

# GCC

## CONSTRUCTION CHEMICALS INDUSTRY SNAPSHOT 2018

KNOWLEDGE PAPER PREPARED FOR

 **MIDDLE EAST  
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International Stone and Marble Show



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# GCC CONSTRUCTION CHEMICALS

## BY DEMAND

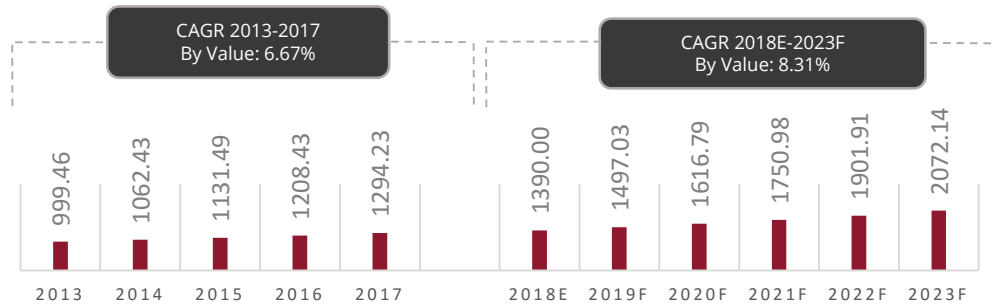
GCC construction chemicals market is poised to grow at a robust pace during 2018-2023, as construction projects worth USD2.6 trillion are being undertaken in the region, which is equivalent to 160% of the current regional GDP. Government spending on real estate and infrastructure development projects coupled with upcoming decorative or architectural engineering projects for global events being hosted by the region are the major factors driving demand for construction chemicals in the GCC.

Member countries, particularly the UAE and Saudi Arabia, held nearly 70% of value share in the operational contracts in 2017, on account of the long-term business development and economic diversification schemes, such as UAE Vision 2021, Abu Dhabi Vision 2030 and Saudi Arabia Vision 2030.



# MARKET OUTLOOK

## GCC Construction Chemicals Market Size, By Value, 2013-2023F (USD Million)



Source: TechSci Research

GCC construction industry registered annual growth of 30% in 2017, while executing construction projects worth USD130 billion.

## DRIVERS

- ➔ Growing urbanization is resulting in various commercial development projects and upgrade of road, rail and air transport infrastructure, thereby influencing demand for construction chemicals in the GCC.
- ➔ Active participation of governments and private sector is driving the GCC construction chemicals market.
- ➔ Economic diversification plans, expanding travel & tourism industry and heavy inflow of FDI are expected to boost the GCC construction chemicals market through 2023.

## CHALLENGE

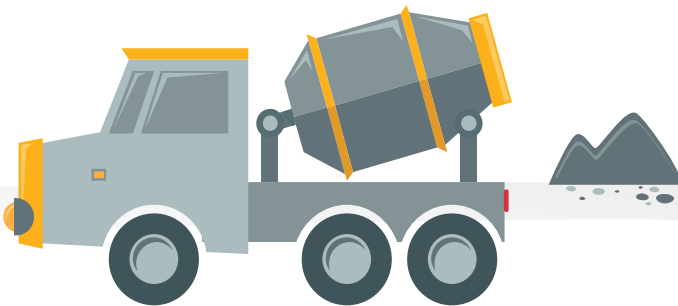
- ➔ Political instability and delayed construction projects to impact the GCC construction chemicals market.
- ➔ Highly competitive market, owing to the presence of big as well as small players, is leading to lower profit margins and posing a barrier to the entry of new players in the GCC construction chemicals market.

# GCC CONSTRUCTION CHEMICALS, BY TYPE

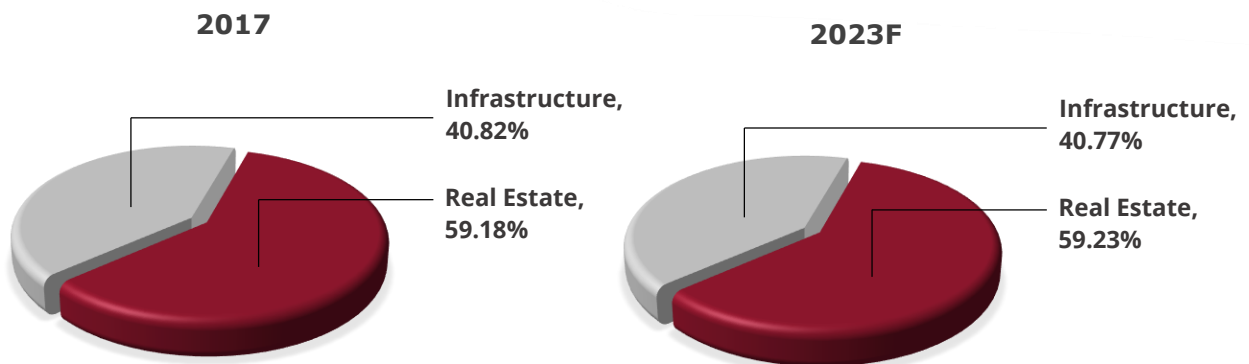
- **Concrete Admixtures:** Concrete admixtures accounted for the largest share of more than 40%, in value terms, in the GCC construction chemicals market in 2017, owing to their mandatory use in any kind of construction activity, including infrastructural, industrial, commercial and residential projects.
- **Waterproofing Chemicals:** Waterproofing chemicals garnered a sizable portion of revenue in the GCC construction chemicals market and held nearly 20% value share in 2017. Rising demand for waterproofing chemicals in the region can be attributed to their increasing application in various construction projects for preventing leakages and seepages in civil structures due to their ability to bridge cracks.
- **Protective Coatings:** Protective coatings are tailored to be applied on the exterior of walls, to protect civil structures from adverse weather conditions and in iron structures to prevent corrosion. Moreover, these coatings result in aesthetically appealing structures, which is a primary demand from citizens in the GCC. As a result, protective coatings segment is projected to witness the fastest growth of 8.91%, in value terms, in the GCC construction chemicals market during the forecast period.
- **Adhesives & Sealants:** Revenue share of adhesives & sealants in construction chemicals market in the GCC is forecast to increase during 2018-2023, backed by implementation of advanced technologies in contract projects. Increasing construction activities in the Gulf region in order to develop social infrastructure, meet affordable housing demands and support upcoming mega events are resulting in increased penetration of advanced adhesives & sealants in the GCC region.
- **Others:** Others segment of construction chemicals includes flooring chemicals, floor hardeners, grouts, mortars, repair concrete, anti-corrosive agents, etc. Flooring chemicals account for the largest share in the others segment, due to their extensive use in the construction of hotels, malls, residential units and offices in the GCC. The market of others segment is growing at a slow rate in the GCC on account of limited use of anti-corrosive agents, repair concrete, grouts and mortars.



# GCC CONSTRUCTION CHEMICALS, BY END USER



**GCC Construction Chemicals Market Share, By End User, By Value, 2017 & 2023F**



Source: TechSci Research

Real estate sector is anticipated to continue dominating the GCC construction chemicals market during 2018-2023, owing to heavy government investments in the residential sector as well as growing private sector involvement for the development of new hotels, malls, corporate structures, resorts and housing units to meet the demand from expanding urban population base. Various development plans and upcoming events in the GCC countries are further boosting the construction of residential and commercial buildings, which in turn is aiding the region's construction chemicals market. In 2017, Saudi Arabia accounted for the highest share in the GCC market for construction chemicals, due to increasing government investments in real estate.



# GCC CONSTRUCTION CHEMICALS, BY COUNTRY

**Saudi Arabia:** Saudi Arabia emerged as the major demand generating country in the GCC construction chemicals market in 2017, as a number of housing units are being constructed to address the rising demand for residential spaces in the country. The Ministry of Housing in Saudi Arabia, the Real Estate Development Fund and Riyadh Real Estate Investment Company have been established in the country to address growing demand for housing and employment.

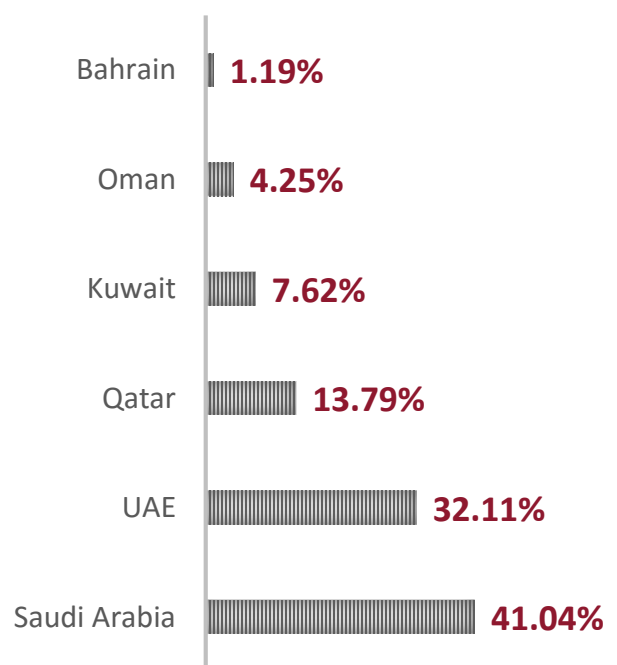
Fluctuations in oil prices, shortage of skilled labor, limited land resources and delayed or canceled construction projects would impact the demand for construction chemicals in Kuwait and Bahrain during the forecast period.

## Partial List of Ongoing GCC Infrastructure Projects, By Country, By Completion Year

Country	Infrastructure Project	Year of Completion
UAE	Dubai Metro - Expo 2020 Line	2020
Saudi Arabia	Saudi Railway Master Plan 2010 - 2040 (SRMP)	2040
Qatar	Lusail Iconic Stadium, Shamal Stadium, Al-Khor Stadium, Al-Wakrah Stadium, Al Rayyan Stadium, Doha Port Stadium, Education City Stadium, Qatar University Stadium, Al-Gharafa Stadium, Sports City Stadium, Khalifa International Stadium, Umm Salal Stadium	2022
Bahrain	Gulf Cooperation Council (GCC) Railway Project	2023
Kuwait	Kuwait Metro	2020
Oman	Oman Rail	2020

Source: TechSci Research

## GCC Construction Chemicals Market Share, By Country, By Value, 2017



Source: TechSci Research

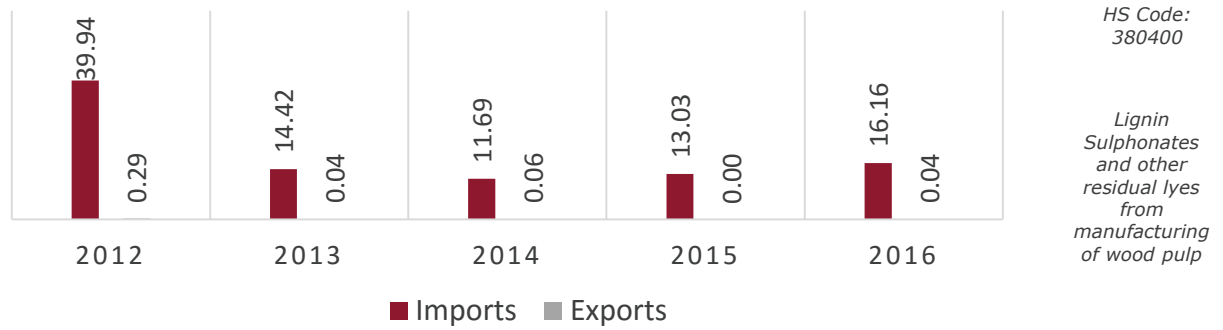
# IMPORT-EXPORT ANALYSIS

In 2016, Saudi Arabia stood as the top importer of Sodium Naphthalene Sulphonates (worth USD16.16 million) in the GCC region. The country is an active member of several free trade agreements such as Greater Arab Free Trade Area Agreement (GAFTA) and European Free Trade Association (EFTA), which promotes trade between EMEA countries and Saudi Arabia. In addition, imports of Sodium Naphthalene Sulphonates into the UAE registered year-on-year growth of 8.65%, in value terms, in 2016.





**Saudi Arabia Sodium Naphthalene Sulphonates Imports & Exports, By Value, 2012-2016 (USD Million)**



Source: International Trade Centre

**UAE Sodium Naphthalene Sulphonates Imports & Exports, By Value, 2012-2016 (USD Million)**

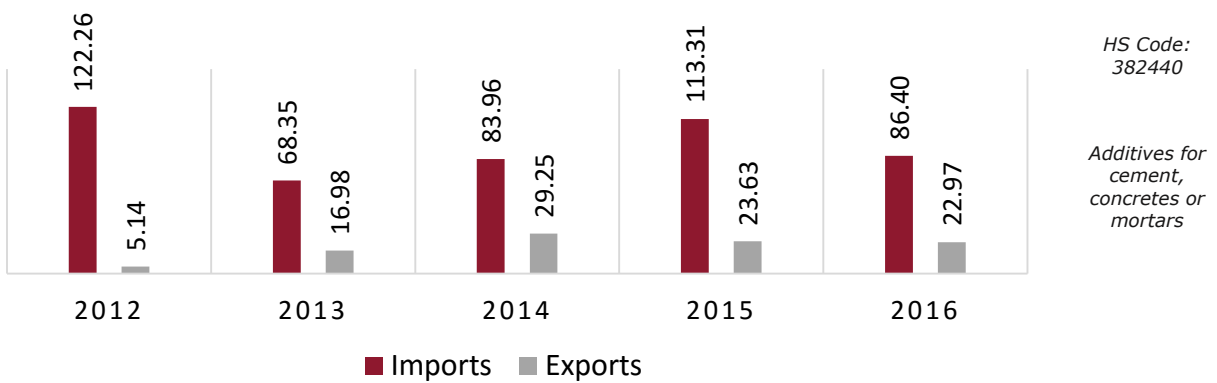


Source: International Trade Centre



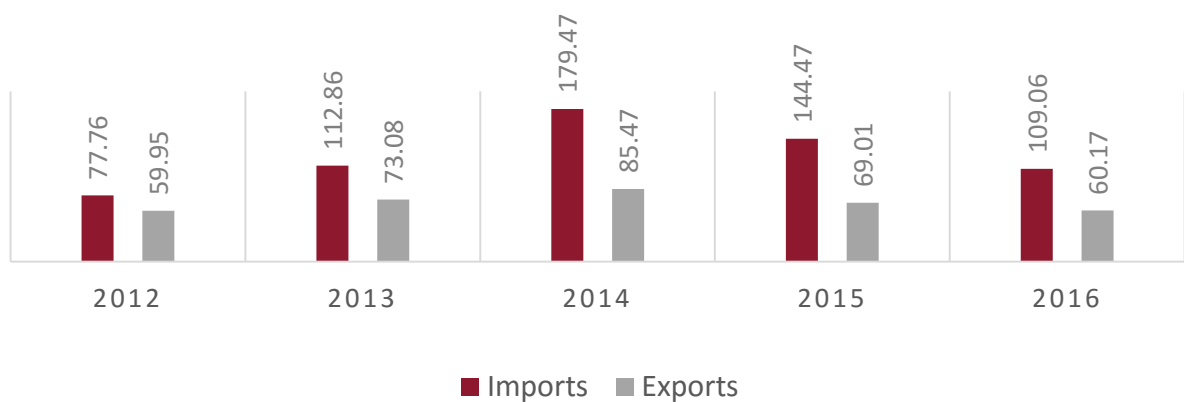
In 2016, the United Arab Emirates emerged as the leading importer of cement/concrete additives in the GCC region, with imports worth USD109.06 million. China, Brazil, South Korea and India emerged as the leading exporters of cement/concrete additives to the UAE during 2016. Moreover, imports of cement/concrete additives in few other GCC countries grew at a healthy pace, with Qatar witnessing year-on-year growth of 9.72%, in value terms, in 2016.

**Saudi Arabia Cement/Concrete Additives Imports & Exports, By Value, 2012-2016 (USD Million)**



Source: International Trade Centre

**UAE Cement/Concrete Additives Imports & Exports, By Value, 2012-2016 (USD Million)**



Source: International Trade Centre

# MAJOR PLAYERS

The GCC residential & commercial construction chemicals market is highly competitive and fragmented, owing to the presence of several small and big players. With governments' focus shifting towards sustainable development, demand for high performance construction chemicals is increasing in the region. GCC construction chemicals market is dominated by three major players, namely, Sika, BASF and FOSROC and these companies are expected to maintain their dominance through 2023.



## COMPETITIVE BENCHMARKING

Company	Concrete Admixtures	Waterproofing Chemicals	Protective Coatings	Adhesives & Sealants
BASF Construction Chemicals	✓	✓	✓	✓
Middle East Fosroc	✓	✓	✓	✓
Sika GCC	✓	✓	✓	✓
Dow Menat	✓	✓	✓	✓
Chryso Gulf	✓	✗	✗	✗
SABIC	✓	✓	✓	✓
GCP Applied Technologies Inc.	✓	✓	✓	✗
Henkel	✗	✓	✓	✓
Jotun	✗	✓	✓	✗

- BASF:** BASF accounted for the largest revenue share in the GCC construction chemicals market in 2017, backed by its wide range of products that address the demand for construction chemicals including concrete admixtures, industrial floorings, grouting and anchoring systems, concrete repair and protection materials, tile fixing solutions, crack repair and injection resins, joint sealants and waterproofing membranes in the real estate and infrastructure sectors. The company recorded revenue of USD2.71 billion from worldwide sales of construction chemicals in 2017. Furthermore, BASF emphasizes on the concept of green buildings and encourages development of environment friendly construction chemicals, which is in line with the sustainable economy development plans of the GCC.
- FOSROC:** Fosroc gives tough competition to other players operating in the GCC construction chemicals market, on account of its strong focus towards research & development activities, leading to improvised and enhanced product portfolio.
- SIKA:** Sika is one of the prominent players in the market and is constantly launching new products to overcome challenges related to slow growth in the GCC.

Multinational companies such as **DOW Menat, GCP Applied Technologies and SABIC, Jotun, Henkel, Ashland, Chryso Gulf, etc.**, are some of the other major companies operating in the GCC construction chemicals market. The market share of these companies is expected to decrease by 2023, as the leading players are constantly launching new products and establishing new research & development labs, to strengthen their presence in the market.

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Middle East Stone provides free access to CPD-accredited workshops, keynotes, live demonstration sessions and exclusive networking opportunities to its attendees including the region's architectural and design professionals, builder consultants and remodelers, contractors and installers, distributors and retailers, fabricators, specifiers and other stone procurement professionals from the GCC region's US\$5 billion stone market.

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