

Middle East & Africa Paper Bags - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts (2024 - 2029)

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Abstracts

The Middle East & Africa Paper Bags Market size is estimated at USD 478.5 million in 2024, and is expected to reach USD 617.40 million by 2029, growing at a CAGR of 5.20% during the forecast period (2024-2029).

Key Highlights

Restaurants, hotels, cafes, and catering establishments are witnessing a surge in the adoption of paper bags. This trend is further fueled by the rising preference for on-the-go dining and the rise in online grocery deliveries. The changing lifestyle dynamics in Middle Eastern countries are notably amplifying the demand for paper-based packaging in the food service sector. Today's consumers prefer convenient, on-the-go food options, looking for a fast energy boost. Additionally, the environmental benefits of paper bags, such as biodegradability and recyclability, are driving their popularity among eco-conscious consumers.

Further, urbanization has led to a significant shift in consumer behavior. Modern consumers spend more time away from home at social gatherings, outdoor events, or sports activities. Consequently, the demand for on-the-go food options is on the rise. This trend is also supported by the increasing availability of diverse and healthy food choices that cater to the fast-paced lifestyle of urban dwellers.

Government regulations aimed at curbing plastic usage are propelling the paper bag market in the region. In line with its sustainability goals, the United Arab Emirates planned to ban single-use plastic bags starting in January 2024. This initiative is driven by Ministerial Resolution No. 380 of 2022, which regulates and mandates the phasing

out of single-use plastic products, including plastic bags. The United Arab Emirates is also eyeing a ban on Styrofoam containers, commonly found in takeaway food packaging, slated for 2026.

The momentum is further evident as the Ajman Municipality and Planning Department have already taken steps to announce a ban on plastic bags. Additionally, the Emirates observes an annual 'Plastic Bag Free Day' on May 16, emphasizing its commitment to reducing plastic waste. These measures reflect a broader regional trend toward sustainable packaging solutions, driving demand for paper bags and other eco-friendly alternatives.

Also, the paper bags market in Saudi Arabia is poised for growth, as several companies are ramping up their operations in the region. LuLu hypermarkets made a significant move by unveiling a range of reusable and paper bags in all its Saudi stores. This initiative aligns with a larger strategy to combat plastic usage and champion environmental conservation. LuLu's proactive stance coincides with Saudi National Day, positioning it as a pioneer among the Kingdom's hypermarkets and setting the stage for increased adoption of eco-friendly paper bags.

While reliable and easily transportable paper products have existed for some years, their longevity has brought challenges. Paper bags, primarily crafted from cellulose fibers, can be sourced from either virgin materials or recycled from trees. The paper industry grapples with escalating raw material costs and supply bottlenecks. Fluctuations in raw material availability and costs in the region have significantly disrupted and delayed the growth of the packaging market. Intense price competition has compelled vendors to slash prices, aiming to stay competitive and affordable.

Middle East & Africa Paper Bags Market Trends

The Retail Segment is Expected to Address a Major Demand

The retail industry is witnessing significant growth, with quick-service restaurants (QSRs) increasingly turning to disposable packaging, particularly paper bags, to mitigate environmental risks. Paper bags are favored for their biodegradability, reusability, and recyclability. Moreover, the rising trend of social gatherings during special occasions further fuels the demand for paper bags in the country.

The recyclable nature of paper stands out as a pivotal factor propelling the market's expansion, enabling vendors to align with sustainability objectives. Additionally, the

government's stringent regulations on plastic usage and the increasing consumer awareness regarding environmental conservation are further driving the adoption of paper bags. The market also benefits from technological advancements in paper bag manufacturing, which enhance durability and functionality, making them a viable alternative to plastic bags.

The Abu Dhabi Environment Agency has also banned single-use plastic bags. At the same time, the Dubai government is set to introduce new charges aimed at curbing the use of single-use plastics in the Emirates. These bans and government initiatives are poised to expand the paper bag market in the region. Moreover, with a rising influx of tourists and developing economic activities in the retail sector, the demand for paper bags will surge in the coming years.

The rise of e-commerce has profoundly reshaped the retail landscape. This transformative trend, altering consumer habits and retail frameworks, is gaining momentum, particularly in the Middle East. The sector holds immense promise for industry players, buoyed by robust per capita income, advanced logistics, expanding internet access, and tech-savvy consumers. Retail sales in Saudi Arabia have shown an upward trend from USD 126.10 billion in 2021. They are projected to reach USD 155.60 billion by 2024, creating an opportunity for the paper bag market with a focus on the ban on alternative packaging options.

The United Arab Emirates is Expected to Hold Significant Share in the Market

The United Arab Emirates (UAE) emerges as a frontrunner in the Middle East's online market, propelled by a tech-savvy populace and a proactive government keen on nurturing a digital economy. With robust infrastructure, streamlined logistics, and business-friendly laws, coupled with Dubai's rising prominence as a regional e-commerce hub, the UAE's e-commerce landscape is thriving. This surge in online commerce draws local startups and global enterprises to establish their presence, cementing Dubai's status as a premier e-commerce destination. This attracts global paper bag companies that are also spreading their presence in the region and collaborating with domestic manufacturers and delivery partners, which boosts the need for packaging in various end-user segments.

Further, policy and compliance significantly influence the trajectory of the paper bag manufacturing industry. With tightening regulations on single-use plastics,

manufacturers are compelled to adhere to the region's stringent environmental and waste management standards. Shifting consumer preferences and the surge in e-commerce and home deliveries fuel a rising appetite for paper bags. This trend reflects evolving consumer behavior and presents a lucrative avenue for businesses to explore. The increased demand for sustainable packaging solutions allows manufacturers to innovate and expand their product lines to meet market needs.

Deliveroo UAE reports robust growth in its on-demand grocery segment, marked by a substantial surge in grocery orders nationwide. In 2023, the platform witnessed a twofold increase in on-demand grocery sites, with orders spiking by 62% in Dubai and 135% in Abu Dhabi, underscoring a dedicated response to shifting consumer demands. This growth reflects Deliveroo UAE's strategic expansion and creates opportunities for paper bag manufacturers in the region.

Further, as per the USDA Foreign Agricultural Service, the retail value of food e-commerce in the United Arab Emirates grew in 2020; it was USD 421 million, which increased to USD 1,072 million. This has also created a market for the use of paper bags in food delivery.

E-commerce companies have different innovations and collaborations to promote sustainability and create market opportunities. For instance, Deliveroo UAE, a prominent player in the online food delivery sector, has unveiled a new web-based packaging store, aligning with its Environmental, Social, and Governance (ESG) strategy. In collaboration with eco-conscious Sineo Packaging, a player in recyclable and biodegradable solutions, the initiative brings expertise to this partnership. Through the platform, Deliveroo's restaurant partners gain access to a selection of 20 eco-friendly items, ranging from paper bags and bottles to food containers, napkins, and cutlery.

Middle East & Africa Paper Bags Industry Overview

The Middle East and African paper bags market is consolidated. However, owing to several established players with a global presence, the vendors are focusing on expanding their market presence in the Middle East, especially in the developing regions, to maximize their market presence. Gulf East Paper and Plastic Industries LLC, Hotpack Packaging LLC, Shuaiba Industrial Company (KPSC), Green Bags UAE, and others are key players.

In June 2023, Spinneys, a retail player, and Hotpack Global, a UAE-based sustainable packaging provider, joined forces to pioneer a groundbreaking initiative. Together, they have unveiled a line of shopping bags crafted exclusively from 100% post-consumer recycled (PCR) resins. This milestone underscores Spinneys' commitment to sustainability, positioning them as the trailblazer in the UAE's retail landscape with this eco-friendly packaging solution.

In June 2023, Mondi, a global player in sustainable packaging and paper, unveils SolmixBag, a revolutionary water-soluble bag tailored for the construction sector. SolmixBag, a single-ply paper innovation, is engineered to house and convey dry construction essentials like cement and mortar mixes. Upon contact with water during the mixing phase, the bag dissolves seamlessly, intertwining its fibers with the product. This not only curbs waste but also slashes paper management expenses. Moreover, directly placing the bag into the mixer without prior opening significantly reduces dust on construction sites.

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