Saudi Arabia Paper And Paperboard Packaging - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts 2019 - 2029

Market Report | 2024-02-17 | 148 pages | Mordor Intelligence

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Report description:

The Saudi Arabia Paper And Paperboard Packaging Market size is estimated at USD 2.22 billion in 2024, and is expected to reach USD 2.84 billion by 2029, growing at a CAGR of 4.24% during the forecast period (2024-2029).

The growing demand for customer-friendly packages and heightened product protection is expected to boost corrugated packaging as a viable and cost-effective solution in Saudi Arabia. ?Paper and Paper board packaging options such as corrugated boxes and folding cartons are some of the most versatile and cost-effective formats to package and deliver goods, with diverse possibilities in a visually appealing product.

Key Highlights
-The country has a huge consumer base and a wide range of industrial activities (apart from the oil and gas sector), adding to the rapid growth in the demand for paper and paperboard packaging from the country. ??According to the General Authority of Statistics report, the overall merchandise value of Saudi Arabia's exports increased by 6.4% in Q4 2022 compared to the same time the previous year. The value of exports amounted to SAR 342.4 (USD 91.23) billion in Q4. This increase in export trade would consequently push the demand for paperboard packaging demand, especially from the secondary and tertiary and secondary packaging sectors.
-There is a huge demand for food delivery apps in Saudi Arabia, and the industry has seen tremendous growth in recent years. Also, the demand for single-serve packs is being driven by the increasing number of single-person households and changing consumer lifestyles, which is expected to augment the growth of the packaged food market, driving the studied market growth.?
-Saudi Vision 2030 aims to privatize its healthcare sector, which is expected to revamp the growth in the industry and is likely to support the healthcare packaging market. Some regional companies have made several agreements to increase the recyclability of their folding cartons. In recent years, Tetra Pak signed its first-ever contract in Saudi Arabia with the OPI paper mill, which can

produce 180 thousand tons of duplex board annually and has been recycling approximately 6,000 tons of used cartons annually.
-Although Saudi Arabia is one of the leading markets in the packaging industry in the Middle Eastern region, the growing reliance of manufacturers on other countries for raw materials and their fluctuating prices is likely to hamper the studied market growth.
-The COVID-19 pandemic had a negative effect on the packaging industry, resulting in lockdowns, corporations shifting their sourcing away from China, and reconsidering packaging materials. Despite a significant effect on the supply side of the packaging, considerable growth in end-user demand in specific applications significantly expanded the scope of the paperboard packaging industry.

Saudi Arabia Paper And Paperboard Packaging Market Trends

Folding Cartons to Witness Major Growth

- With the focus on eco-friendliness and sustainability, folding carton demand has increased across various industries in Saudi Arabia, such as food and beverage, healthcare, personal care, home care, retail, etc. Consumer consciousness of sustainable packaging preference, availability of raw material, lightweight, biodegradable, and recyclable nature of paper, and deforestation have driven the demand for this packaging type in the region.
- Saudi Arabia's food industry remains one of the most robust sectors in the overall GCC economy. Saudi Arabian consumers are increasingly becoming savvy regarding food as their demand for new products with a strong focus on health is growing. The region has a high rate of packaged food and beverage consumption due to rapid urbanization and an increasing number of tourists who often prefer safer processed foods.
- Moreover, According to the General Authority for Statistics (Saudi Arabia), the revenue generated by the food and beverage service is projected to reach USD 16.03 billion by 2025 from USD 14.46 billion in 2020. The growth of 10.8% is due to the increasing demand for milk and milk products, which is expected to support the need for the Folding Cartons.
- Furthermore, with the rising number of single households requiring more takeaway and delivery food services, the market requirement in the food service sector has been reshaped, driving the growth of the market studied in the country.

Food and Beverages Segment to Grow Significantly

- The growth of the food industry is driving demand for folding cartons, corrugated boxes, and liquid cartons due to changes in national lifestyles and increasing needs for ready-to-eat, frozen, and packaged products. The explosive growth of the online food industry, tourism, and sustainable packaging solutions is also driving the development of this market sector, as dedicated cardboard boxes are used for products to protect them from external influences.
- Saudi Authority for Industrial Cities and Technology Zones (also simply called MODON) is a government agency established by the Saudi government. MODON has signed seven contracts totaling 99,400 square meters to benefit the Kingdom's food and beverage sector. Also, MODON signed two additional agreements during the Saudi Food 2023 opening ceremony to promote financing solutions, support business development, and promote entrepreneurship.
- The Saudi Arabian tourism sector is undergoing a significant transformation, with the public and private sectors working together to diversify the tourist base and the purpose of tourism to the Kingdom, away from traditional business and religious tourism.
- According to the World Travel and Tourism Council, the total contribution of travel and tourism to gross domestic product (GDP) across the Middle East countries would amount to approximately USD 486.1 billion by 2028. Growing tourism sector is expected to positively impact the market studied.
- Moreover, the country's incoming tourism revenue increased by 225 % over the same period in the previous year. The rapidly growing tourism sector presents many opportunities for developing the food and beverage industry in Saudi Arabia, accelerating

the necessity of different paper-based packaging like folding cartons, paper bags, corrugated boxes, and more.

Saudi Arabia Paper And Paperboard Packaging Industry Overview

The Saudi Arabian paper and paperboard packaging market comprises major companies such as Obeikan Investment Group, Gulf Carton Factory Company, and Eastern Pak Limited, occupying a major market share owing to regular investment in technological advancements and product launches. Furthermore, as the entry to the barrier is low to moderate, the existing companies are catering to the increasing demand. Also, with the growing opportunity in the market, new and current companies are being compelled to invest in product innovations. As a result, it increases the market's competition, rendering it semi-consolidated.

- August 2023 - The Saudi Public Investment Fund (PIF) revealed signing a binding agreement to acquire a 23.08% stake in Middle East Paper Company (MEPCO) for around SAR 630 million (approx. USD 168 million). As per the agreement, MEPCO will increase its capital by up to SAR 866.7 million (approx. USD 231.054 million) by suspending the priority right.
- July 2023 - In a strategic initiative to bolster its packaging portfolio and extend its market reach, Napco National successfully acquired Rotopak, a leading supplier of printed flexible and paperboard packaging solutions. The acquisition aligns with Napco's vision to develop high-value products and tailored services for industries within the GCC region. Moreover, it underscores the company's commitment to address both societal needs and environmental considerations through its offerings.

Additional Benefits:

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

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