various manufacturers in the country as it is a cost-effective solution to protect food and beverages during delivery from farm to table and preserve food over longer durations. These packages also support innovations through different forms and shapes and are lightweight and portable.

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- With the outbreak of COVID-19, the demand for rigid packaging in the country is witnessing significant growth due to the transport packaging flowing of essentials products, such as packaging for food and other consumer products, medical and pharmaceutical products, and tissue and hygiene products

Key Market Trends

Polypropylene (PP) Expected to Witness Significant Growth

- There is an increasing demand for polypropylene from the packaging industry in Indonesia. Superior barrier properties, high tensile strength, better surface finish, and low cost allows polypropylene to be an ideal product for numerous plastic packaging applications.
- Polypropylene films have exceptional optical clarity, and low moisture/vapor transmission makes it appropriate for implementation in food packaging. Also, polypropylene is blow molded to manufacture bottles, crates, and pots. Thin-walled containers made from polypropylene are usually used for the packaging of food items.
- Polypropylene (PP) supplies in Indonesia will increase when domestic producers such as Chandra Asri and Polytama Propindo debut their new capacity. For instance, Chandra Asri is expected to start up soon its 400,000 t/yr linear low-density polyethylene/high-density polyethylene plant at Cilegon. It is on track to expand its current PP production from 480,000 t/yr to 590,000 t/yr in the fourth quarter.
- Moreover, Polytama Propindo is also expected to expand its PP capacity at Balongan from the current 260,000 t/yr to 300,000 t/yr by the end of this year. The new capacity will see Indonesian polymer producers renew their focus in the domestic market and expand their market share beyond their core customer base.
- Indonesian PP consumption is around 1.8mn t/yr. Southeast Asian producers can sell to Indonesia at zero tariffs because of the Asean free trade agreement. Other producers in the country will also add to PP production in the coming years. Similarly, larger Indonesian converters that export finished polymer products can qualify for a tax exemption. Large-scale buyers of PP in Indonesia include Bukit Mega, Panca Budi, and Akino, which are also stockists.

Food Sector Expected to Witness Significant Share

- The food industry in Indonesia uses a variety of rigid plastic packaging solutions. The organic food has seen an increased interest among the population in Indonesia, due to which, retailers are stocking and exporting more and more organic produces. Food is one of the largest end user of packaging in Indonesia. However, Indonesia has traditionally imported a large amount of basic food materials and processed food products.

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packaged outside Indonesia.

- The Indonesian government has also introduced a new food contact packaging legislation to update the domestic packaging standards and bring them in line with the international standards such as those used by the US FDA (Food and Drug Association) and EU food legislation. The revised regulation covers packaging of both domestic and imported food across the five packaging categories including rigid plastics.
- The legislation will result in international large food product companies adhering to one single standard instead of multiple standards. However, full implementation and widespread adoption of the new legislation is unlikely due to the country's high poverty levels and the low capital base of several domestic packaging manufacturers.

Competitive Landscape

The rigid plastic packaging market in Indonesia is fragmented. Companies are focusing on providing lightweight and high-performance corrugated grades for reducing costs and improving the performance of packaging. Due to the presence of several players, the market has strong competition. Some of the major players in the market are Dynaplast, PT. Berlina Tbk, PT Indo Tirta Abadi, PT.Solusi Prima Packaging, Indo Cap Closures, PT. Hasil Raya Industries, among others.

- February 2020 - Jebsen & Jessen Packaging has made a strategic move into the Indonesian market with the acquisition of a 60% stake in leading Indonesian beverage packaging manufacturer PT Indo Tirta Abadi (ITA). A sale and purchase agreement was signed on January 31, 2020 between Jebsen & Jessen and the current shareholders of ITA. The transaction is expected to close in early March subject to completion of conditions precedent.

Additional Benefits:

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

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Methodology

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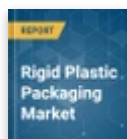
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