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Saudi Arabia Fertilizer - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts 2019 - 2029

Market Report | 2024-02-17 | 120 pages | Mordor Intelligence

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Report description:

The Saudi Arabia Fertilizer Market size is estimated at USD 694.74 billion in 2024, and is expected to reach USD 992.75 billion by 2029, growing at a CAGR of 7.40% during the forecast period (2024-2029).

The effects of COVID-19 were severe on the economy across the sectors of Saudi Arabia, resulting in a shortage of labor, temporary plant closures, and reduced operating rates across all the industrial sectors in the country. Even if factories have resumed their operation, there were issues regarding shipping and logistics. Thus, finding air, sea, or land freight was a major factor disrupting the companies involved in the industry. Higher costs of containers and shipping, hauling, and storage increased fertilizer prices.

Over the years, Saudi Arabia, a country that receives an average of just about four inches of rain every year, has aimed to develop its agricultural sector to achieve self-sufficiency in food security. Thus, the application of fertilizer to improve crop growth and yield is expected to become crucial, creating higher demand for fertilizer.

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Although the nitrogenous fertilizer segment took the larger chunk of the market with the share of 39.3% in 2021, potassic fertilizer application is growing at a rapid rate, as it may enhance the plants' tolerance to abiotic stress, especially a lack of water, which may otherwise significantly reduce crop yields. Fruits and vegetable production has been growing in the country. The COVID-19 pandemic has emphasized the importance of developing local food sources. Thus, increased agricultural activity due to the government's various initiatives to achieve self-sufficiency is expected to drive the fertilizer market in the country over the forecast period.

Saudi Arabia Fertilizer Market Trends

Increasing Export Potential for Fertilizers

Saudi Arabia is the largest ammonia exporter in the GCC region. Exports of ammonia are mainly destined to the Indian market, the rest being diverted to other Asian and African countries. There are various potential sales destinations for Saudi Arabian ammonia producers in the Asia-Pacific, including China, Japan, South Korea, Thailand, and Vietnam. Arabian producers have a competitive advantage in supplying the Asian-Pacific region (especially South and South-East Asia) compared to its other European, African, and South American counterparts.

According to the ITC trade, the export quantity for urea increased during 2017-2020 in Saudi Arabia. The country's urea export was recorded as 3,797.5 thousand metric ton in 2017 and reached 4,428.7 thousand metric ton in 2020. Thailand was the major destination for Saudi Arabia, with a value share of 23.9% in 2020. Other destinations include the United States, Australia, South Africa, and New Zealand.

The availability of natural gas at an attractive price in the country gives an advantage of the low cost of production. The ability of producers to run plants efficiently and reliably makes the construction of export-orientated, integrated urea plants very attractive. This is expected to result in the overall growth of the market.

Nitrogenous Fertilizer Dominates the Product Type Segment

Saudi Arabia accounts for about one-third of the GCC fertilizer export volume of about 7.2 million metric tons, with urea representing 53% and the remaining shared between ammonia and DAP. Saudi Arabia mostly depends on imports for domestic vegetable consumption. To avoid complete reliance on vegetable imports, the Saudi government formulated policies that encourage farmers to grow crops that require low water over crops that consume more water. The yield of vegetables increased from 174,026 hg/ha in 2016 to 176,524 hg/ha in 2018, owing to the improved water conditions.

Increasing the cultivation of vegetable crops (tomatoes) drives the demand for ammonium sulfate as it also helps in the growth of plants by providing nitrogen. The domestic demand for ammonium sulfate is majorly met through imports. SafSulphur company is one of the key companies that offer good quality ammonium sulfate in Saudi Arabia. The import of ammonium sulfate in the country witnessed steady growth during the review period. For instance, as per ITC trade, the import of ammonium sulfate increased from 1,981 metric tons in 2019 to 2,126 metric tons in 2020, indicating possible market growth in the coming years.

Moreover, the government wants the country to be self-sufficient in vegetable production, especially after the food crisis a few years ago. As a result, the demand for nitrogenous fertilizers such as urea is anticipated to increase in the coming years.

Saudi Arabia Fertilizer Industry Overview

The Saudi Arabia Fertilizers market is moderately consolidated in nature, in which major players account for 53.2% of the market share. Saudi Basic Industries Corporation (SABIC), Maaden phosphate Co., Arabian Agricultural Services Co. (ARASCO), Saudi United Fertilizer Co. (Al-Asmida), and Saf Sulphur Company are the major players in the Saudi Arabia fertilizer market.

The domestic and international players in the market are focusing on strategies such as increasing investments in research and development, product launches, expansions, and partnerships to improve their market share in the region.

Additional Benefits:

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

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