

United Arab Emirates Plastic Packaging Market - Growth, Trends, Covid-19 Impact, and Forecasts (2023 - 2028)

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Report description:

The United Arab Emirates Plastic Packaging Market is anticipated to grow at a CAGR of 5.02% during the forecast period. The country's shifting regulations, consumer trends toward healthier products, and commitment to sustainability significantly impact the plastic packaging industry's ability to develop new products, designs, and technologies for its clients. The trends may drive the market growth during the forecast period. The Russia-Ukraine war has slightly created an indirect impact on the overall ecosystem of the United Arab Emirates plastic packaging market.

Key Highlights

Approximately 40% of the plastic used in the United Arab Emirates is single-use, and the country consumes 4 billion plastic bottles per year, according to Euronews. Plastic consumption per capita has shown an upward trend over the past decade in the United Arab Emirates, mainly due to the development of new products and material substitution in established markets. In many cases, plastics are still the material of choice, irrespective of metals, paper, etc., in a range of standard products. Also, plastics are the third most exported commodity in the United Arab Emirates.

Moreover, the standardization of the 'Made in UAE' initiative, which introduces local manufacturers to the global market, is helping the country to reduce its reliance on imports and strengthen its export potential. The growth of this kind in the manufacturing sector encouraged considerable investments in the packaging industry. Most of the investments in the packaging sector are made toward adjusting their packaging practices to the country's current economic situation and evolving standards. With low purchasing power, the country's retail sector witnessed several consumer behavior changes.

Packaging solutions that are lightweight, durable, and comfortable are some factors that have augmented the use of plastics as a packaging material across the country.

Further, the demand for plastic packaging continues to surge even though serious concerns are being raised about its environmental impact. However, the market will face challenges from government regulations and consumer demand, pushing

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manufacturers to look for biodegradable plastic packaging solutions derived from sustainable sources. However, Government bodies are imposing regulations on the usage of single-use plastics in the country. For instance, in August 2022, according to the Emirates News Agency (WAM), the Sharjah Executive Council (SEC) decided that the city of Sharjah in the United Arab Emirates (UAE) will outlaw single-use plastic bags and materials as of January 1, 2024. As of July 1, 2022, Dubai has restricted single-use bags for carrying items. The stringent regulations on plastic products may restrain market growth. The COVID-19 epidemic has allowed it to impose regional regulations on plastic items and bans or restrictions on single-use plastics. Additionally, as businesses had to close due to the lockout and customers started to reduce spending, the demand for luxury products and packaging for non-food items has been negatively impacted. The nation's consumers have increased their online purchases of food goods. According to the Dubai-based Choueiri Group, the primary groceries being purchased were those with limited shelf life. It was primarily motivated by the need for freshness and the high nutritional value of boosting immunity. Dairy goods, fruits & vegetables, and bread were the most popular grocery items for online shopping. Further, the Russia-Ukraine war slightly affected the country's packaging since it does not rely much on Russia or Ukraine for the trade of plastic products.

UAE Plastic Packaging Market Trends

Rising Per Capita Income Positively Impacting Purchase Power

The country's increasing per capita income resulted in a rise in consumers' disposable income. According to IMF, GDP per capita is anticipated to reach USD 50,348.816 by 2022, a 17.4% rise in value from the previous year, 2021.

Further, according to ITC, in 2021, the exports of plastics and articles were valued at around USD 8.01 billion, a 15.03% increase from the previous year, 2020, which was recorded at about USD 6.96 billion. The growth in plastic exports may significantly impact the GDP rise due to the country's increased production.

Also, the region is witnessing significant manufacturing developments of plastic materials such as polyvinyl chloride (PVC), which is used considerably in the rigid plastic packaging landscape. In June 2021, Reliance Industries Limited and UAE's state-run oil giant Abu Dhabi National Oil Company (ADNOC) announced that they would develop a new petrochemical joint venture to produce Chlor-alkali, ethylene dichloride, and PVC production facility at Ta'ziz Industrial Complex in Ruwais. The new unit will annually produce 1.1 million tons of ethylene dichloride, 940 thousand tones of Chlor-alkali, and 360 thousand tons of PVC.

Moreover, the pandemic shifted consumer trends towards online purchases, significantly benefiting various plastic packaging companies in the country. UAE consumers turned online to access goods from retailers whose stores were closed and purchase essential items when restrictions were in place.

According to a joint study by Dubai Economy and global payments technology company Visa, the United Arab Emirates is making rapid strides as the fastest-growing e-commerce market in the Middle East and North Africa (MENA). According to the study, UAE shoppers are among the top spenders online. In the broader Middle East, North Africa, and South Asia (MENASA) region, the UAE represents the most significant annual spending per online shopper.

Even though the demand for the packaging of non-essential industries decreased in the region, UAE's rigid plastic packaging landscape was not significantly affected due to the increase in the consumption of essential consumer goods. Demand rose for packaging in dietary supplements, such as vitamins, usually packaged in plastic closures.

Food Segment is Expected to Hold a Significant Market Share

The need for plastic packaging is anticipated to rise in the UAE due to the rising trend of consumer goods, including food, beverages, and medicines. Demand is growing due to the expanding need for portable, practical packaging options. As the

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country becomes more urbanized, there is a higher focus on sustainability and convenience in packaging. The general trend to move to flexible packaging is to take advantage of processed food packages and adapt to changing lifestyles. According to Interpack, one of the prominent packaging trade fairs, 5% of the world's packaged goods are consumed in the Middle East, where business is expanding rapidly. The United Arab Emirates is one of the countries with the highest per capita consumer goods consumption in the world because consumers prefer healthy food and beverages and pay attention to more sustainable packaging.

The need to provide more eco-friendly packaging grows as packaged food consumption rises. Fortunately, some companies are rising to the challenge and developing innovative and environmentally friendly food packaging that will revolutionize the industry and promote environmental protection.

For instance, in February 2022, Hotpack, a prominent UAE-based player in the food packaging business, announced that the company would present its sustainable packaging solutions at the Gulfood Summit 2022. The firm altered its packaging specifications so that its products would still be functional, convenient, and affordable while incorporating sustainability and cleanliness.

Furthermore, as per USDA reports, United States exports of consumer goods to the UAE in 2021 were valued at USD 897.6 million in this retail-dominant market. Among the many goods exported to the UAE are tree nuts (USD 387 million), food preparations (USD 72.3 million), beef and beef products (USD 60 million), dairy products (USD 55.6 million), poultry meats and products (USD 48.5 million), condiments and sauces (USD 44.1 million), and bakery goods, cereals, and pasta (USD 40.1 million). The significant export of food products may demand food packaging companies to increase production, where plastic is preferred to be suitable packaging material.

UAE Plastic Packaging Market Competitor Analysis

The market for Plastic Packaging in the United Arab Emirates is moderately consolidated and is expected to attain a higher degree of competitiveness owing to the increasing investments, new players, and growing applications in end-user industries. Major players have adopted product launches, collaborations, and acquisitions to sustain the intense market competition. Some of the key players in the market include Amber Packaging Industries, Huhtamaki Flexibles UAE, Mondi Group, Arabian Flexible Packaging LLC, and Hotpack Packaging Industries LLC among others.

October 2022: Al Huraiz Packaging Industry (AHP), a significant corrugated carton producer in the UAE, has been acquired by Hotpack Global, a prominent food packaging maker specializing in plastic products in the area. Hotpack adds a 14th production facility to its worldwide portfolio after purchasing Al Huraiz Packaging. To quadruple the manufacturing capacity at this site, Hotpack invests an additional AED 100 million (USD 27.22 million).

February 2022: Al Bayader International, a manufacturer, and provider of packaging and cleaning solutions in the UAE announced a new business division created especially for the food industry. These solutions are a part of a more extensive portfolio of inventive food solutions that the new F&B division of the corporation has developed via intensive research and development. Al Bayader International's food section expands its present F&B packaging business to offer a one-stop shop for the industry.

Additional Benefits:

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

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