

GCC Paper Bags - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts 2019 - 2029

Market Report | 2024-02-17 | 109 pages | Mordor Intelligence

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Report description:

The GCC Paper Bags market was valued at USD 371.08 million in the previous year and is anticipated to attain a CAGR of 8.16% to reach USD 588.08 million in the next five years. The market size reflects the value of the consumption of paper bags across the end-user industries. End-user verticals included in the study are retail, food that provides for quick service restaurants (QSRs), etc. Paper bags help reduce the overall weight of the final product.

Key Highlights

- This kraft paper bag is a sustainable alternative to plastic bags and a clean, safe option for food packaging. Its features include runnability and printability in both flexo and offset printing. The demand for paper bags is expected to increase due to the ban on single-use plastic in the region. Additionally, in June 2022, Abu Dhabi introduced a ban on single-use plastic bags in the Middle East. Alternatives to shoppers include paper bags and thicker traditional-look plastic bags, which are used between four and ten times and can be recycled. Some outlets, such as Spinneys and Carrefour, have removed thicker traditional-type reusable plastic bags altogether. Such initiatives are expected to drive the demand for paper bags.
- The region is witnessing demand for paper packaging, with various countries banning single-use plastics. For instance, in November 2022, Qatar Municipality Ministry organized an introductory meeting on regulations of plastic bag utilization. The Ministry of Municipality, represented by the Health Control Sections at all the municipalities across the country, enforced the ministerial decision No. 143 for 2022 regarding the regulations of using plastic companies, shopping centers, and malls from using single-use plastic bags and using biodegradable and environment-friendly bags instead. Further, in January 2023, the United Arab Emirates announced a ban on single-use plastic shopping bags to take effect next year, the latest initiative to reduce pollution in the oil-rich nation. Such initiatives are driving the demand for paper bags across the region.
- The future of e-commerce relies heavily on an internet-savvy, digitally savvy audience. Over half of the GCC population is under 25, making it a logical target for digital sellers. Internet penetration in this region is among the highest in the world. The real

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powerhouses here are the United Arab Emirates, Qatar, Kuwait, and Bahrain, with nearly 100% internet penetration. This means a large audience base that is primarily digitally engaged.

-Additionally, e-commerce growth in the GCC from 2019 to 2022 is 33%, and even higher for the region's largest market, such as 39% in Saudi Arabia and 38% in UAE. This is nearly double the global rate of 17%, according to Dubai Commerce City's report MEASA E-Commerce Landscape.

-However, strict forest laws against deforestation are restraining market growth and owes to the low availability of cellulose fibers. To begin with, approximately half of the world's woods have vanished. Every year, another 13 million hectares are lost (though afforestation replaces eight), and the World Resources Institute (WRI) estimates that just around 22% of the world's old-growth forests are still intact.

-The COVID-19 pandemic disrupted the supply of raw materials in various countries, affecting prices. A rise in the paper price owing to short supply and import restrictions drives the cost of paper bags and other packaging materials, boosting concerns among industrialists. Further, the markets post-COVID-19 have become better positioned to mitigate similar risks and are working towards meeting the demand with new preferences covered.

GCC Paper Bags Market Trends

Retail Segment is Expected to Have a Significant Share

- Bags are commonly used in the retail and food industries. The packaging market is growing faster in retail than in other industries. The growing retail sector in the GCC region is expected to support market growth. According to Alpen Capital, retail sales in the United Arab Emirates reached approximately USD 74 billion in 2021 and are anticipated to reach USD 114 billion by 2026.

- Companies are developing paper bag barrier materials with various applications in all sectors. Printing technology is incorporated to produce ready-made bags that handle complex designs. Further, in June 2022, Abu Dhabi introduced a ban on single-use plastic bags in the Middle East. Alternatives to shoppers include paper bags and thicker traditional-look plastic bags, which can be used between four and ten times and can be recycled. Some outlets, such as Spinneys and Carrefour, have removed thicker traditional-type reusable plastic bags altogether, offering bag-for-life alternatives alone.

- Retail businesses such as hypermarkets and supermarkets are growing in the region with various expansions by the companies operating there. For instance, in June 2022, Lulu Group International is on track to invest USD 2.9 billion in its retail network, opening 91 hypermarkets between 2020 and 2023. Fifty of its stores have already opened during the Covid-19 pandemic. The supermarket chain has 235 hypermarkets, malls, and fulfillment centers in 12 countries, including GCC, India, and more. Such initiatives would further leverage paper bags in the retail industry.

- Oman's retail sector aligns with several key factors driving market dynamics in the country. Increased tourism activity, rising per capita income, and population growth contribute to the anticipated expansion. According to Alpen Capital, a regional investment banking advisory firm, the Sultanate's retail industry is transforming, increasing competition across offline and online channels and driving market dynamics. Alpen Capital's latest retail report projects that the GCC retail industry will surpass its pre-pandemic levels in 2022, registering 15.7% year-on-year growth.

UAE is Anticipated to have a Significant Growth

- Paper is a flexible material that is utilized in many different goods. Depending on the needs of the final product, the paper can be used to make many packaging products, including bags. Due to the increasing demand for paper bags, players are investing in setting up regional plants. Also, since the ban on single-use plastic, the players are focusing on finding products that can be

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recycled and reused for packaging. The demand for biodegradable packaging papers will support market growth.

- Various paper manufacturers operating in the region are expanding their business to improve their revenues and production capacities. For instance, in December 2022, Star Paper Mill set up an AED 200 million (USD 54 million) recycled paper mill in Abu Dhabi. The development of a new plant to produce recycled Kraft Paper Jumbo reels was announced by Khalifa Economic Zones Abu Dhabi (KEZAD Group), broadening the company's product line to meet the UAE's rising need for paper packaging products.
- The United Arab Emirates is witnessing a significant demand for pharmaceutical products. The United Arab Emirates imports pharmaceutical products from 72 countries. International Quality and Value Institute Advisors (IQVIA) projected that pharmaceutical sales in the country might reach USD 51 billion by 2024. Moreover, increased awareness about the established benefits of secondary packaging for pharmaceutical products and healthcare facilities drives the market.
- Also, since the ban on single-use plastic, the players are focusing on finding products that can be recycled and reused for packaging. The demand for biodegradable packaging papers will support market growth. For instance, in December 2022, The development of a new plant to produce recycled Kraft Paper Jumbo reels was announced by Khalifa Economic Zones Abu Dhabi (KEZAD Group), broadening the company's product line to meet the UAE's rising need for biodegradable packaging materials.
- As per the agreement, Star Paper Mill will work with RC Paper Machines to increase its current production capabilities by investing AED 200 million (USD 54.45 million) at a site measuring 59,000 square meters in KEZAD. This will allow Star Paper Mill to produce recycled kraft paper jumbo reels to make corrugated cartons and in-demand, eco-friendly, biodegradable bag papers from recycled raw materials.
- Additionally, the United Arab Emirates (UAE), fast food restaurants had the most significant sales value in the United Arab Emirates (UAE) at around USD 3.6 billion in 2018, and the sales value reached USD 4.5 billion in 2022, followed by full-service restaurants at a sales value of about USD 2.34 billion.

GCC Paper Bags Industry Overview

The GCC paper bags market is competitive and consists of a few influential players. The burgeoning retail industry and the escalating order for disposable packaging in quick service restaurants (QSRs) minimize the environmental risk as paper bags are biodegradable, reusable, and recyclable. The emerging trend of social gatherings on special occasions also drives the country's need for paper bags. The recyclability of paper is one of the key factors driving the market's growth. It helps the vendors to contribute to the sustainability goals through their products.

In November 2022, HotpackGlobal, the UAE-based disposable food packaging product, launched its manufacturing plant in Qatar. The plant is the 15th Hotpack-owned and operated factory worldwide and reflects the company's global vision to become one of the global food packaging brand leaders by 2030. The state-of-the-art manufacturing plant, located in Doha's new industrial area, is a specialized factory producing various Hotpackpaper products, including paper bags.

In September 2022, Oman-based KeryasPaper Industry announced it would set up 200,000 metric tonnes per annum Kraft Liner project in UAE at an investment of USD 40 million, expected to become operational in 2024. A contract to supply design and engineering services for the proposed project was signed with India's C2C Consultancy. The project is expected to fill the gap in the market for the lower GSM ranges. The mill's product portfolio includes soft GSM Kraft packaging paper with a basis weight of 60 to 80 as anchor GSM and 150 GSM basis weight Kraft packaging paper.

Additional Benefits:

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

Table of Contents:

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1 INTRODUCTION

1.1 Study Assumptions and Market Definition

1.2 Scope of the Study

2 RESEARCH METHODOLOGY

3 EXECUTIVE SUMMARY

4 MARKET INSIGHTS

4.1 Market Overview

4.2 Industry Value Chain Analysis

4.3 Industry Attractiveness - Porter's Five Forces Analysis

4.3.1 Bargaining Power of Suppliers

4.3.2 Bargaining Power of Buyers

4.3.3 Threat of New Entrants

4.3.4 Threat of Substitutes

4.3.5 Intensity of Competitive Rivalry

4.4 Assessment of Impact of COVID-19 on the Industry

4.5 Import-Export Analysis

4.6 GCC Paper Bags - Government Regulations/Requirements

4.7 Paper Bags Raw Material/ Equipment Suppliers

5 MARKET DYNAMICS

5.1 Market Drivers

5.1.1 A Reliable Alternative for Single-Use Plastic Bags

5.1.2 Increased Growth of Paper Bags Packaging in the E-commerce Sector

5.2 Market Restraints

5.2.1 Concerns Regarding the Availability of Material

6 MARKET SEGMENTATION

6.1 By Type

6.1.1 White Kraft

6.1.2 Brown Kraft

6.2 By End User

6.2.1 Retail

6.2.2 Food

6.3 By Country

6.3.1 Saudi Arabia

6.3.2 United Arab Emirates

6.3.3 Qatar

6.3.4 Rest of GCC (Oman, Kuwait, Bahrain)

7 COMPETITIVE LANDSCAPE

7.1 Company Profiles

7.1.1 Huhtamaki Flexibles UAE

7.1.2 Hotpack Packaging Industries LLC

7.1.3 Al Zaini Converting Industries

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- 7.1.4 Gulf East Paper & Plastic Industries LLC
- 7.1.5 Falcon Pack
- 7.1.6 Mondi Plc
- 7.1.7 BreezPack
- 7.1.8 Unipack Containers & Carton Products LLC

8 INVESTMENT ANALYSIS

9 MARKET OPPORTUNITIES AND FUTURE TRENDS

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