ADVANCING EUROPE'S MACHINERY INDUSTRY

Economic Report China

July 2025

Food Processing and Packaging Machinery - vdma.eu - VDMA

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China's food production follows international standards

China is increasingly focusing on domestic products and self-sufficiency. This is putting pressure on food products "made in Germany", but it is also creating new opportunities. China's cosmetics market is on the upswing. The pharmaceutical sector is also continuing to grow.

Overall economic outlook (as of May 2025)

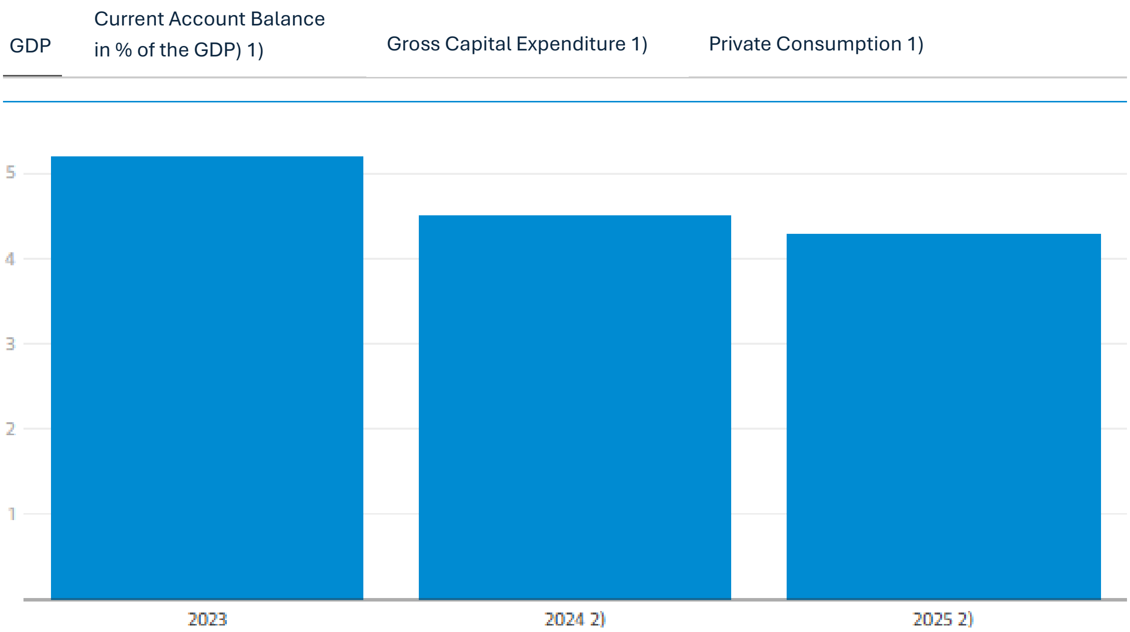
Chinese consumers remain thrifty and the real estate sector remains in crisis. At the same time, overcapacity in the economy is growing.

Top topic: Can China grow despite Trump?

China's economy did not run smoothly in 2024. Things are likely to become even more difficult in 2025. In addition to its own and unresolved structural problems, the trade and technology conflict with the USA has escalated since Donald Trump took office in the White House. On "Liberation Day" on April 2, 2025, record tariffs of up to 145 percent on imports from China to the USA and up to 125 percent tariffs on imports from the USA to China came into force. Then came the preliminary agreement in the tariff dispute between China and the US on May 12, 2025, to cancel 91 percentage points of the tariffs imposed in April and to suspend a further 24 percentage points within 90 days. China responded to the US tariff of 30 percent with a tariff of 10 percent on US imports.

Compared to the coronavirus pandemic, when there were massive supply disruptions and drastic price increases, the impact of US tariffs has been more moderate until now. So far, the consequences for China's economy appear to be limited. The International Monetary Fund (IMF) is still forecasting a gross domestic product (GDP) growth of 4.0 percent for 2025. The shift of supply chains to third countries, economic stimulus measures, and a slight currency devaluation are mitigating the immediate impact on the Chinese economy.

Economic development 2023 to 2025 in China (real year-on-year change in percent)



1) 2023 values estimate; 2 forecast.
Source: National Bureau of Statistics of China (NBS) 2024; World Bank 2024; International Monetary Fund (IMF) 2024

Trade policy measures increase risk for companies

Nevertheless, export controls and sanctions lists imposed by the USA and China are restricting the options available to export-oriented companies. In addition, German companies are likely to see further profit losses in China in 2025 as the economic downturn continues and competition intensifies. German companies are therefore likely to reassess their China-related risks in 2025. Companies and governments in other countries are also de-risking.

Economic development: lack of consumption and regional debt

China's government has taken various economic measures since the second half of 2024. For example, the subsidized replacement of old cars with new electric cars or old household electronics has done little to boost consumer behavior. One indicator of this is retail sales, which only increased by 3.5 percent in 2024 compared to the previous year. From January to April 2025, however, it rose slightly more strongly by 4.7 percent compared to the same period in the previous year.

Weak consumption runs deep

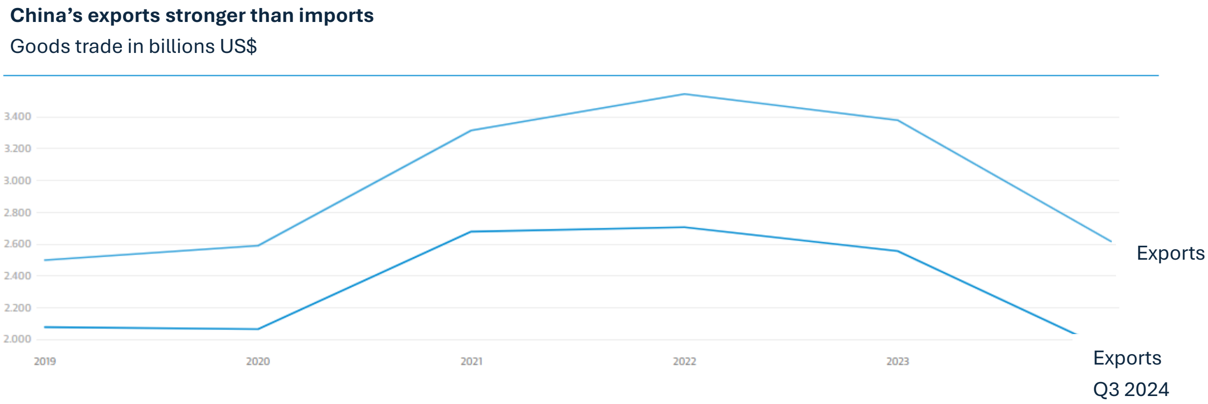
People in China are continuing to consume cautiously. Outstanding home loans are being paid off early in order to avoid over-indebtedness as the real estate crisis progresses. Many hopes are pinned on the 10 trillion renminbi yuan (RMB; around 1.32 trillion euros) economic stimulus package enacted in November 2024, which is meant to restructure and reduce the debt of regional governments. Experts estimate their debt, including so-called financial vehicles (LGFV), at around 80 percent of GDP. Some experts see the regional debt as a major risk for the economy as a whole.

Social reforms have also been insufficiently addressed to date. The social and healthcare system in China is still in its infancy.

Investments without sufficient demand

Investments in the manufacturing industry rose by 9.2 percent in 2024 and by 9 percent in the first four months of 2025 compared to the previous year. In some areas, such as solar systems, electric cars and batteries, subsidies have contributed to the emergence of overcapacity. Investments in automotive production even increased by 24.6 percent between January and April 2025. Industrial value added increased by 5.8 percent in 2024 and by 6.4 percent in the first four months of 2025 amid persistently deflationary price trends.

China's exports outpace imports (trade in goods in billions of US dollars)



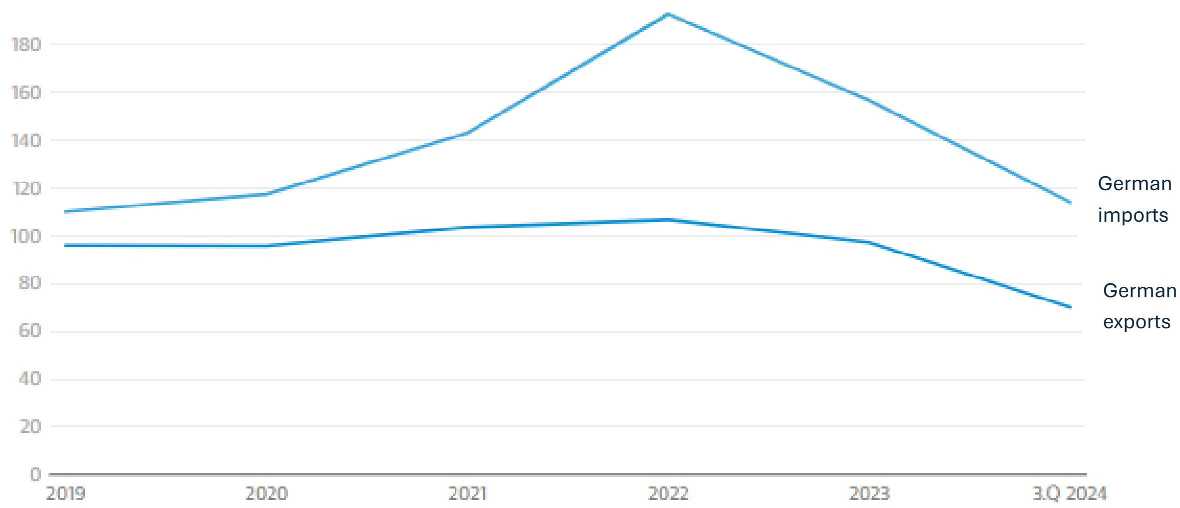
Source: Chinese Customs 2024

German perspective: How much China is necessary and useful?

Both the business climate survey conducted by the German Chamber of Commerce Abroad (AHK) in China in December 2024 and a flash survey in May 2025 showed no signs of an improvement in the business climate to date. According to the flash survey, 44 percent of the German companies surveyed expect developments in their industry to deteriorate in 2025.

Germany supplied significantly fewer cars and machines to China in 2024 than in the previous year. Overall, China purchased around 11 percent fewer goods from Germany in 2024 than in the same period last year. While some see this as a reduction in dependence on the Chinese sales market, others see the development as a reduction in the competitiveness of German suppliers on the Chinese market.

German foreign trade with China declining (in billions of euros)



Source: Federal Statistical Office (Destatis) 2024

Localization and diversification: two sides of the same coin

Diversification and localization are possible answers to the increasing geopolitical risks. According to official figures from the Chinese Ministry of Commerce, German realized direct investments increased by 2.2 percent in 2024 compared to the previous year. However, according to the German Bundesbank, the volume of German direct investment in China fell from 124 billion euros in 2022 to just under 116 billion euros at the end of 2023.

The Rhodium Group also confirms that German companies could be more cautious when it comes to further expanding capacities in China. At the end of October 2024, it nevertheless expected further EU investments in China in 2025. Those who can are trying to counter the fragmentation of global supply chains by having a presence in the most important trading and economic regions. However, for some German SMEs, such a set-up is unlikely to be feasible.

Author of the above report: Corinne Abele, Shanghai

Market Trends Food Industry

"In China for China" is also evident in the food sector. German suppliers benefit from packaging technology and food tech - if they use local partnerships and trends.

China is the world's largest food market. According to forecasts, it is expected to reach a market volume of 2.2 trillion US dollars (US$) by 2028. Food sales are expected to reach US$ 1.7 trillion in 2025. With per capita consumption of US$ 1,200, China is still well behind Japan with US$ 5,365 and South Korea with US$ 2,600 in a regional comparison.

7.56 percent is the annual growth rate (CAGR) in China, the world's largest food market, in the period from 2024 to 2028.

The high demand cannot be met by domestic production. In 2023, China imported food worth US$ 209.5 billion, which corresponded to 10.9 percent of China's food sales. Food production is being continuously expanded. China wants to become more resilient and less dependent on imports. Accordingly, imports fell by 8.1 percent to USD 192.5 billion in 2024, while exports rose by 4.0 percent to USD 100.7 billion.

Local production instead of imports

The Chinese food industry is undergoing a far-reaching transformation process characterized by modernization, consolidation and increasing internationalization. China is set to become a leading global exporter in many areas of food production.

Development of the food industry in 2024 (turnover and profit in billions of US dollars; percentage change compared to the previous year)

Industry	Turnover 2024	Change	Profit 2024	Change
Food processing	737.0	-3.0	19.0	-0.2
Food production	304.6	4.9	24.8	6.3
Beverage production	221.2	2.8	45.8	7.1
Tobacco products	191.3	2.8	22.4	5.3

Source: China Economic Information Network (CEInet) 2025

China promotes cultivation of staple foods

The largest market segment is bread and cereal products, with a market volume of around US$ 275.7 billion in 2024. The government is focusing on staple foods to ensure food production in the country. In 2015, it launched the 'Potato as a Staple Food' strategy. Measures included direct subsidies for farmers, investment in research and development, and the development of infrastructure for potato storage and processing.

Advances in processing technology have enabled the production of a wide range of potato-based products. The rise of ready meals has also been an important growth factor, with increased demand for ready-to-eat and easy-to-prepare foods such as potato chips, frozen French fries and instant mashed potatoes. China is now the world's largest potato producer.

Chips packaged without breakage

Hastamat Verpackungstechnik, based in Lahnau, Hesse, specialises in packaging solutions for stackable chips. Although Hastamat does not have its own presence in China, the company has achieved a leading market position through targeted innovations, close cooperation with a local partner and a long-term market strategy.

Hastamat invested early in the development of a technical solution for dispensing and packaging potato chips without breakage. The company established a pilot plant on site, securing market leadership in the segment of automated packaging solutions for stackable chips in China.

Healthy additives on trend

Healthy eating is becoming increasingly important to the younger generation. Several generations often live together, and the younger ones are open to new health products that they buy for the whole family. In line with demographic change and the rising number of over-60s in China, who accounted for 310.3 million people or 22 percent of the total population by the end of 2024, the demand for dietary supplements is increasing. As a result, China has become the world's largest consumer market for functional food and healthcare supplements. A market volume of US$ 39.1 billion is expected in this segment by 2025.

The Hamburg-based company Gerhard Schubert GmbH opened its factory in Shanghai in 2018 to position itself in the food, pharmaceuticals, cosmetics and pet food segments. The Chinese sales manager continues to expect great market potential here.

Food ordered online arrives by drone

China has the highest proportion of consumers in the world who buy their groceries online. By 2025, this share is estimated to be 36.5 percent. Fresh produce such as fruit and vegetables and dairy products are particularly popular. In Shenzhen, coffee can already be delivered to city parks by drone.

With the increase in drone deliveries in particular, demand for water-resistant packaging with high thermal insulation is expected to rise. There are also special requirements for packaging in the healthcare sector: hospitals, for example, have medical products such as laboratory samples delivered by robot and drone across the hospital grounds.

Chinese retailers are increasingly developing their own brands in order to gain the trust of consumers. China is focusing on its own production, brands and safety. Fusion cuisine is also trending, blending Chinese flavors with international spices. New culinary experiences are being created with Chinese and Western creations, such as rice wine schnapps with coffee.

Prospects for German suppliers

German companies have the opportunity to provide holistic solutions for food production, including hardware, software and processes. European manufacturers can partner with Chinese manufacturers by sourcing brand equity from the EU but producing locally in China. This requires local customization of packaging.

„In my experience, sales concepts implemented by German companies in China's food industry often no longer reflect the current state of affairs. This results in long, often painfully expensive learning curves. These attempts often end unsuccessfully. Since 2009, our company ESB has specialized in sales solutions in the food segment that are characterized by maximum transparency, success-based incentive systems and a minimal cost structure and risk for our partners. We are now highly motivated to extend our model to the mechanical engineering and foodtech segment in China."

Nicolas Stöckert Managing Director, ESB, Shanghai

Prospects also arise from the internationalization of Chinese companies, as they rely on German quality standards and global distribution networks. Controlled localization is necessary for German companies in order to maintain a competitive advantage. When analyzing target customers, it is advisable to focus on the top 20 percent of Chinese companies that will emerge as winners from the ongoing wave of consolidation. Food packaging is increasingly following a sustainable and trendy design.

Author of the above report: Robert Herzner, Hongkong

Sector Structure of the Food Industry

China is changing from a net importer to a leading exporter of food. This increases the competitive pressure for Western companies, but also opens up new partnerships.

In addition to changing consumer demands, the Chinese food industry is undergoing an intensive restruckturing process characterized by increased self-sufficiency and modernization. Advances in technology and logistics as well as government investment are promoting the modernization of food production.

China is transforming itself from a traditional importer of food to an efficient exporter, which is increasing the competitive pressure on Western suppliers. The demand for modern, efficient machines that meet specific market requirements is growing steadily. Accordingly, the increase in plant investments is in the double-digit percentage range.

Development of fixed asset investments in some segments of food and beverage production in 2023 and 2024 (year-on-year change in percent)

Industry	Change 2023	Change 2024
Food processing	7.7	18.0
Food production	12.5	22.9
Beverage production	7.6	18.0
Tobacco products	46.6	-20.9

Source: National Bureau of Statistics of China (NBS) 2025; Calculations by Germany Trade & Invest

Large corporations to focus on exports in the future

Just like the agricultural sector, food production is consolidating and large companies are expanding their market share. The market leader Cofco alone has a share of around 6 percent of the food market.

Packaging machines are increasingly being supplied by local providers

The increasing demand for food packaging machines is being met by local manufacturers in particular, while imports are declining slightly. The requirements of Chinese food manufacturers differ in various aspects from the technological demands of German plant manufacturers.

They prefer simpler, semi-manually operated machines, as high-tech solutions from Germany are often perceived as oversized. This discrepancy between the technological standards of German manufacturers and the practical requirements in China is reinforced by a pragmatic "trial & error" approach. This is offset by the advantage of German systems, whose packaging production can be adapted more quickly to different design requirements. In China, there is often a short preparation time for season-specific packaging.

China's imports of packaging machines for food, pharmaceuticals and cosmetics

Art	Imports 2023 in Mio. US$	Change compared to 2022	Imports 2024 in Mio. US$	Change compared to 2023
Filling systems for beverages and liquids (HS 8422.3010)				
Total, including:	162,0	-30,2%	143,0	-11,7%
Italy	49,8	-39,6%	54,1	8,6%
Germany	35,3	-26,8%	43,5	23,2%
Japan	32,2	-6,9%	27,9	-13,4%
Sweden	35,1	-42,5%	10,9	-68,9%
Packaging machines used for fully automated sterile filling systems (HS 8422.3030)				
Total, including:	242,9	-19,6%	209,2	-13,9%
Germany	88,1	-36,8%	94,6	7,4%
Italy	46,4	26,4%	37,3	-19,6%
Japan	17,8	-16,4%	17,6	-1,1%
Switzerland	19,4	-30,2%	13,3	-31,4%
Other machines for sealing, labeling bottles, containers, bags, and boxes (HS 8422.3090)				
Total, including:	183,1	-22,8%	177,4	-3,1%
Germany	67,6	-18,4%	62,2	-8,0%
Italy	23,0	-27,4%	35,2	53,0%
Japan	15,6	-39,3%	26,4	69,2%
Switzerland	10,8	-60,6%	11,8	9,3%

Source: Chinese Customs 2025

Chinese packaging manufacturers on the rise

In addition, German mechanical engineering companies are under strong competitive pressure from local suppliers who are pursuing aggressive pricing strategies and a high degree of flexibility. Due to lower safety and quality standards, Chinese manufacturers can react more quickly to the market. They benefit from the lower production costs in China. Lower energy and labor costs influence the ROI calculation and enable Chinese manufacturers to produce machines more cheaply.

Customers in the lower price segment in particular often do not consider the added value of "made in Germany" to be sufficient to justify the higher price. The price remains a decisive criterion, especially for standardized products with low technological differentiation features. Chinese packaging manufacturers also supply foreign customers in China.

Leading Chinese packaging manufacturers

company (Chinese name)	Core business	Main customers	industry status
ORG Packaging (奥瑞金)	Metal packaging (beverage cans, food cans), 2-piece/3-piece cans	Red Bull, Tsingtao Beer, Coca-Cola, Budweiser, Want Want	Market leader in the Chinese metal packaging industry, A-share (002701)
COFCO Packaging (中粮包装)	Metal packaging (cans, milk powder cans), plastic packaging	Mengniu, Yili, Wanglaoji, Snow Beer	Subsidiary of the COFCO Group, leader in food packaging
Zijiang Enterprise (紫江企业)	PET plastic bottles, bottle caps, film packaging	Coca-Cola, PepsiCo, Nongfu Spring, Danone	One of the largest beverage packaging suppliers in China
Greatview (纷美包装)	Aseptic paper packaging (Tetra Pak alternative)	Mengniu, Yili, Bright Dairy, New Hope	Leader in aseptic packaging, breaks Tetra Pak monopoly
Yongxin Packaging (永新股份)	Color print composite packaging (food/ pharma-ceutical soft packaging)	Master Kong, Uni-President, Three Squirrels, Qia Qia	Market leader in flexible plastic packaging
Shengxing Packaging (昇兴股份)	Metal cans, aluminum bottles	Budweiser, Tsingtao Beer, Wanglaoji, Dongpeng	Leading manufacturer of metal packaging
Hexing Packaging (合兴包装)	Corrugated cardboard boxes, paper packaging	JD.com, SF Express, Master Kong, Dali Foods	Top 3 in the Chinese paper packaging industry, national presence
Pulisheng (普丽盛)	Systems for the aseptic packaging and filling of foodstuffs	Yili, Mengniu, Bright Dairy, New Hope	High-quality packaging systems for liquid foodstuffs
Tongchan Lixing (通产丽星)	Plastic packaging (cosmetics/food)	Procter & Gamble, Unilever, Nestlé, Mars	Leading the way in high-end plastic packaging
DYLON Packaging (达意隆)	Liquid filling systems, PET bottle production lines	Coca-Cola, Nongfu Spring, Master Kong	Leading provider of automation solutions for liquid packaging

Source: www.cpf.org.cn; www.eastmoney.com 2025

Does cooperation with Chinese manufacturers make sense?

For European food producers, a future business model is emerging in partnership with Chinese manufacturers by producing locally in China with their brand equity. This goes hand in hand with the "In China for China" concept - which requires not only local production but also local research - an approach that many multinationals have been pursuing for decades. At the end of 2024, Nestlé had 22 factories in China as well as three research centers and five innovation centers. Its product range includes animal feed and milk powder, almost 100 percent of which is produced locally. Another example is the South Korean food company Orion, which operates four production sites in China. Danone from France has also invested in two production sites and an open R&D center in China.

In addition to international corporations, German SMEs such as Nienstedt GmbH are also developing their presence in China. The supplier of systems for sawing and shaping frozen products, based on the outskirts of the Ruhr region, is working hard to position itself in the growing global seafood market. One of the key growth drivers in the industry is the Chinese market. Here, too, Nienstedt is increasingly successful, but at the same time recognizes the special challenges that this market brings with it:

„As a classic German hidden champion, we serve a typical niche market that we are increasingly finding in China. We are currently trying to make the best possible use of this growing potential. At the same time, we are aware of the special requirements of the Chinese market. In order to prepare ourselves specifically for one of the most important future markets in the world, we are developing a customized China strategy that meets these market-specific requirements.“
Jan Groneberg, Managing Director, Nienstedt GmbH

Increase competitiveness by adapting to the local market

There are various ways for German plant manufacturers to tackle these challenges. They can adapt their technology and develop machines that are easier and semi-manual to operate. An increased local presence and adapting to the pragmatic approach of Chinese manufacturers can also help. Making production and supply chains more flexible, as well as targeted marketing strategies to improve perception, can help boost competitiveness and highlight the long-term benefits and reliability of German machines. At the ChinaPlas trade fair in Shenzhen in April 2025, German manufacturers evaluated the purchase of Chinese sub-products to reduce costs.

MULTIVAC from Munich has successfully met the challenges in the Chinese food and packaging market. In addition to price pressure and ever shorter delivery times, political uncertainties and a change in the perception of the promise of quality "made in Germany" are causing problems in changing market conditions. Companies must also adapt to differences in hygiene requirements and sustainable packaging.

„In China, we are observing a strong technological change in mechanical engineering, which is largely characterized by globalization and innovation. Standardized mass-produced products are increasingly replacing what, from a German perspective, is often still seen as individual special machine construction. The discrepancy between German special machines and Chinese standard solutions, which are often available at short notice or even from stock, is becoming increasingly apparent. Customers - not only in China, but also internationally - benefit from lower prices, shorter delivery times and a wider selection, where ten or fifteen years ago there were hardly any Chinese alternatives. However, Chinese machines often do not yet reach the level of European manufacturers in terms of performance and service life, but are clearly convincing in terms of price and availability.“
Jens Richter, Managing Director, MULTIVAC China

Author of the above report: Robert Herzner, Hongkong

Pharmaceutical Industry

China's pharmaceutical sector continues to grow. Foreign drug manufacturers are facing increasing domestic competition and difficult market conditions. The Chinese pharmaceutical market continues to expand, driven by government support and technolo-gical advances. According to PharmiWeb.com, the sales volume for pharmaceutical intermediates alone is expected to increase from 9.3 billion US dollars (US$) in 2025 to 17.3 billion US$ by 2035.

China is a leader in the production of APIs (active pharmaceutical ingredients). Simplified regulatory processes and growing private health insurance companies are opening up new opportunities.

Further information can be found in the GTAI report Wird Chinas Pharmabranche flügge? (issue 08.04.2024). From generics to original drugs "made in China" - this is what China's government is pursuing. However, patient mistrust is high; products from multinational companies remain in demand.

Foreign companies are focusing on high-value areas such as biologics and ADCs (antibody drug conjugates). Domestic companies such as Sinopharm, Jiangsu Hengrui Medicine and CSPC Pharmaceutical Group dominate the production of generics and gain competitive strength in innovative drugs, especially in oncology, immunology and biologics.

Start-ups for ADCs or GLP-1 drugs such as BeiGene, Innovent Biologics and Zai Lab can benefit from preferential policies. China's volume-based healthcare procurement system prioritizes cost savings and favors domestic manufacturers.

According to Invesco, the negotiations on the National Reimbursement Drug List (NRDL) at the end of 2024 led to average price reductions of 63% for newly listed drugs. In view of the ageing population, China must strike a balance between cost control and innovation on the way to a more competitive pharmaceutical sector by 2035.

Author of the above report: Corinne Abele, Shanghai

Cosmetics Industry

Strong competition and local standards make business difficult for foreign companies. Nevertheless, there are opportunities for German packaging manufacturers, for example.

China is the second largest cosmetics market in the world after the USA. The rapid growth in disposable income and the consumption habits of the young population are driving demand for cosmetic products.

Trend towards hair and skin care for sensitive skin

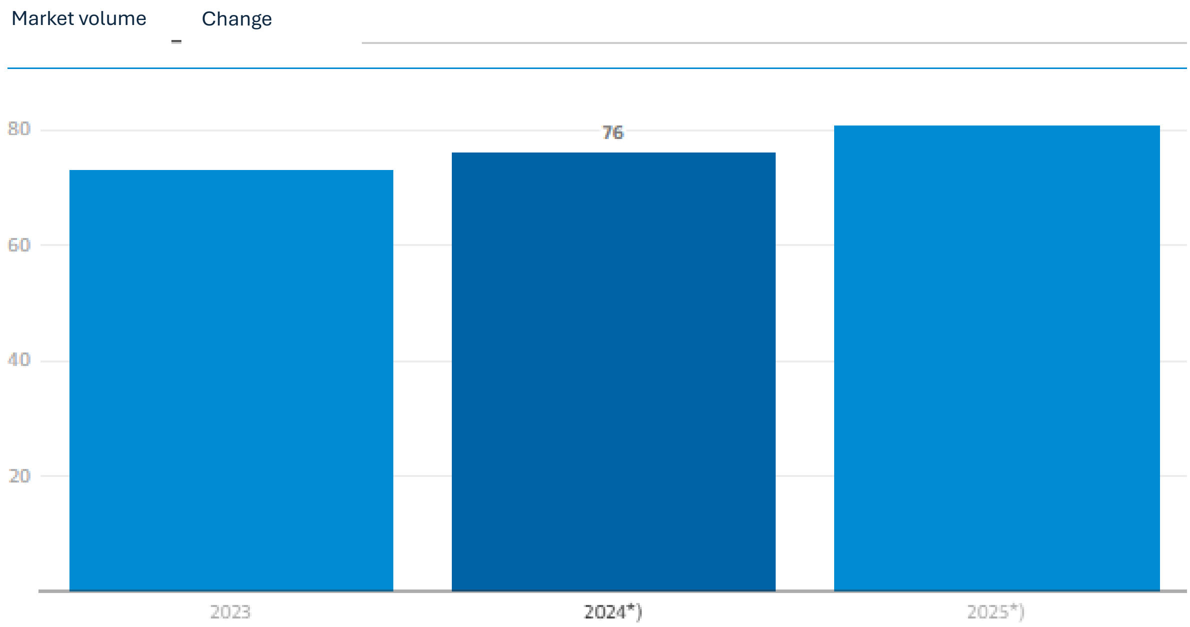
In 2023, the Chinese cosmetics industry grew by 5.1 percent. This was almost in line with the 5.2 percent increase in gross domestic product (GDP). Retail sales of cosmetics reached 57.7 billion US dollars (US$). However, imports of cosmetics and toiletries have been declining for several years due to stricter regulations. According to the latest data, they fell by 19.2 percent in 2023 and by a further 17.1 percent in the first quarter of 2024.

The market research company iResearch estimates the market volume for 2025 at USD 80.7 billion with growth of 6.1 percent compared to the previous year. The two main segments are skincare products (approx. 55 percent of total sales) and make-up (approx. 12 percent of total sales). The average increase for skin care products is 7.5 percent per year, while make-up products are growing by 10.8 percent. The segment of skincare products for men is developing particularly dynamically, with a sales volume of USD

2.3 billion in 2023 and growth of 30%. The strongest demand is for facial cleansers, which account for 57 percent of sales of skincare products for men.

The market for hair care products is also growing, particularly due to the consumer behavior of Generation Z, which is more open to new products. Care products for sensitive skin are booming, with a market volume of around USD 4.2 billion in 2024 and average annual growth of 6 percent until 2028.

China's cosmetics market is growing steadily (market volume in billions of US dollars; year-on-year change in percent)



* Estimate/forecast. Source: iResearch 2024

According to iResearch 2024, the main spending range for cosmetic products was USD 28 to 70 per month (29.3 percent of respondents) and USD 70 to 140 per month (34.2 percent of respondents). Most consumers prefer products in the mid-price range. Important criteria for consumers are ingredients (59 percent of respondents) and product effect (41 percent). Brands play a less significant role (37 percent).

Competition intensifies

Competition in the Chinese cosmetics industry is becoming increasingly fierce. According to the China Association of Fragrance Flavor and Cosmetic Industries (CAFFCI), there were a total of 4,944 member companies in 2024, 727 fewer than in the previous year, most of which are based in Guangdong province. Smaller companies are increasingly being squeezed out of the market: Between 2019 and 2023, 224 cosmetics companies lost their production licenses in Guangzhou alone. Most of them deregistered as they cannot survive due to stricter legal requirements.

Chinese companies are becoming larger and more professional, producing mainly mid-range products and are forced to increase product quality. The main target group is the post-1990s generation, while major foreign brands tend to appeal to older consumers aged 40 to 45 with higher incomes. Another strategy of Chinese companies is the close connection with Traditional Chinese Medicine (TCM). Many are developing new products with indigenous medicinal plants, which is well received by consumers.

Leading Chinese cosmetics companies in 2024

Position	Company (Chinese Name)	Brands	Remarks
1	Shanghai Jahwa United Co., Ltd. (上海家化)	Herborist, Liushen, Dr.Yu, Gf.	Industry giant with a broad portfolio in skincare and traditional Chinese medicine
2	Proya Cosmetics Co., Ltd. (珀莱雅)	Proya, Off&Relax	Innovative focus on "clean beauty" and digital marketing
3	Yatsen Holding Ltd. (逸仙电商)	Perfect Diary, Galénic, Eve Lom	Leader in the color cosmetics segment, strong in e-commerce
4	Florasis (花西子)	Florasis	Invests heavily in biotechnology research
5	Guangdong Marubi Biotechnology Co., Ltd. (广东丸美)	Marubi, Sagestone	Invests heavily in biotechnology research
6	Pechoin (百雀羚)	Pechoin	Traditional skin care since 1931, popular with mature target groups
7	Botanee Group (贝泰妮集团)	Winona	Specialized in dermatological products and sensitive skin
8	Jala Group (伽蓝)	Chando, Marie Dalgar	Strong focus on masks and premium skincare
9	Bloomage BioTechnology (华熙生物)	润百颜 (Biohyaluron), QuadiHA	Pioneer in hyaluronic acid-based products
10	Carslan Cosmetics (卡姿兰)	Carslan	Known for affordable color cosmetics and a broad retail presence

Source: Euromonitor, CBNData 2025

Lack of international standards

The introduction of the National Cosmetics Supervision and Inspection Regulation (CSAR) in 2021 and the subsequent guidelines have had a significant impact on the industry. The full safety assessment of cosmetics has been postponed until May 2025 to give the industry more time to adapt. Microbiological quality control requirements for low microbiological risk products are not in line with international standards, resulting in additional costs for European cosmetics manufacturers. Chinese regulatory authorities do not recognize most ISO cosmetics standards, which poses challenges in product registration, GMP audits and compliance with labeling requirements.

Opportunities for European companies

- **Regulatory harmonization:** Aligning Chinese regulations with international standards can reduce compliance hurdles for European companies.
- **Innovation:** Support for personalized cosmetics and new ingredients opens up new market opportunities.
- **Sustainability**: The focus on green cosmetics is inline with the sustainability goals of European companies.
- **Simplified procedures**: Simplified processes in the free trade port of Hainan and electronic labeling facilitate market entry.

Production of cosmetics packaging becomes more sustainable

The market for cosmetics packaging in China is dominated by plastic. In 2023, the market value for packaging for cosmetics and household cleaning products amounted to around US$ 17.9 billion, with an average annual growth rate of 5 to 7 percent. Cosmetic products account for 45 percent of this. The materials are distributed as follows: 65 percent plastic, 15 percent glass, 10 percent metal and 10 percent paper and biodegradable materials. An important trend is the increasing use of reusable and recyclable materials such as PCR plastic, PLA and PBAT. The use of these materials is growing by an average of 20 percent annually.

Trends and developments

- **Intelligent packaging:** QR codes and RFID labels are being used more and more frequently.
- **- Lightweight packaging**: Thinner glass thicknesses and less use of materials are the trend.
- **- Individualization**: For example, ceramic bottles are preferred to glass packaging for cultural reasons.
- **- Functional packaging:** Pipettes and packaging with a dosing function are in demand.

One example is company Winona from Yunnan, which produces skin care products for sensitive skin. Winona uses TCM ingredients such as Portulacae Herba and Prinsepia Utilis Royle and pays attention to packaging that minimizes air contact. The company also offers smaller travel sizes, which are popular with consumers. Another example is the Shenzhen-based company Beautystar, which is increasing the proportion of recycled material. To prevent ingredients from coming into contact with recycled plastic, several layers are required in the packaging, some of which are only 50 nanometers thick. This requires complex machines - an area in which German suppliers, such as Breyer from Singen, are gaining market share.

Leading Chinese cosmetics packaging companies

Position	Company	Location	Core business
1	HCP Packaging	Shanghai	Luxury packaging for premium brands (for example Florasis, Proya)
2	Zhejiang Zhongyu Plastic	Zhejiang	Mass production of plastic bottles, jars and air pumps
3	Guangzhou Xinhong Packaging	Guangzhou, Province Guangdong	UV printing, miniature packaging for sample sizes
4	Shenzhen Beauty Star	Shenzhen, Province Guangdong	Sheet-mask packaging and compact designs for K-Beauty-Inspired products
5	YQ Packaging (Yiwu)	Yiwu, Province Zhejiang	Cost-effective packaging for the mass market and export
6	Ancor Packaging	Shenzhen, Province Guangdong	Creative designs for Chinese beauty start-ups (for example C-Brands)
7	Jinggong Packaging	Shanghai	Glass packaging and metal tubes for skincare
8	Meiyume	Guangzhou, Province Guangdong	Fully integrated solutions (packaging + formulation), strong in OEM/ODM
9	Shanghai Jahwa Packaging	Shanghai	subsidiary of Shanghai Jahwa United (Herborist, Liushen), supplies customized designs
10	Suzhou Pantron Packaging	Suzhou, Province Jiangsu	Bamboo and corn starch-based bioplastics

Source: Euromonitor, Statista

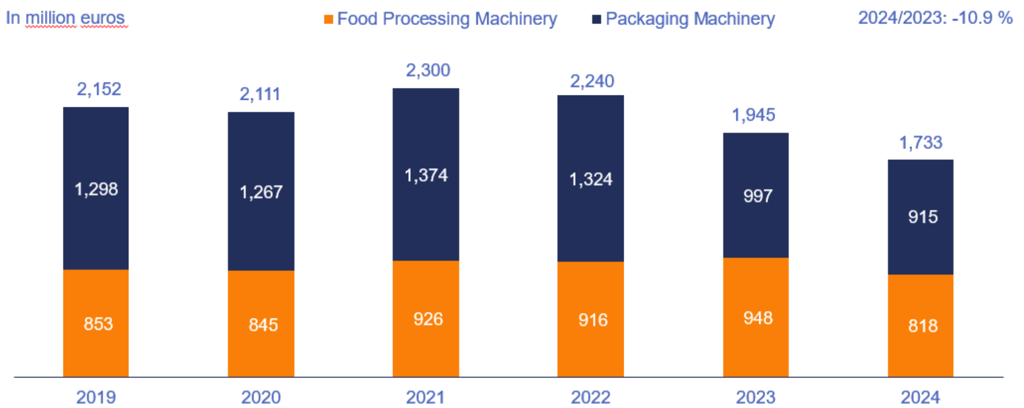
Von Wiedersperg, Managing Director of the Brückner Group in Upper Bavaria, emphasizes that more sophisticated German machines can be adapted to new design developments more quickly than those of Chinese competitors. This is an advantage for the company, as the lead time for specialized packaging is often only a few weeks.

Author of the above report: Robert Herzner, Hongkong

Funded by the Federal Ministry for Economic Affairs and Energy on the basis of a resolution of the German Bundestag

GLOBAL EXPORTS

Food Processing and Packaging Machinery to China



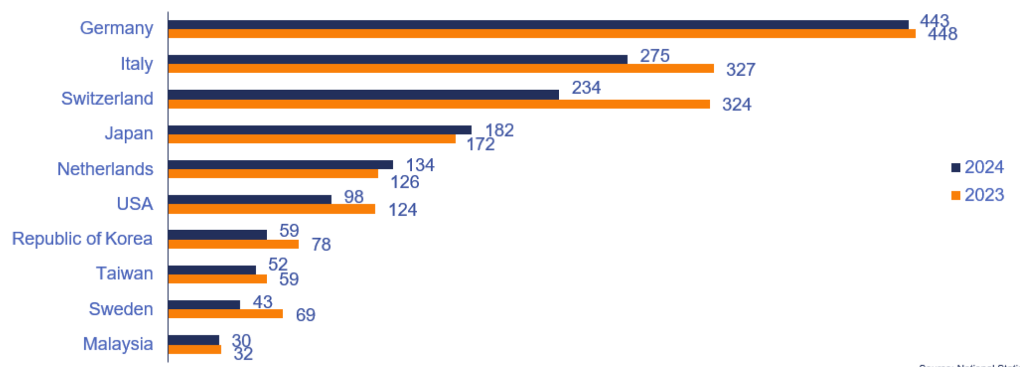
Source: National Statistical Offices, VDMA

GLOBAL EXPORTS

Food Processing and Packaging Machinery to China TOP 10 Supplier Countries

Export 2024: 1,733 million euros, -10.9 %

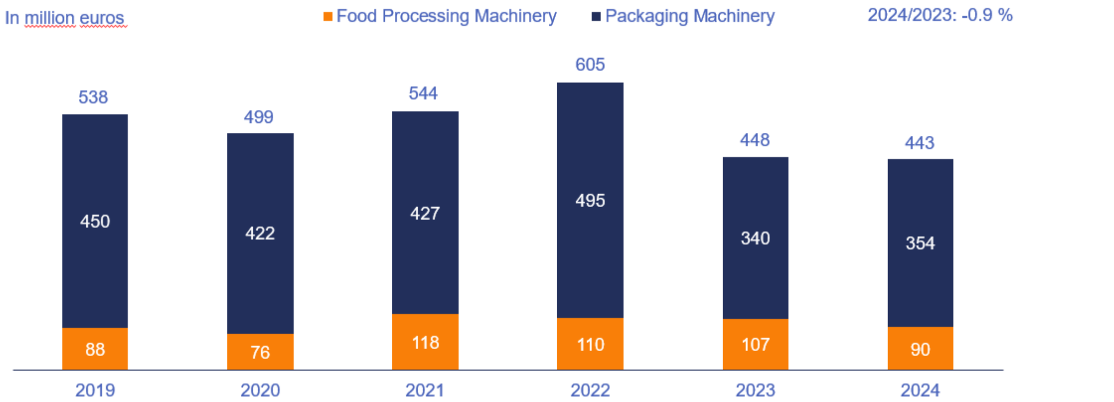
In Mio. Euro



Source: National Statistical Offices, VDMA

GERMAN EXPORTS

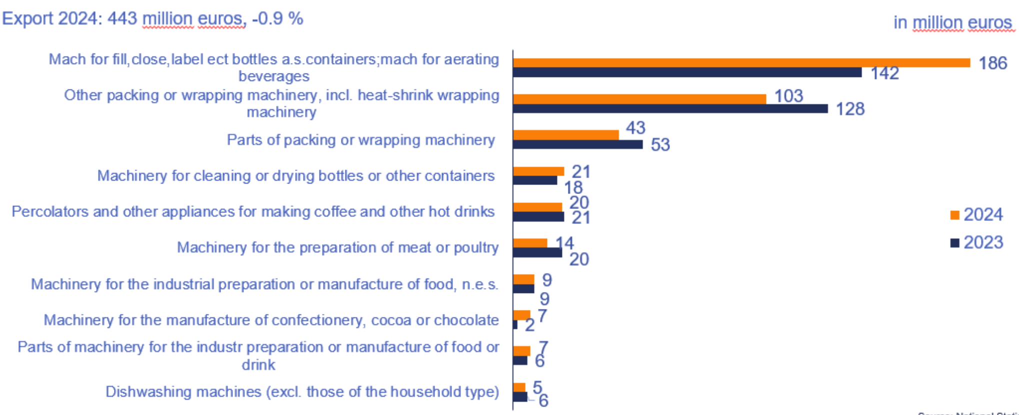
Food Processing and Packaging Machinery to China



Source: National Statistical Offices, VDMA

GERMAN EXPORTS

Food Processing and Packaging Machinery to China



Source: National Statistical Offices, VDMA