

OPPORTUNITIES FOR SRI LANKAN MADE SURGICAL GLOVES IN SAUDI ARABIA



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1. SUMMARY

Saudi Arabia is the largest market for surgical gloves in the Gulf Region. In 2015 over US\$ 8.5 Mn value of surgical gloves was imported to KSA. When compared with statistics for the past year, it can be predicted to increase up to US\$ 9.5 Mn in 2017. At present Malaysia, Oman and Thailand are the main suppliers to this market in KSA.

2. MARKET DESCRIPTION

Favorable government policies for the growth of the healthcare sector to meet international standards through the development of world-class healthcare infrastructure, services, and expertise is also contributing towards the growth of the KSA medical gloves market.

However, an import-oriented market, price-based competition, and increasing outbound medical tourism is expected to restrain the growth of the medical gloves market in KSA over the forecast period.

The market is also witnessing trends such as a shift in demand from natural rubber gloves to synthetic rubber gloves and a focused investment in capacity expansion by leading market players.

The applicable duty rate for surgical gloves is 12% custom duty. To be eligible for import, exporters have to register their products at the drug section of the Saudi Food and Drug Authority.

Saudi Arabia is a member of the Gulf Cooperation Council (GCC), which consists of Kuwait, Qatar, Bahrain, the UAE, Oman, and Saudi Arabia. Membership confers special trade and investment privileges within those countries. The GCC implemented a Customs Union on January 1, 2003 that allows free movement of local goods within member states. Saudi Arabia is also a member of the League of Arab States.

Table: Surgical Gloves (HS 401511) Import Performance of Saudi Arabia

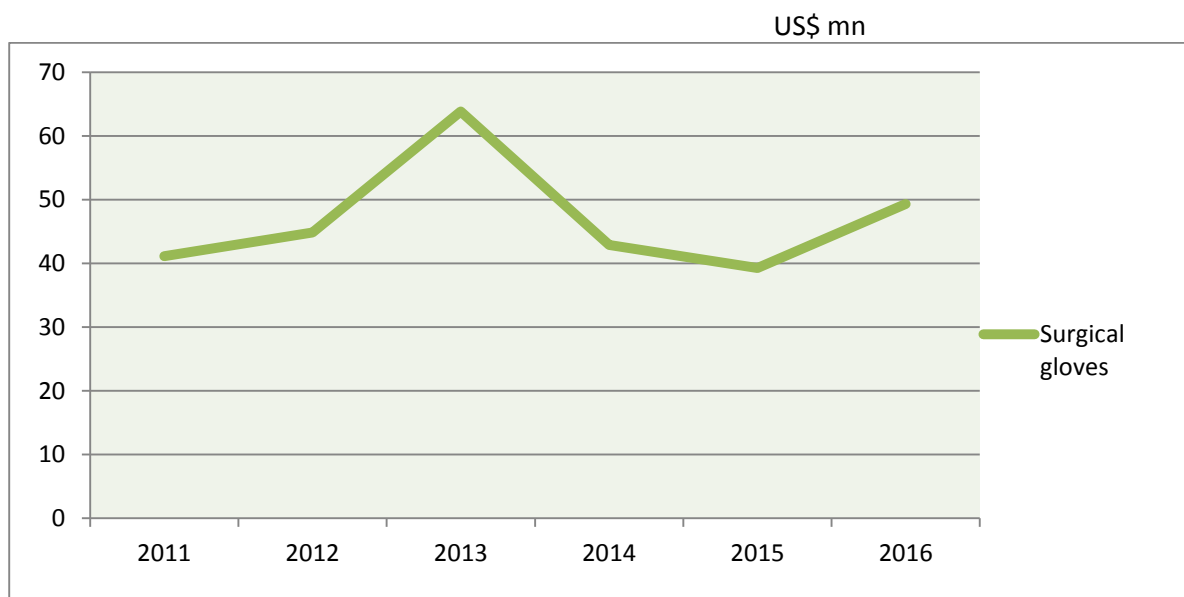
Exporters	US\$ thousand				
	2011	2012	2013	2014	2015
Malaysia	3,995	6,341	4,259	5,277	4,481
Oman	78	1,896	944	0	1,442
Thailand	56	96	0	833	811
China	417	406	124	357	703
Austria	0	0	237	312	487
United States of America	0	0	0	76	86
India	143	169	174	0	59
Guatemala	0	0	0	118	33
Australia	0	0	0	214	0
Belgium	0	39	0	0	0
Sri Lanka	462	591	1053	556	0
France	33	0	0	0	0
Indonesia	410	0	0	0	0
Taipei, Chinese	0	87	211	179	0

Source: Trade map

3. POSITION OF SRI LANKAN GOODS

As per the Saudi import figures, in 2015 Sri Lanka did not export any Surgical Gloves to KSA; however in 2013 and 2014, Sri Lanka enjoyed 15% and 7% of the market share respectively.

Figure: Sri Lanka exports of surgical gloves to Saudi Arabia



Source: Sri Lanka Export Development Board

4. ACTIVITIES OF COMPETITION

Malaysia dominates the market; however, in 2015 their market share was reduced by 10%. China had recorded an increase in the market share from 2013 to 2015 by 5%. Also Sultanate of Oman had increased their market share by 5% from 2013 to 2015 while Thailand as a competitor maintains 10% of the market share and enjoys a stable position.

When analyzing the competitor status in the market with regard to Sri Lanka, the price factor can be identified as one of the main reasons which is against Sri Lanka vis-à-vis her competitors. It can be noticed that Sri Lankan suppliers trying to maintain a stable price for this product despite the price reduction of raw materials in the international market.

Also the production capacity of Sri Lankan suppliers sometimes is not adequate to meet the urgent requirement of buyers of this market. Further, when compared with Sri Lankan suppliers other dominating competitors always try to maintain high favorable responsive behavior to secure the market share.

5. CONCLUSION AND RECOMMENDATIONS

- Sri Lankan suppliers should adjust their prices to match those of competitors when they decide their prices and always try to maintain competitive prices in order to be successful in this market.
- Suppliers should be capable enough to maintain high favorable responsive behavior with buyers since international buyers always need continuous follow up and competitive prices compared with international market prices
- Induce Saudi suppliers to import from Sri Lanka rather than from other countries.

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