

Middle East & Africa Paper Bags Market - Growth, Trends, Covid-19 Impact, and Forecasts (2023 - 2028)

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Report description:

The Middle East & Africa Paper Bags Market is expected to grow by registering a CAGR of 3.3% during the forecast period (2022-2027). High demand for paper bags for hygiene maintenance is anticipated in the post-Covid era. In the United Arab Emirates, the government's commitment to implementing the United Nations' Sustainable Development Goals (SDGs) on a national scale is changing the course of packaging companies and encouraging them to adopt paper-based products, thereby driving the ancillary demand for kraft paper.

Key Highlights

The food and beverage industry has been registering steady growth in sales. There is high penetration of retail outlets of all formats - supermarkets, department stores, and convenience. Kenya, alongside Eastern Africa, can be identified as a maturing deployer in the studied market. The growing demand for high-quality food, like flour, maize, and grain, is recognized as one of the region's critical drivers of the studied market. ?

Furthermore, a noticeable trend of increasing shelf visibility is gaining traction, facilitating the broad adoption of white print sack kraft paper. For instance, in July 2021, the Mondi Group partnered with Dune Packaging Limited, a Kenya-based packaging company, to increase its product portfolio with open-mouth paper bags for food products, leveraging Mondi's Advantage Kraft White Print Paper.?

Saudi Arabia is identified with the booming cement industry, which also happens to be one of the significant deployers of kraft bags. According to the NCB Capital, the asset management and investment banking leg of the National Commercial Bank, the cement sales in the region were anticipated to grow 4% year-on-year to 52.8 metric tonnes in 2021.?

In addition, NCB Capital has outlined the role of current housing programs, the Public Investment Fund's 2021 - 2025 strategy, and pick-up in infrastructure projects to create a surging demand for cement which indirectly creates an auxiliary demand for kraft paper in the country.

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The market challenge is that it is more expensive than plastic bags, and paper bags take up more storage space than plastic bags. Further, the Covid-19 virus, SARS-CoV-2, is inactivated much faster on paper than on plastic: Three hours after being laid on paper, no virus can be detected. With such a factor, during the covid peak, the demand for paper bags increased in the MEA region.

MEA Paper Bags Market Trends

Retail Food Outlet is Expected to Address a Major Demand

Sack kraft paper is mainly used to transport the food products, such as flour, sugar, starch, food additives, processed or dried fruit, eggs, milk, etc. They are mostly used in the form of open mouth or valve sacks, where the sack kraft for food packaging contains two to three layers of paper and is often sometimes combined with a polyethylene (PE) free film tube more inline and coated paper. The popularity of quick-service restaurants in Saudi Arabia among urban youth is catering to the demand for sack kraft paper.

Kraft paper dried fruit bag is an environmentally friendly food packaging bag, and kraft paper dried fruit packaging is very versatile. According to International Nut & Dried Fruit Council, In the marketing year of 2021/2022, Turkey accounted for about 15 percent of dried fruit production worldwide, in the second spot globally.

In February 2020, Turkey's regulations on plastic food-contact substances and materials were updated to align with the European Union's Plastics Regulation, (EU) No. 10/2011. Moreover, in 2021, Turkey's recycling rate was reported to be just 12%, due to which the Turkish government banned imports of most types of plastic waste into the country. This is expected to increase the adoption of paper bags in the food sector.

As such online services have become more popular, and they will need useful bags to get food to customers safely. With the increasing trend for online food models in the middle east region, the demand for the paper bag is expected to increase. For instance, recently, London-headquartered European food delivery platform Deliveroo launched in Kuwait. It will enable locals to order food from over 900 restaurants in Kuwait city and have it delivered within 30 minutes.

South Africa is Anticipated to Cater a Major Market Growth

The studied market in South Africa is significantly maturing, with major players considering the emerging demand and adoption of kraft paper as a standard alternative to plastic packaging products. ?

In the country, regional players are licensing kraft products from global companies to leverage technological innovation and bank upon the increasing demand for the products. For instance, Taurus Packaging, a packaging company based out of South Africa, licensed D Sacks from Billerudkorsnas, a European packaging company dealing with sack kraft products.?

The D-Sacks are used for the packaging of cement weighing 25 kg and can dissolve during the cement mixing process without affecting the strength of the final cement mixture, thereby eliminating the need for recycling of the empty sack. This also aligns with the country's goals of reducing wastage and carbon footprint to decrease the environmental impact.?

According to Global Cement, in South Africa, cement imports grew by 18.7% year-on-year to 1.1 Million ton in the first 11 months of 2021. Imports hit a monthly high of 162,000 ton in November 2021, according to Moneyweb. The majority of the imports came from Vietnam, followed by Pakistan.

With a production capacity of 20 million tons (as per World Cement Association), the cement industry is expected to become one of the significant economic indicators for the country. Hit by the Covid-19 pandemic, the industry is operating much lesser than its full potential despite the increasing demand. The full realization of the industry's potential is expected to positively impact the studied market with increasing building construction.

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Moreover, it is hoped that government spending will support recovery. In 2021, the government announced its plan to invest ZAR 791.2 billion in public-sector infrastructure spending from 2021 to 2024.

Furthermore, over the forecast period, white kraft paper is anticipated to gain significant traction due to its readability allowing customers to advertise their products and strengthen the brand image, along with providing cost-effective, sustainable packaging and transporting. In South Africa, Vodacom's plastic-to-paper initiative, which replaces plastic bags with reusable eco-friendly paper bags in Vodacom retail stores, has prevented 2.5 million plastic carrier bags from entering the environment.

In addition, the pandemic has stunted the food and industrial growth in the region in 2020. With the slow upturn of the economy, the country is envisioned to witness increasing demand in the studied market.

MEA Paper Bags Market Competitor Analysis

The Middle East & Africa 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. ENPI Group, Huhtamaki Group, Gulf East Paper and Plastics Group, and others are key players. Key developments in the market are -

April 2022 - Saudi's Yanbu Cement acquired shares owned by Kuwait's Shuaiba Industrial Co in its unit Yanbu Saudi Kuwaiti Paper Products Co for SAR 32.3 million (USD 8.6 million). The transaction allowed the transfer of a 40 percent stake in the paper manufacturer to Yanbu Cement, making it the full owner of the former, according to a bourse filing.

Additional Benefits:

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

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