

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

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Report description:

The Middle East & Africa industrial automation market is expected to register a CAGR of 7.1% during the forecast period. The growing active collaboration between governments, regulators, and associations for economic expansion is one of the primary aspects driving growth in the region's automation and manufacturing sectors. In May 2022, RX Africa announced the Future Manufacturing Africa Trade Fair and Summit 2023, exchanging valuable industry expertise to increase investment prospects in the African continent's manufacturing sector.

Key Highlights

The UAE Government is focused on doubling the contribution of industrial manufacturing to the UAE's GDP to 25 percent, as highlighted in Vision 2021, Dubai Industrial Strategy 2030, and Abu Dhabi Economic Vision 2030. Operation 300bn is a government strategy launched in 2021 aimed at developing the industrial sector and enhancing its role in stimulating the economy of the UAE. It aims to increase the industrial sector's contribution to the GDP to AED 300 billion by 2031.

Furthermore, the Emirates Development Bank (EDB) is a crucial enabler of Operation 300bn. Under the strategy, the bank has allocated AED 30 billion to support priority industrial sectors over five years. Such investments are expected to boost the industrial sector's demand for automated material handling.

Moreover, rising technological advancements support market growth. In addition, the UAE Ministry of Industry and Advanced Technology and Abu Dhabi defense technology company Edge Group signed an agreement in August 2022 to develop the Emirates' first Industry 4.0 Enablement Centre. The center will help manufacturers beef up their operations by guiding them on using automation, and data-driven business expansion will further drive market growth.

In February 2022, to fulfill the increased demand for conveying systems in the region, Dubai-based Acme Intralog, a provider of industrial and warehouse automation solutions, stated that it had enhanced the fabrication and manufacturing capabilities of conveyor belts used at its plant in the UAE. The company provides comprehensive conveyor belt solutions for various business

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sectors, including food and beverage, construction, packaging, textile, and material handling.

Furthermore, the UAE intends to increase its power-generation capacity by approximately 21 GW, with solar power accounting for 26.1% of the total additional generation capacity. These infrastructure developments will likely provide solutions for industrial controls and factory automation.

The COVID-19 pandemic and lockdown restrictions across the region have affected industrial activities, including supply chain disruption. However, the pandemic has forced manufacturing industries to re-evaluate their traditional production processes and adapt to innovative manufacturing practices across production lines.

MEA Industrial Automation Market Trends

Oil and Gas to Hold Significant Share

Countries in the Middle East furnish and export a significant amount of crude oil globally. The area commands considerable demand for industrial sensors used for various applications. For instance, as of October 2021, the number of oil and gas rigs in the Middle East stood at 275, including offshore and land, which is the second-highest in the world, according to Baker Hughes. The region constantly discovers new oil and gas wells while old and underutilized ones are revitalizing. For instance, the government-owned Abu Dhabi National Oil Co. recently announced a significant rig fleet expansion program expected to add dozens of rigs by 2025.

Further, according to the EIA, the Organization of Petroleum Exporting Countries' net oil export revenue in 2021 reached 397 billion US dollars, slightly increasing from the previous year's figure of USD 323 billion.

According to OPEC, Saudi Arabia holds approximately 17% of the world's proven petroleum reserves. The oil and gas industry contributed roughly 50% of the GDP and 70% of export earnings. The country's significant presence in the oil and gas industry has contributed to the region's market growth.

Furthermore, according to a January 2022 report by Arab Petroleum Investments Corporation, energy investments in the Middle East and North Africa are anticipated to increase by 9% over the next five years to more than USD 879 billion as energy exporters increase spending amid higher oil revenue.

Saudi Arabia to Experience Significant Market Growth

The market in these countries is majorly driven by increasing investments in the oil and gas industry. The progress in the oil and gas sector is translating into other industries and, notably, energy solutions. For instance, according to the International Trade Administration, Aramco's average hydrocarbon exhibition in the first half of 2021 was 11.6 mmbpd, with crude oil production accounting for 8.6 mmbpd. Further, Saudi Arabia produced 10.3mmbpd of crude oil as of June 2022.

Like most Middle Eastern countries, Saudi Arabia's economy is typically dependent on the oil and petrochemical industry. It is estimated that even a 5% reduction in oil production in the country may decelerate the pace of gross domestic product (GDP) by over 80%.

Palletizers and AS/RS are witnessing increased adoption owing to immense applications in the food and beverage sector. Furthermore, with the strengthening of oil prices, the country is expected to invest more in the non-oil sector, facilitating the rapid growth of the manufacturing and e-commerce sectors. Hence, AMH solutions are expected to witness high demand over the forecast period.

In recent years, owing to Saudi Vision 2030, the plan launched recently to reduce the country's dependence on oil, e-commerce, and logistics sectors witnessed a significant rise in demand. The project encompasses a nine-point strategy of process streamlining, market liberalization, privatization, infrastructure enhancement, the establishment of new free economic zones, and

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governance and regulatory reforms to maximize its strategic advantage to evolve into the logistics hub in the Middle Eastern region.

Furthermore, according to the International Trade Administration, Saudi Arabia is increasing the capacity of its power sector to meet the growing need for electricity from residential and commercial consumers while supporting the diversification of its domestic energy mix. By 2030, Saudi Arabia hopes to replace the petroleum that currently powers 42 percent of the country's 110-gigatonne daily electricity needs with a blend of 50 percent natural gas and 50 percent renewable energy. Furthermore, Saudi Arabia's Energy Minister announced in December 2021 the country's plan to invest USD 38 billion in energy distribution by 2030.

MEA Industrial Automation Market Competitor Analysis

The Middle East & Africa industrial automation market is moderately fragmented. Players are involved in product development and strategic activities such as partnerships, mergers, and acquisitions.

December 2021 - GWC, Qatar's logistics and supply chain solutions provider, and GAUSSIN, a significant company in clean and smart freight transport, formed a partnership to test Gaussin's zero-emission electric tractors and yard automation solutions in several GWC warehouses, including GWC Al Wukair Logistic Park in Qatar.

November 2021 - ABB formed a strategic alliance with Swiss start-up Sevenses Robotics to expand its autonomous mobile robotics (AMR) business. The ETH Zurich spin-off develops artificial intelligence (AI) and 3D visual mapping technology that will be integrated into ABB's AMR portfolio, allowing mobile robots to navigate in dynamic environments safely. Pilot customer projects are planned for 2022.

January 2021 - Dematic announces the completion of a new automated distribution center for the Landmark Group in Dubai, UAE, allowing the multinational retailer to consolidate the logistics activities for part of its five existing manual distribution sites.

Additional Benefits:

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

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