

Gujarat Technological University



# Ceramics

## Prospects in Saudi Arabia

Centre for Global Business Studies

2016

<b>CONTENTS</b>	<b>PG. NO</b>
<b>Saudi Arabia : GCC Projections</b>	<b>3</b>
<b>Saudi Arabia : Economic Scenario</b>	<b>4</b>
<b>Saudi Arabia : Construction Scenario</b>	<b>5</b>
Housing and Building Material	
<b>Ceramic Tiles Statistics</b>	<b>7</b>
Consumption of Saudi Arabia and Production of India	
Imports of Saudi Arabia and Exports of India	
<b>Saudi Arabia : Ceramics at a Glance</b>	<b>9</b>
<b>Saudi Arabia : Ceramic Tiles imports in details</b>	<b>11</b>
<b>Saudi Arabia Sanitary ware</b>	<b>14</b>
<b>Opportunity Sanitary Ceramics</b>	<b>15</b>
<b>Saudi Arabia: Sanitary ware in details</b>	<b>16</b>
<b>Saudi Arabia: Importers of Ceramics</b>	<b>17</b>
<b>Saudi Arabia for Foreign Investors</b>	<b>18</b>
Investment Climate and Incentives	
Regional and International Financial programs	
Positive laws and Regulations	
Start a Business Service – Investment Guide	
<b>Sources</b>	<b>22</b>

# Saudi Arabia

## Gulf cooperation Council (GCC) projections

### Saudi Arabia has the highest stake for Net value of projects in pre-execution in GCC

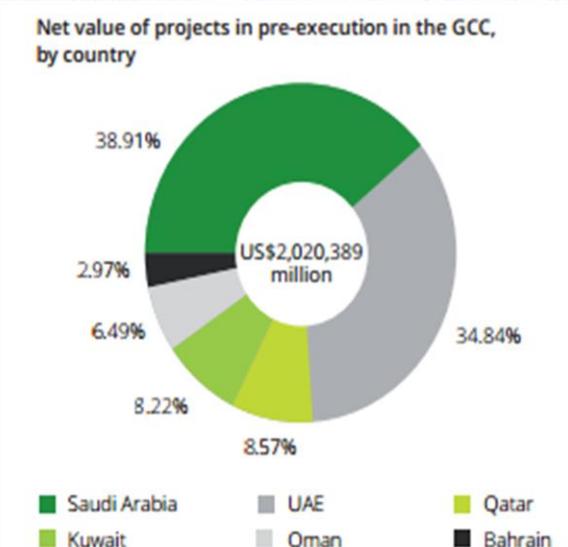
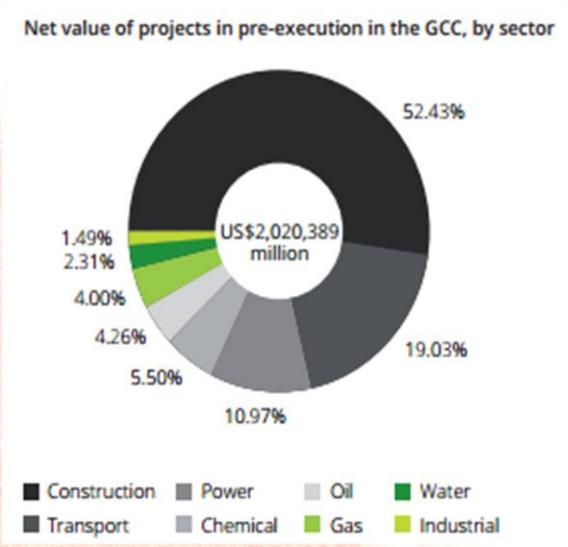
38.91%

Net Value of projects in pre-execution of Saudi Arabia in the GCC

Gulf countries have all been affected by the decline in oil prices in varying magnitudes. Saudi Arabia benefit from solid financial reserves, and the progress made in diversification and integration with world trade, has allowed them to confirm their visions for diversification as a priority.

Saudi Arabia, the biggest economy in the Gulf, approved in April 2016 its long-term economic transformation plan, Vision 2030, which sets out a number of structural reforms to advance economic diversification.

The pipeline of projects planned in the GCC as of May 2016 amounts to US\$2 trillion, with Saudi Arabia and the UAE as the market leaders



Source: Deloitte GCC Powers of Construction 2016

### Contracts close to being awarded

Construction of metro lines in Mecca

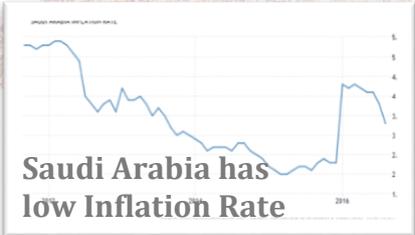
Metro and light rail networks in Jeddah

A rail network planned for Medina (is at an earlier stage)

Taif International Airport, with a capacity to handle 5 million passengers annually, is due to be developed under a PPP model.

# Saudi Arabia : Economic scenario

 <b>Population</b> 299,994,272	 <b>EODB (June 2015)</b> 82 out of 189	 <b>Income Category</b> High Income
---	--	--



Indicators	2011	2012	2013	2014	2015
GDP Growth rate (%)	9.96	5.38	2.67	3.64	3.49
GDP (Million of SR)	2,172,286	2,289,252	2,350,373	2,435,896	2,520,801

Source: General Authority for statistics-Kingdom of Saudi Arabia | All values are at constant prices

**Forecast I Quarter 2020**

 <b>GDP Growth Rate</b> 3.5%	 <b>GDP</b> 713,514 (Million of SR)	 <b>Inflation</b> 3.3%
--	--	--

## Facts about Saudi Arabia - SA

- |                                 |   |
|---------------------------------|---|
| <b>GDP</b>                      | •GDP growth over past half century was the 3rd fastest in the world, behind China and South Korea                               |
| <b>Macro Economic Stability</b> | •Economy ranks 4th in the world for macroeconomic stability; one of the world's 20 largest economies ; No. 1 in the MENA region |
| <b>Export and Import</b>        | •SA is the 19th largest exporter and 20th largest import market in the world  |
| <b>Account Surplus</b>          | •SA has the 3rd largest current account surplus in the world  |
| <b>Economy</b>                  | •SA is the largest economy in the Middle East and North Africa, with 38% of the region's gross domestic product                 |
| <b>Oil Reserves</b>             | •Saudi Arabia has 18% of the world's oil reserves   |
| <b>Domestic Market</b>          | •Expanding domestic market (annual population growth of 3.5 %), adds young - consuming population with strong buying power      |
| <b>MENA Markets</b>             | •Excellent access to MENA markets, as well as the advanced and emerging economies of nearby Europe, Asia and Africa             |

# Saudi Arabia: Construction scenario

Indicators	2011	2012	2013	2014	2015
<b>GDP growth rate</b>	9.87	4.77	7.77	6.74	5.59
<b>Construction (%)</b>					
<b>GDP Construction (Million of SR)</b>	99,739	104,499	112,617	120,211	126,930
<b>GDP % distribution Construction</b>	4.59	4.56	4.79	4.93	5.04

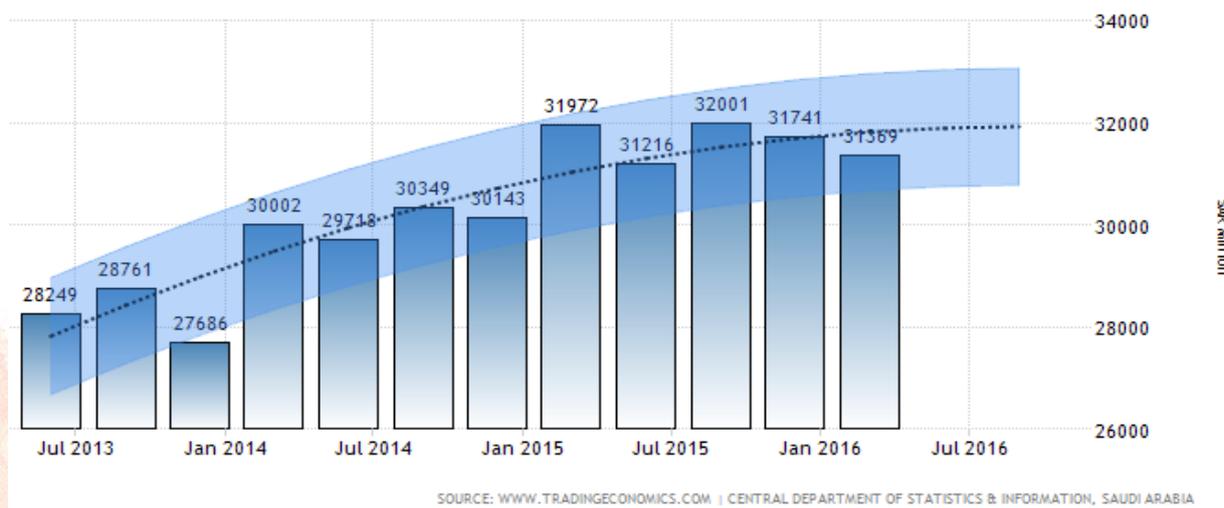
Employment in construction (2013)



4.7 (Jobs, mn)

Source: General Authority for statistics – Kingdom of Saudi Arabia | All values are at constant prices

SAUDI ARABIA GDP FROM CONSTRUCTION

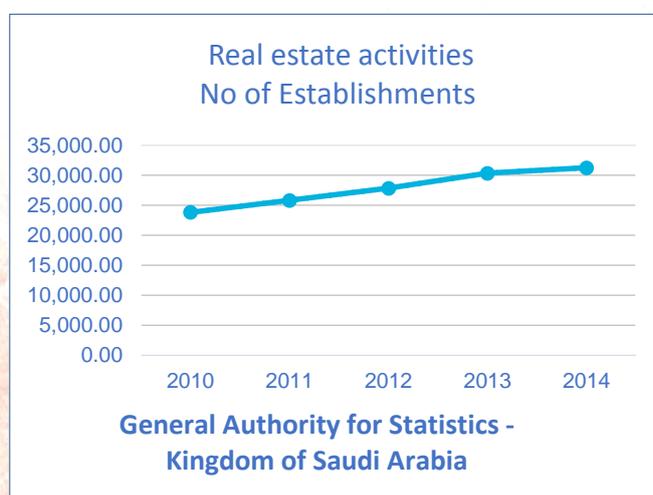


SOURCE: WWW.TRADINGECONOMICS.COM | CENTRAL DEPARTMENT OF STATISTICS & INFORMATION, SAUDI ARABIA

GDP from construction (forecaste 1st quarter 2020) **35,698 (SRA MILLION)**

## Construction Other than housing

- Several initiatives taken by the SA government toward large-scale infrastructure projects other than housing include **development of 742 schools and 40 colleges**
- According to STR's August 2016 Pipeline Report Saudi Arabia reported **35,611 rooms in construction in 79 hotels**



# Saudi Arabia: Construction scenario

## Housing and Building Material



Housing Construction contribution to GDP(2013) - 4.8%



Housing sector contribution to employment (2010) - 18%



Building materials market in Saudi Arabia in 2013 - USD 16 Bn



Expected average annual spend on public construction projects (2014-2018) - USD 35 Bn

### The Ministry is focusing on

- Partnering with companies to build villas and multistory apartment buildings, either on government or privately owned land
- It has implemented a regulatory framework to organize this partnership process and provides a package of incentives to attract skilled and experienced private companies to the kingdom

### Housing Investment Needs (2015 - 2019)



### Building materials – Looking Ahead

#### Categories of products identified for localization

Construction chemicals, such as adhesives and concretes

Building products like ceramics and pipes

Building equipment & systems, such as security systems and switchgear

Saudi Arabia General Investment Authority (**SAGIA**) – led study have short listed ‘first priority’ products that the SA government can actively push to localize in the next five years

# Ceramic Tiles Statistics

## Saudi Arabia on consumption and India on production

### Ceramic tiles consumption

Saudi Arabia **rank 7<sup>th</sup>** in world consumption of ceramic tiles, with **244 million sq.m** which is **2%** of world consumption (in 2014)

TOP CONSUMPTION COUNTRIES							
COUNTRY	2010 (Sq.m Mill.)	2011 (Sq.m Mill.)	2012 (Sq.m Mill.)	2013 (Sq.m Mill.)	2014 (Sq.m Mill.)	% on 2014 world consumption	% var. 14/13
1. CHINA	3,500	4,000	4,250	4,556	4,894	40.5%	7.4%
2. BRAZIL	700	775	803	837	853	7.1%	1.9%
3. INDIA	557	625	681	718	756	6.3%	5.3%
4. INDONESIA	277	312	340	360	407	3.4%	13.1%
5. VIETNAM	330	360	254	251	310	2.6%	23.5%
6. IRAN	335	395	375	350	280	2.3%	-20.0%
7. SAUDI ARABIA	182	203	230	235	244	2.0%	3.8%
8. USA	186	194	204	230	231	1.9%	0.4%
9. RUSSIA	158	181	213	231	219	1.8%	-5.2%
10. TURKEY	155	169	184	226	215	1.8%	-4.5%
<b>TOTAL</b>	<b>6,380</b>	<b>7,214</b>	<b>7,534</b>	<b>7,994</b>	<b>8,409</b>	<b>69.5%</b>	<b>5.2%</b>
<b>WORLD TOTAL</b>	<b>9,543</b>	<b>10,486</b>	<b>10,978</b>	<b>11,604</b>	<b>12,095</b>	<b>100.0%</b>	<b>4.2%</b>

Source / Fonte: Acimac Survey dept. "World Production and consumption of ceramic tiles", 3<sup>rd</sup> edition 2015

India **rank 3<sup>rd</sup>** in world manufacturing of ceramic tiles with **825 million sq.m** which is **6.6%** of world production (in 2014)

### Ceramic tiles production

TOP MANUFACTURING COUNTRIES							
COUNTRY	2010 (Sq.m Mill.)	2011 (Sq.m Mill.)	2012 (Sq.m Mill.)	2013 (Sq.m Mill.)	2014 (Sq.m Mill.)	% on 2014 world production	% var. 14/13
1. CHINA	4,200	4,800	5,200	5,700	6,000	48.4%	5.3%
2. BRAZIL	754	844	866	871	903	7.3%	3.7%
3. INDIA	550	617	691	750	825	6.6%	10.0%
4. SPAIN	366	392	404	420	425	3.4%	1.2%
5. INDONESIA	287	320	360	390	420	3.4%	7.7%
6. IRAN	400	475	500	500	410	3.3%	-18.0%
7. ITALY	387	400	367	363	382	3.1%	5.2%
8. VIETNAM	375	380	290	300	360	2.9%	20.0%
9. TURKEY	245	260	280	340	315	2.5%	-7.4%
10. MEXICO	210	221	231	230	230	1.9%	0.0%
<b>TOTAL</b>	<b>7,774</b>	<b>8,709</b>	<b>9,189</b>	<b>9,864</b>	<b>10,270</b>	<b>82.8%</b>	<b>4.1%</b>
<b>WORLD TOTAL</b>	<b>9,644</b>	<b>10,630</b>	<b>11,230</b>	<b>11,973</b>	<b>12,409</b>	<b>100.0%</b>	<b>3.6%</b>

Source / Fonte: Acimac Survey dept. "World Production and consumption of ceramic tiles", 3<sup>rd</sup> edition 2015

# Ceramic Tiles Statistics

## Saudi Arabia on Imports and India on Exports

India ranks 5<sup>th</sup> in world exports of ceramic tiles, with **92 million sq.m**, which is **3.4%** of world export and **11.1%** of national production that has a value of **325 million euros** with an average price of **3.5 euros/sq.m** (in 2014)

TOP EXPORTING COUNTRIES									
COUNTRY	2011 (Sq.m Mill.)	2012 (Sq.m Mill.)	2013 (Sq.m Mill.)	2014 (Sq.m Mill.)	% on 2014 national production	% on 2014 world exports	% var 14/13	value 2014 (million €)	average export price (€/sq.m)
1. CHINA	1,015	1,086	1,148	1,110	18.5%	41.4%	-3.3%	5,530	5.0
2. SPAIN	263	296	318	339	82.7%	12.6%	6.6%	2,328	6.9
3. ITALY	298	289	303	314	82.2%	11.7%	3.6%	4,109	13.1
4. IRAN	65	93	114	109	26.6%	4.1%	-4.4%	364	3.3
5. INDIA	30	33	51	92	11.1%	3.4%	80.4%	325	3.5
6. TURKEY	87	92	88	85	27.0%	3.2%	-3.4%	450	5.3
7. BRAZIL	60	59	63	69	7.6%	2.6%	9.5%	232	3.4
8. MEXICO	59	63	64	62	27.0%	2.3%	-3.1%	296	4.7
9. UAE	48	50	51	53	54.1%	2.0%	3.9%	n.a.	n.a.
10. POLAND	36	42	48	42	31.3%	1.6%	-12.5%	200	5.2
<b>TOTAL</b>	<b>1,961</b>	<b>2,103</b>	<b>2,248</b>	<b>2,275</b>	<b>23.4%</b>	<b>84.8%</b>	<b>1.5%</b>		
<b>WORLD TOTAL</b>	<b>2,346</b>	<b>2,520</b>	<b>2,655</b>	<b>2,683</b>	<b>21.6%</b>	<b>100.0%</b>	<b>1.1%</b>		

Source / Fonte: Acimac Survey dept. "World Production and consumption of ceramic tiles", 3<sup>rd</sup> edition 2015

Saudi Arabia ranks 2<sup>nd</sup> in world Imports of ceramic tiles with **149 million sq.m** which is **5.6%** of world Imports and **61%** national consumption (in 2014)

TOP IMPORTING COUNTRIES								
COUNTRY	2010 (Sq.m Mill.)	2011 (Sq.m Mill.)	2012 (Sq.m Mill.)	2013 (Sq.m Mill.)	2014 (Sq.m Mill.)	% on 2014 national consumption	% on 2014 world imports	% var. 14/13
1. USA	130	131	139	160	159	68.8%	5.9%	-0.6%
2. SAUDI ARABIA	117	134	155	155	149	61.0%	5.6%	-3.9%
3. IRAQ	66	80	105	121	102	99.0%	3.8%	-15.7%
4. FRANCE	104	110	107	96	99	86.1%	3.7%	3.1%
5. GERMANY	86	90	89	89	95	79.2%	3.5%	6.7%
6. NIGERIA	36	47	61	84	90	89.1%	3.4%	7.1%
7. SOUTH KOREA	59	63	61	65	76	63.3%	2.8%	16.9%
8. RUSSIA	51	63	72	80	73	33.3%	2.7%	-8.8%
9. UAE	51	50	52	53	54	54.5%	2.0%	1.9%
10. PHILIPPINES	31	31	38	46	53	63.1	2.0	15.2%
<b>TOTAL</b>	<b>731</b>	<b>799</b>	<b>879</b>	<b>949</b>	<b>950</b>	<b>66.2%</b>	<b>35.4%</b>	<b>0.1%</b>
<b>WORLD TOTAL</b>	<b>2,128</b>	<b>2,346</b>	<b>2,520</b>	<b>2,655</b>	<b>2,683</b>	<b>22.2%</b>	<b>100.0%</b>	<b>1.1%</b>

Source / Fonte: Acimac Survey dept. "World Production and consumption of ceramic tiles", 3<sup>rd</sup> edition 2015

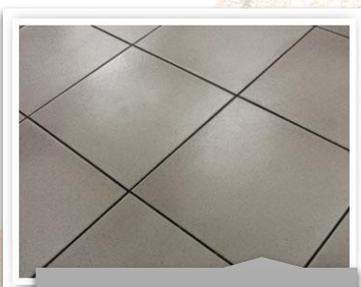
# Saudi Arabia: Ceramics at a Glance

## Ceramic Unglazed Tiles and Building Bricks

Saudi Arabia **#4** in world Import of Unglazed ceramic mosaic tiles etc., smaller than 7cm wide by import weight, with world share of **10.2%** in 2013



Ceramic Unglazed Tiles-  
Less than 7 CM Square



Ceramic Unglazed Tiles  
for Flooring or Walls



Ceramic Building  
Bricks

Ceramic Product	Imports 2015	India's Share	Top import countries
Ceramic Unglazed Tiles less than 7 Cm Square	36,827	7.5 % in 2015 Total exports in 2016 till june is 5,328	China – 30.5 % Italy – 12.4 %

TOTAL Exports of Saudi Arabia in 2015 is **4,574**

Ceramic Unglazed Tiles for Flooring or Walls	419,363	22.48 % in 2015 Total exports in 2016 till june is 64,337	China – 27.6 % Spain – 25.3 %
--	---------	--	----------------------------------

TOTAL Exports of Saudi Arabia in 2015 is **7,711**

Other Unglazed Ceramic Flags and Tiles	6,733	India's last export to Saudi Arabia was in 2012	China – 38.3 % UAE – 17.5 %
--	-------	---	--------------------------------

TOTAL Exports of Saudi Arabia in 2015 is **2,123**

All values are in Thousands of SR  
Source: General Authority for statistics-Kingdom of Saudi Arabia

Ceramic Product	Imports 2015	India's Share	Top import countries
Ceramic Building Bricks	2,360	India started exporting to SA in 2016. Exports till june 2016 is 449	Belgium – 22.7 % France – 14.4 %

TOTAL Exports of Saudi Arabia in 2015 is **33,049**

Other Ceramic Building Blocks	12,011	5.4 %	USA – 27.6 % Italy – 19.5 %
-------------------------------	--------	-------	--------------------------------

TOTAL Exports of Saudi Arabia in 2015 is **267**

All values are in Thousands of SR  
Source: General Authority for statistics-Kingdom of Saudi Arabia

## Saudi Arabia: Ceramics at a Glance

### Ceramic Glazed Tiles and Roofing Tiles

Saudi Arabia **#2** in world Import of Glazed ceramic flags, tiles wider than 7 cm by import weight, with world share of **5.0%** in 2013



Glazed Ceramic Tiles-Less than 49 CM Square

Ceramic Product	Imports 2015	India's Share	Top import countries
Ceramic Glazed Tiles less than 49 Cm Square	685,252	27 % in 2015 Total exports in 2016 till june is 149,893	China – 37.3 % Spain – 19.9 %

TOTAL Exports of Saudi Arabia in 2015 is **1,898**



Glazed Ceramic Tiles for Flooring and Walls

Ceramic Glazed Tiles for Flooring or Walls	1,326,837	8.7 % in 2015 Total exports in 2016 till june is 58,679	UAE – 37.2 % China – 20.1 %
--	-----------	--	--------------------------------

TOTAL Exports of Saudi Arabia in 2015 is **98,021**

Other Glazed Ceramic Flags and Tiles	8,235	17.3% in 2015 Total exports in 2016 till june is 310	China – 38.3 % UAE – 17.5 %
--------------------------------------	-------	---	--------------------------------

TOTAL Exports of Saudi Arabia in 2015 is **3,866**

All values are in Thousands of SR

Source: General Authority for statistics-Kingdom of Saudi Arabia

Saudi Arabia Imported **Glazed Ceramic Tiles and flags for flooring and walls** from more than **40** Countries and exported to about **20** countries in last 5 year



Ceramic Roofing Tiles

Ceramic Product	Imports 2015	India's Share	Top import countries
Ceramic Roofing Tiles	41,375	India started exporting to SA in 2016. Total exports till june 2016 is 122	Italy – 65.8 % Spain – 18.3 %

TOTAL Exports of Saudi Arabia in 2015 is **22,755**

All values are in Thousands of SR

Source: General Authority for statistics-Kingdom of Saudi Arabia

# Saudi Arabia: Ceramic tiles imports in details

## Ceramic Unglazed Tiles

### Ceramic Unglazed Tiles (less than 7 CM Square) - IMPORTS

Values are in Thousands of SR

Country of Import	2011	2012	2013	2014	2015	up to June 2016
SULTANATE OF OMAN	7,277	16,348	38,006	14,042	14,307	182
CHINA	12,092	12,169	12,300	9,014	11,219	7,259
ITALY	6,899	12,839	3,261	1,977	4,573	6,008
SPAIN	4,293	2,882	9,095	5,387	1,519	3,172
INDIA			486	771	2,786	5,328
EGYPT		768	3,562		447	
GERMANY	201	1,489	434	287	593	436
INDONESIA	826	770	818	756	258	
TURKEY	215	621		1,109	116	
UNITED KINGDOM						1,224
OTHER COUNTRIES	1,653	2,077	824	797	1,009	758
<b>TOTAL</b>	<b>33,456</b>	<b>49,963</b>	<b>68,786</b>	<b>34,140</b>	<b>36,827</b>	<b>24,367</b>

Source: General Authority for statistics-Kingdom of Saudi Arabia

### Ceramic Unglazed Tiles (for Flooring or Walls) - IMPORTS

Values are in Thousands of SR

Country of Import	2011	2012	2013	2014	2015	up to June 2016
CHINA	80,423	113,838	123,762	117,946	115,877	35,965
SPAIN	28,841	15,741	45,114	61,340	106,144	47,295
INDIA	2,200	1,968	24,897	65,465	94,277	64,337
ITALY	15,313	15,121	26,500	30,929	36,281	17,048
EGYPT	34,770	17,930	10,854	12,179	43,102	11,962
GERMANY	11,077	13,675	6,592	9,024	5,516	6,551
U A E	279			202	7,001	14,917
TURKEY	1,078	2,947	1,402	652	4,194	1,069
PORTUGAL	820	3,369	896	1,635	2,768	1,614
OTHER COUNTRIES	7,295	5,661	8,003	3,631	4,203	2,160
<b>TOTAL</b>	<b>182,096</b>	<b>190,250</b>	<b>248,020</b>	<b>303,003</b>	<b>419,363</b>	<b>202,918</b>

Source: General Authority for statistics-Kingdom of Saudi Arabia

# Saudi Arabia: Ceramic tiles imports in details

## Ceramic unglazed and Roofing tiles | Building Bricks

**Ceramic Unglazed FLAGS AND Tiles - IMPORTS** Values are in Thousands of SR

Country of Import	2011	2012	2013	2014	2015	up to June 2016
ITALY	432	9,346	3,315	1,124	654	
GERMANY	412	6,775	4,295	2,320		
CHINA	985	786	964	1,062	2,579	589
SPAIN	1,022	1,480	428	647	467	
U.S.A	809	599	392	351		537
AUSTRALIA		783		536	693	
UAE			139		1,178	
SULTANATE OF OMAN				1,113	136	
JAPAN	1,186					
INDIA		193				
OTHER COUNTRIES	1,149	1,010	554	294	1,026	903
<b>TOTAL</b>	<b>5,995</b>	<b>20,972</b>	<b>10,087</b>	<b>7,447</b>	<b>6,733</b>	<b>2,029</b>

### Ceramic Building Bricks – IMPORTS

Country of Import	2011	2012	2013	2014	2015
JORDAN	5,516				
U.S.A	1,290	1,305		284	658
NETHERLANDS		2,012	608	464	
ITALY	1,955		155		
GERMANY				643	487
AUSTRALIA				997	
BELGIUM				283	536
UNITED KINGDOM	441				
OTHER COUNTRIES	417	1,151	270	823	679
<b>TOTAL</b>	<b>9,619</b>	<b>4,468</b>	<b>1,033</b>	<b>3,494</b>	<b>2,360</b>

### Ceramic Roofing Tiles – IMPORTS

Country of Import	2011	2012	2013	2014	2015
ITALY	14,118	21,739	35,722	33,250	27,217
SOUTH KOREA	3,800	5,305	9,111	6,460	5,963
SPAIN	3,626	4,515	4,438	6,042	7,563
NORTH KOREA	722	1,422			
CHINA	629		533	426	
BRAZIL	193		697		104
INDIA	661				
OTHER COUNTRIES	899	1,471	838	597	528
<b>TOTAL</b>	<b>24,648</b>	<b>34,452</b>	<b>51,339</b>	<b>46,775</b>	<b>41,375</b>

Source: General Authority for statistics-Kingdom of Saudi Arabia

# Saudi Arabia: Ceramic tiles imports in details

## Ceramic Glazed Tiles

<b>Glazed Ceramic Tiles (less than 49 CM Square) - IMPORTS</b>							Values are in Thousands of SR
Country of Import	2011	2012	2013	2014	2015	up to June 2016	
CHINA	340,592	372,753	341,007	168,687	255,532	113,659	
SPAIN	129,415	174,882	159,054	107,326	136,420	78,992	
INDIA	15,287	23,871	47,497	61,165	185,702	149,893	
EGYPT	102,456	123,594	105,321	56,018	32,592	7,939	
ITALY	40,361	45,952	51,781	35,620	48,736	21,857	
SULTANATE OF OMAN	14,952	7,645	7,635	10,073	11,577	3,320	
TURKEY	6,818	9,830	10,925	6,850	9,363	2,043	
UAE	914	20,254			476	2,266	
OTHER COUNTRIES	4,226	5,338	7,168	4,501	4,854	4,455	
<b>TOTAL</b>	<b>655,021</b>	<b>784,119</b>	<b>730,388</b>	<b>450,240</b>	<b>685,252</b>	<b>384,424</b>	

Source: General Authority for statistics-Kingdom of Saudi Arabia

### Glazed Ceramic Tiles and Flags for Flooring and Walls - IMPORTS

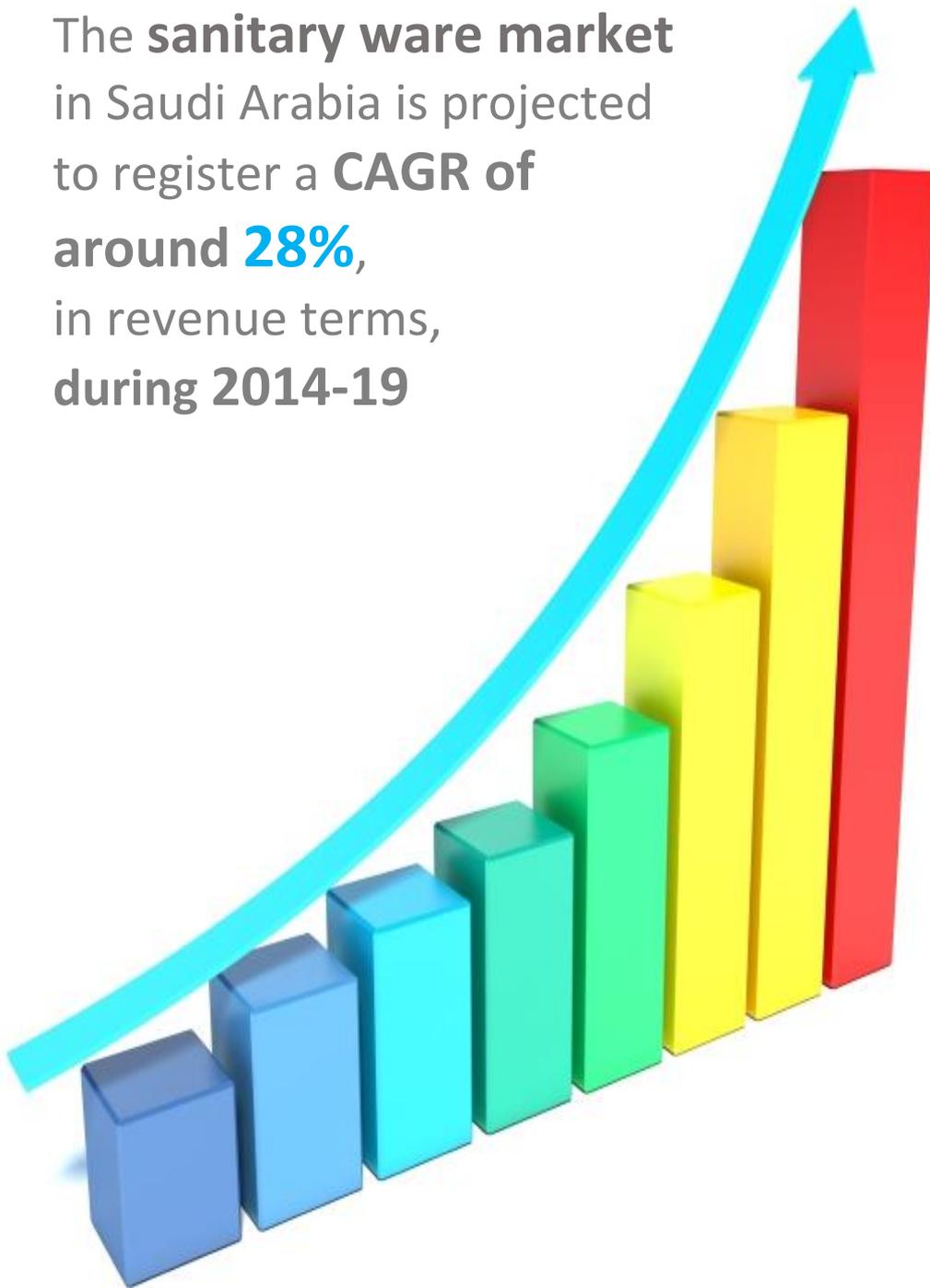
<b>Glazed Ceramic Tiles and Flags for Flooring and Walls - IMPORTS</b>							Values are in Thousands of SR
Country of Import	2011	2012	2013	2014	2015	up to June 2016	
UA E	470,098	491,149	569,332	404,664	493,157	175,757	
CHINA	232,071	298,344	290,995	333,389	268,864	102,275	
SPAIN	168,184	217,242	242,809	207,290	222,499	111,842	
ITALY	80,917	95,283	101,100	71,613	62,020	29,407	
SULTANATE OF OMAN	47,379	53,591	81,530	96,533	108,280	39,553	
INDIA	10,031	3,296	33,726	93,370	117,150	58,679	
EGYPT	66,713	76,175	82,432	40,256	25,292	7,264	
GERMANY	36,229	7,259	19,505	4,319	4,517	2,214	
TURKEY	5,085	10,754	4,376	4,212	6,339	5,862	
OTHER COUNTRIES	25,218	22,218	26,389	18,719	26,954	7,205	
<b>TOTAL</b>	<b>1,141,925</b>	<b>1,275,311</b>	<b>1,452,194</b>	<b>1,274,365</b>	<b>1,335,072</b>	<b>540,058</b>	

Source: General Authority for statistics-Kingdom of Saudi Arabia

## Saudi Arabia: Sanitary ware

---

The **sanitary ware market** in Saudi Arabia is projected to register a **CAGR of around 28%**, in revenue terms, during **2014-19**



Source: Saudi Arabia Sanitary Ware Market Forecast & Opportunities, 2019-TechSci Research

# Opportunity Sanitary Ceramics

## Sanitary Ceramic Include

Sinks

Basins

Toilets

Bidets

Bathtubs

## Demand and Growth of Sanitary Ceramics

● Demand of USD 450 million in 2012

● Demand is expected to grow at an avg of 19% per year, over the next ten Years

● As a result, by 2021, demand is projected to be USD 2.5 billion per year

## By investing in sanitary ceramics in Saudi Arabia . . . . .

Private manufacturers will have the opportunity to supply a rapidly growing market

Saudi producers currently enjoy a cost advantage of roughly 44% over European producers, thanks to the Kingdom's favourable energy and labor costs

Yet, local players have faced a challenge to innovate and design ceramics to compete with European suppliers

As a result, local producers only supply 10% of ceramics demand, allowing importers to take a large majority of market share and leaving considerable opportunities for investment in production and innovation capability in the Saudi market

## Exporting Sanitary ware to Saudi Arabia

New Technical Regulations for Ceramic Sanitary Appliances (Western Water Closets) effective from May 20<sup>th</sup> 2015 issued by SASO for imported to, or manufactured in, the Kingdom of Saudi Arabia.

This regulation stipulates that the required water consumption of western water closets shall have an average total flush volume not exceeding the values indicated below.

- a) 3.0 litre per flush for floor-mounted western water closets pans type; and
- b) 4.0 litre per flush for wall-hung western water closets pans type.

# Saudi Arabia: Sanitary ware in details

## Porcelain or China Sanitary Fixtures



Porcelain or China Sanitary Fixtures

Imports 2015	India's Share	Top import countries
245,392	7.88 % in 2015. Total exports in 2016 till june is 9,886	China – 36.1 % UAE – 12.5 %

**TOTAL Exports of Saudi Arabia in 2015 is 9,076**

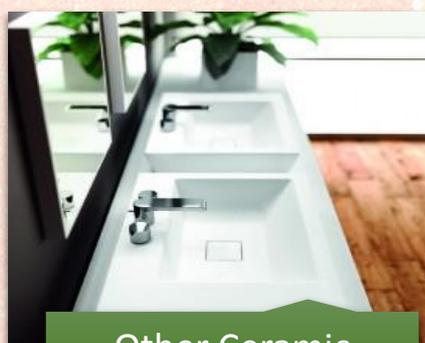
All values are in Thousands of SR  
Source: General Authority for statistics-Kingdom of Saudi Arabia

### Porcelain or China Sanitary Fixtures - IMPORTS

Values are in Thousands of SR

Country of Import	2011	2012	2013	2014	2015	up to June 2016
CHINA	55,257	64,424	81,752	68,971	88,505	36,277
UNITED ARAB EMIRATES	31,857	34,798	32,473	28,728	30,733	9,073
SPAIN	15,053	14,458	18,163	17,315	15,036	7,815
INDIA	7,264	11,998	22,449	12,997	19,346	9,886
EGYPT	7,138	13,568	13,801	14,926	13,987	3,011
U.S.A	8,848	13,373	10,131	7,292	8,976	1,004
THAILAND	5,127	3,863	6,310	9,952	11,984	1,813
GERMANY	3,563	5,044	8,005	5,149	9,011	4,415
OTHER COUNTRIES	17,320	32,702	27,852	38,789	42,104	9,902
<b>TOTAL</b>	<b>157,761</b>	<b>199,795</b>	<b>227,086</b>	<b>213,847</b>	<b>245,392</b>	<b>84,682</b>

Source: General Authority for statistics-Kingdom of Saudi Arabia



Other Ceramic Sanitary Fixtures

Imports 2015	India's Share	Top import countries
102,103	14.66 % in 2015. Total exports in 2016 till june is 7,947	China – 55.2 % Thailand – 9.1 %

**TOTAL Exports of Saudi Arabia in 2015 is 3,180**

All values are in Thousands of SR  
Source: General Authority for statistics-Kingdom of Saudi Arabia

# Saudi Arabia: Importers of Ceramics

## Hidab Alkhalij Traders and Constructions

Construction and trading of Ceramic tile

Imports from China, Turkey and India

Mr. Nasir Al Hameed  
Tel # 966-1-4761998  
Fax # 966-1-4763839  
University Street, Riyadh, Riyadh, Saudi Arabia  
11551

## Al Menhat Trading Est.

Distributor/Wholesaler of Ceramics, glass basins, sanitary ware, toilets, bidets & urinals

Mr. Suhail Khan  
Tel # 966-1-4561787,243433  
Fax # 966-1-4506433  
Imam Muhammad Bin Saud Road, Exit 9,  
Maseef Are, Riyadh, Centera  
<http://www.almenhat.com>

## Al Manashy

Distributor/Wholesaler of Sanitary Appliances

Imports from China

Mr. assem esmat  
Tel # 966-1-4546700  
Fax # 966-1-4508200  
Al Takhasusi St., Mohamadeya, Riyadh, Saudi,  
Saudi Arabia 11433

## BONEAN

Trading Company, Agent, Distributor/  
Wholesaler of Sanitary ware Products,  
Fittings, Ceramic Bidet, Faucet, Toilets

Imports from China and Dubai

Mr. Abdulrahman Omar  
Tel # 966-04-8691070  
Fax # 966-1-4508200  
Sultanah, Almadinah, West, Saudi Arabia  
41499

## Gulf Towers for Building Materials (Sister concern is in Saudi Arabia)

Distributor/Wholesaler of Ceramic, Porcelain,  
Marbles & Granites  
Imports from Spain, Italy, India, Indonesia, etc

Mr. Thippu Sulthan  
Tel # 96-5-4566093  
Fax # 96-5-4566093  
Street 4, Store No.504-509, Amgera, Jahara,  
Amgera, Kuwait 02159

## Albaraka Construction Company

Construction / import and export of  
wholesale goods Tap, sink

Mr. Mohammed Batis  
Tel # 966-2-6716624  
Fax # 966-2-6170554  
Makorona Road, Jeddah., Jeddah, Western  
Province, Saudi Arabia

## Traco Group for Trading and Contracting

Trading I Imports Ceramics, marble and Granite into SA and GCC

Tel # 966 2 629 3280  
Fax # 966 2 629 3555  
P. O. Box 33472 Jeddah 21448, Kingdom of Saudi Arabia  
<http://www.tracomac.com/ContactUs.aspx>

# Saudi Arabia for Foreign Investors

## Investment Climate and Incentives



### Investment climate

Saudi Arabia at the heart of the Middle East/North Africa (MENA) region's with 400 million-strong population is the largest free market in the Middle East, with 38% of the total Arab gross domestic product (GDP) and has low inflation rates

Good location makes it and easy access for the European, Asian and African markets

Saudi market is continuously expanding and has high purchasing power

Saudi Arabia permits transferring of capital and profit abroad

SA one of the fastest growing countries worldwide, has a per capita income forecast to rise from \$25,000 in 2012 to \$33,500 by 2020

The Saudi Riyal is one of the world's most stable currencies, with no critical changes in its exchange rates during the last three decades

Mutual-agreements with a number of countries in regards of promoting and protecting investment as well as preventing double taxation



### Investment Incentives

The establishment of the Saudi Arabian General Investment Authority (SAGIA), to be the responsible authority for issuing investment licences to foreign investors and coordinating with other related governmental bodies for the approval

Accelerated investment application, business registration and set-up process, within thirty (30) days of submission to SAGIA

Benefit from corporative/collateral and massive agreements regarding taxation and investment with other countries

The Human Resources Development Fund to support activities related to qualifying, training and recruitment of Saudi labor

The availability and eligibility to apply for loans from the Saudi Industrial Development Fund

Permissions of transferring capital and profit abroad

Limited Liability Companies are not required to Minimum Capital

Tax Reduction equal to 50% from annual expenses for recruiting and training of Saudis, tax reduction equal to 50% from Saudis annual salaries, plus tax reduction for industrial projects in these areas not exceeding 15% of non-Saudis' share in the capital

# Saudi Arabia for Foreign Investors

## Regional and International Financial programs/incubators

In **Saudi Arabia** with reference to Business Ownership, **100% foreign ownership** is permitted

Foreign investors have access to generous regional and international financial programs and incubators

Saudi Industrial Development Fund  
صندوق التنمية الصناعية السعودي



**Saudi Industrial Development Fund (SIDF)**  
Depending on location within KSA, loans of up to 75% of total project costs are available

**Arab Fund for Economic and Social Development (AFESD)**

Participates in financing economic and social development projects in Arab countries



**ARAB FUND FOR ECONOMIC & SOCIAL DEVELOPMENT**



**Arab Monetary Fund**

Promotes the development of Arab financial markets and trade among member states; advises member states on investment of resources

**Arab Trade Financing Program**

Provides medium and long-term loans to individuals and organizations for private and commercial trade



المؤسسة العربية لضمان  
الاستثمار وائتمان الصادرات  
The Arab Investment & Export  
Credit Guarantee Corporation



**The Arab Investment & Export Credit Guarantee Corporation**

Provides insurance coverage for inter-Arab investments and export credits against commercial and non-commercial risks

**Islamic Development Bank**

Participates in equity capital and grants loans for productive projects and enterprises. It accepts deposits to mobilize financial resources through Shari'a compatible avenues



# Saudi Arabia for Foreign Investors

## Positive laws and Regulations

Saudi Arabia stands at **3 in the ranking of 189** economies on the ease of paying taxes according to the World Bank's 2015 Ease of Doing Business

**Foreign – owned companies enjoy all the benefits, incentives, guarantees, and support offered to Saudi-owned companies**



### Taxation

- 20% tax on corporate profits, with any losses carried forward indefinitely to offset future taxes
- No personal income tax, no value added tax, no sales tax, no land tax and no property tax
- Full repatriation of capital, profit, and dividends allowed, subject to a 5% withholding tax
- Tax exemption on earnings from exports and Tax credits on R&D investments
- The government also grants significant training and employment-related tax concessions, up to 50% of either training cost or payroll, to companies operating in any of the six less developed regions



### Duties

- The general rate of import duty is 5%. Some limited numbers of products have tariff rates of either 12% or 20%.
- Customs duty exemption is available on all authorized imports for industrial establishments, equipment, machinery, tools, spare parts, raw materials or packaging materials if local supply does not exist or the local supply is not up to the specifications of the manufacturers



### Duty Drawback for Export

- "Duty Drawback" is a refund available in Saudi Arabia to importers/exporters of raw material imports that are processed in Saudi Arabia and re-exported as more finished products.



### Gulf Cooperation Council (GCC)

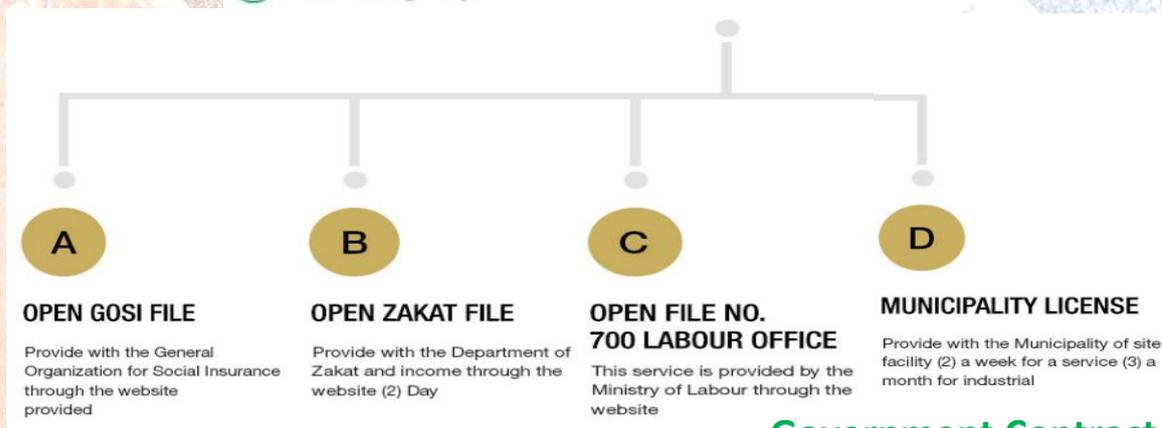
- Saudi Arabia is a founding member of the Riyadh-based Gulf Cooperation Council (GCC), whose other members are the United Arab Emirates, Bahrain, Oman, Qatar and Kuwait
- The GCC eliminates internal tariffs, enabling the free movement of labor and capital internally and creating a unified 5% external tariff on most imported products
- GCC countries have signed free-trade agreements with Singapore and the European Free Trade Association

# Saudi Arabia General Investment Authority - SAGIA

## Start a Business Service – Investment Guide

SAGIA is a Government body and an investor friendly face based in the city of Riyadh

### Foreign Investor – Industrial Sector



### Government Contract



## **Source**

---

**Deloitte GCC Powers of Construction 2016**

**Ceramic World Review**

**Developments in the ceramic industry in the Middle East – from minerals to markets**

**Tile International 3**

**World Bank's Doing Business Report "Ease of Doing Business"**

**Saudi Arabian General Investment Authority (SAGIA)**

**General Authority for Statistics – Kingdom of Saudi Arabia**

**Trading Economics**

**UN Data**

**Saudi Arabia Sanitary Ware Market Forecast & Opportunities, 2019**

**STR's August 2016 Pipeline Report**

**Chambers International**

**Saudi Standards, Metrology and Quality Organization**