

Saudi Arabia Paper And Paperboard Packaging - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts (2024 - 2029)

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Abstracts

The Saudi Arabia Paper And Paperboard Packaging Market size is estimated at USD 2.22 billion in 2024, and is expected to reach USD 2.84 billion by 2029, growing at a CAGR of 4.24% during the forecast period (2024-2029).

Key Highlights

The rising market for customer-friendly packages and heightened product protection is anticipated to expand corrugated packaging as a viable and cost-effective solution in Saudi Arabia. Paper and paper board packaging options, such as corrugated boxes and folding cartons, are some of the versatile and cost-effective formats to package and deliver goods, with diverse possibilities in a visually appealing product.

The country has a huge consumer base and a range of industrial activities (apart from the oil and gas sector), adding to the rapid need for paper and paperboard packaging. According to the report of the General Authority of Statistics, the overall merchandise value of Saudi Arabia's exports increased by 6.4% in Q4 2022 compared to the same time the previous year. The value of exports amounted to SAR 342.4 (USD 91.23 billion) in Q4. This increase in export trade would consequently push the demand for paperboard packaging, especially from the secondary and tertiary packaging sectors.

There is a rising need for food delivery apps in Saudi Arabia, and the industry has seen tremendous growth in recent years. Also, the demand for single-serve packs is driven by the increasing number of single-person households and changing consumer lifestyles, which is anticipated to augment the growth of the packaged food market.

Saudi Vision 2030 aims to privatize its healthcare sector, which is expected to revamp the growth in the industry and is likely to support the healthcare packaging market. Some regional companies have made several agreements to increase the recyclability of their folding cartons. In recent years, Tetra Pak signed its first-ever contract in Saudi Arabia with the OPI paper mill, which can produce 180 thousand tons of duplex board annually and has been recycling approximately 6,000 tons of used cartons annually.

Although Saudi Arabia is one of the leading markets in the packaging industry in the Middle East, the growing reliance of manufacturers on other countries for raw materials and their fluctuating prices are likely to hamper the growth of the market studied.

Saudi Arabia Paper And Paperboard Packaging Market Trends

Folding Cartons to Witness Major Growth

With the focus on eco-friendliness and sustainability, the demand for folding cartons has increased across various industries in Saudi Arabia, such as food and beverage, healthcare, personal care, home care, and retail. Consumer consciousness of sustainable packaging preference, availability of raw material, lightweight, biodegradable, and recyclable nature of paper, and deforestation have driven the demand for this packaging type in the region.

Saudi Arabia's food industry remains one of the most robust sectors in the Gulf Cooperation Council (GCC). Saudi Arabian consumers are increasingly becoming wise regarding food as their demand for new products with a strong focus on health is growing.

The region has a high rate of packaged food and beverage consumption due to rapid urbanization and an increasing number of tourists who often prefer safer processed foods. According to the General Authority for Statistics (Saudi Arabia), the revenue generated by the food and beverage segment is projected to reach USD 16.03 billion by 2025 from USD 14.46 billion in 2020. The growth of 10.8% is due to the increasing demand for milk and milk products, which is expected to support the need for folding cartons.

Also, several regional cosmetic products are being packed in folding cartons. Saudi Arabia is one of the largest cosmetics markets, owing to women's increasing spending power and ability in the region.

According to Global Media Insight, a web design and development company in Dubai stated that the area had about 46.36% women in 2023. Also, according to SimilarWeb, Saudi Arabia was the country with the fourth most significant year-over-year (YoY) traffic growth in the online beauty and cosmetics industry, with more than 13% growth. Such growth has attracted foreign players to enter and cater to the rising market demand.

Furthermore, with the rising number of single households requiring more takeaway and delivery food services, the market requirement in the food service sector has been reshaped, driving the growth of the market studied in the country.

The Food and Beverage Segment to Grow Significantly

The growth of the food industry is driving demand for folding cartons, corrugated boxes, and liquid cartons due to changes in national lifestyles and increasing needs for ready-to-eat, frozen, and packaged products.

The explosive growth of the online food industry, tourism, and sustainable packaging solutions is also driving the development of this market sector, as dedicated cardboard boxes are used for products to protect them from external influences. According to Delta Partners, the retail sales value of food and non-alcoholic beverages in Saudi Arabia is expected to reach USD 89.6 billion in 2024 from USD 68.8 billion in 2018. The rise in retail sales value of food and non-alcoholic beverages would boost the market studied over the forecast period.

The Saudi Authority for Industrial Cities and Technology Zones (also called MODON) is a government agency established by the Saudi government. MODON has signed seven contracts totaling 99,400 square meters to benefit the Kingdom's food and beverage sector. Also, MODON signed two additional agreements during the Saudi Food 2023 opening ceremony to promote financing solutions, support business development, and promote entrepreneurship.

The Saudi Arabian tourism sector is undergoing a significant transformation, with the public and private sectors working together to diversify the tourist base and the purpose of tourism to the Kingdom, away from traditional business and religious tourism.

According to the World Travel and Tourism Council, the total contribution of travel and tourism to gross domestic product (GDP) across the Middle Eastern countries would amount to approximately USD 486.1 billion by 2028. The growing tourism sector is expected to impact the market positively.

Moreover, according to the Saudi Press Agency (SPA), in the first three months of 2023, Saudi Arabia saw a more than three-fold increase in revenue from tourism, amounting to SAR 37 billion (USD 9.86 billion). This increase was because one of the largest oil exporters sought to draw in more foreign tourists and diversify away from oil-based revenues. The country's incoming tourism revenue increased by 225% over the same period. The rapidly growing tourism sector presents many opportunities for developing the food and beverage industry in Saudi Arabia, accelerating the necessity of different paper-based packaging like folding cartons, corrugated boxes, and more.

Saudi Arabia Paper And Paperboard Packaging Industry Overview

The paper and paperboard packaging market in Saudi Arabia is dominated by major companies like Obeikan Investment Group, Gulf Carton Factory Company, Eastern Pak Limited, NAPCO National, and Middle East Paper Company. These players hold a substantial market share due to consistent investments in technological advancements and product launches. With entry barriers ranging from low to moderate, existing companies are effectively meeting the rising demand. The market's growth potential has led new and established firms to invest in product innovations, intensifying competition and resulting in a semi-consolidated landscape.

In August 2023 - The Saudi Public Investment Fund (PIF) informed the signing of a binding agreement to acquire a 23.08% stake in the Middle East Paper Company (MEPCO) for approximately SAR 630 million (USD 168 million). According to the agreement, MEPCO will increase its capital by up to SAR 866.7 million (USD 231.054 million) by suspending the priority right.

In July 2023 - Napco National strategically expanded its packaging portfolio and market reach by successfully acquiring Rotopak, a leading supplier of printed flexible and paperboard packaging solutions. This acquisition aligns with Napco's vision to develop high-value products and tailored services for industries in GCC, emphasizing its commitment to addressing societal needs and environmental considerations through its offerings.

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