

Middle-East Lubricants Market - Growth, Trends, Covid-19 Impact, and Forecasts (2023 - 2028)

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Report description:

The Middle-East lubricants market is projected to register a CAGR of less than 2% during the forecasted period.

Due to the COVID-19 outbreak, the manufacturing industry was severely affected this has resulted in a decrease in the usage of lubricants in 2020. However, with the recovery of many construction projects and other industrial activities, the market has seen a recovery phase in the year 2021 and is expected to see a positive trend in the forecasted years. An increase in automotive sales and engineering goods has been leading the market recovery over the last two years.

Key Highlights

The industrial growth in Saudi Arabia, Iran, and the United Arab Emirates and the growing usage of high-performance lubricants are the major driving factors augmenting the growth of the market studied.

On the flip side, expensive high-performance lubricants are expected to hinder the growth of the market.

Developments in synthetic and bio-based lubricants are projected to act as an opportunity for the market in the future.

Saudi Arabia emerged as the largest market for lubricants and is expected to witness the highest CAGR during the forecast period.

Middle-East Lubricants Market Trends

Automotive and Other Transportation are Expected to Occupy the Largest Share

Lubricants are typically used for applications, such as wear reduction, corrosion protection, and ensuring smooth operation of the

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engine internals.

High-mileage engine oils are experiencing great demand, owing to specific properties, such as oil leak prevention and reduction in oil-burn off.

Most light and heavy vehicle diesel and gasoline engines use 10W40 and 15W40 viscosity grade oils, while multi-grade oils, such as 15W50 and 20W50, are commonly used for aircraft engines.

The average vehicle age has been increasing at a constant rate over the years, which is an opportunity, in terms of the aftermarket refill market. The increasing average age of passenger cars and the growing urban population in developing countries is expected to drive the market for lubricants in transportation.

The 'Dubai Plan 2021' aims at building fully connected and integrated infrastructure that ensures easy mobility for all residents and tourists. Other developments, like the extension of the Dubai metro, are a result of this ambitious objective. Dubai's metro system has expanded for many years, making it one of the world's longest totally automated systems. Its Red Metro Line, at 52.1 kilometers, is the world's longest driverless single metro line.

Egypt is also investing heavily to increase the capacity and improve the overall quality of transport in cities by raising the national public transport ridership from 1.9% in 2015 to 30% in 2020 and finally to 50% in 2050.

Egypt has announced plans for a high-speed rail line linking 60 different cities around the country. The new network will consist of three parts: a 660km line linking Ain Sokhna to Alexandria; a 1,100km line between Cairo and Abu Simbel; and a 225km stretch between Luxor and Hurghada.

According to Jordan's Ministry of Transport (MOT), the country is working to increase the total number of commuters using public transport from 13% in 2010 to 25% in 2025. Moreover, Jordan will introduce the Zero Emission Electric Vehicle (ZEV) and 3,000 charging stations (on- and off-grid) powered by renewable energy.

Technological advancements are threatening the growth of the engine oil segment due to the increased engine oil change intervals. However, increasing automotive production rates are expected to support the growth of the segment during the forecast period.

Saudi Arabia sold the most vehicles, tallying up to 80.72 thousand units. There were only 16.7 thousand sales reported in Kuwait. Israel, Egypt, and the United Arab Emirates each recorded sales of 33.37, 62.73, and 32.06 thousand units respectively. However, the rising need for emission reduction from motor vehicles is likely to significantly increase the use of synthetic engine oils during the forecast period.

Saudi Arabia is Expected to Experience a Surge in Growth

Saudi Arabia is the largest economy in the Middle East region. Saudi Arabia's economy is mainly dependent on the oil industry. Saudi Arabia is one of the largest automotive markets in the GCC. Passenger cars account for approximately 80% of the region's automotive market.

Saudi Arabia is enhancing the capacity of its power sector (electricity generation, transmission, distribution, and smart grid) to meet increasing demand efficiently from residential and commercial consumers for electricity and to support the diversification of its domestic energy mix.

According to the Ministry of Energy, Saudi Arabia's spending on power and renewable energy projects is expected to reach USD 293 billion by 2030. Additionally, in December 2021 Saudi Arabia's Energy Minister announced the country's plan to spend USD 38 billion on energy distribution by 2030.

According to National Renewable Energy Program, it is estimated that the country will almost double its power generation capacity from 82 GW in 2018 to 160 GW by 2040. To achieve this goal, the government will invest approximately USD 5 billion in generation and USD 4 billion in distribution and transmission annually.

Consistent lubrication is vital to the life of bearings, gears, and chains. Like any mechanical system, moving parts in a food and beverage plant need proper lubrication to function optimally. Contamination, moisture, high temperatures, and humidity are all threats to bearing, chain, and gear service life. Saudi Arabia is heavily investing into metal industries. As of 2021, Saudi Arabia

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produced approximately 8.7 million metric tons of steel, an increase from around 4.8 million metric tons in 2017.

Nestle has announced an initial investment of SAR 375 million (~USD 99.72 million) with the establishment of a manufacturing plant in 2025, followed by a regional center with a research and development program, and its first business incubator for small and medium-sized companies and start-ups.

Saudi Arabia is continuing to expand hydrocarbon and gas production in the future. The kingdom is also expected to grow in the chemicals and polymers industry. Methanol Chemicals Co. has signed a strategic agreement of SAR 500 million (~USD 133 million) with Global Co. for Downstream Industries to produce specialty chemicals.

A significant amount of lubricants are used in oil and gas exploration. These factors are expected to drive the market slowly over the forecast period in the United Arab Emirates.

Middle-East Lubricants Market Competitor Analysis

The Middle-East lubricants market is fragmented. Some of the major players in the market (in no particular order) include TotalEnergies, Petromin, Aljomaih and Shell Lubricating Oil Company (JOSLOC), Behran Oil Co., and FUCHS, among others.

Additional Benefits:

The market estimate (ME) sheet in Excel format

3 months of analyst support

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