

OPPORTUNITIES FOR SRI LANKAN TRAVEL GOODS IN SAUDI ARABIA



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1. SUMMARY

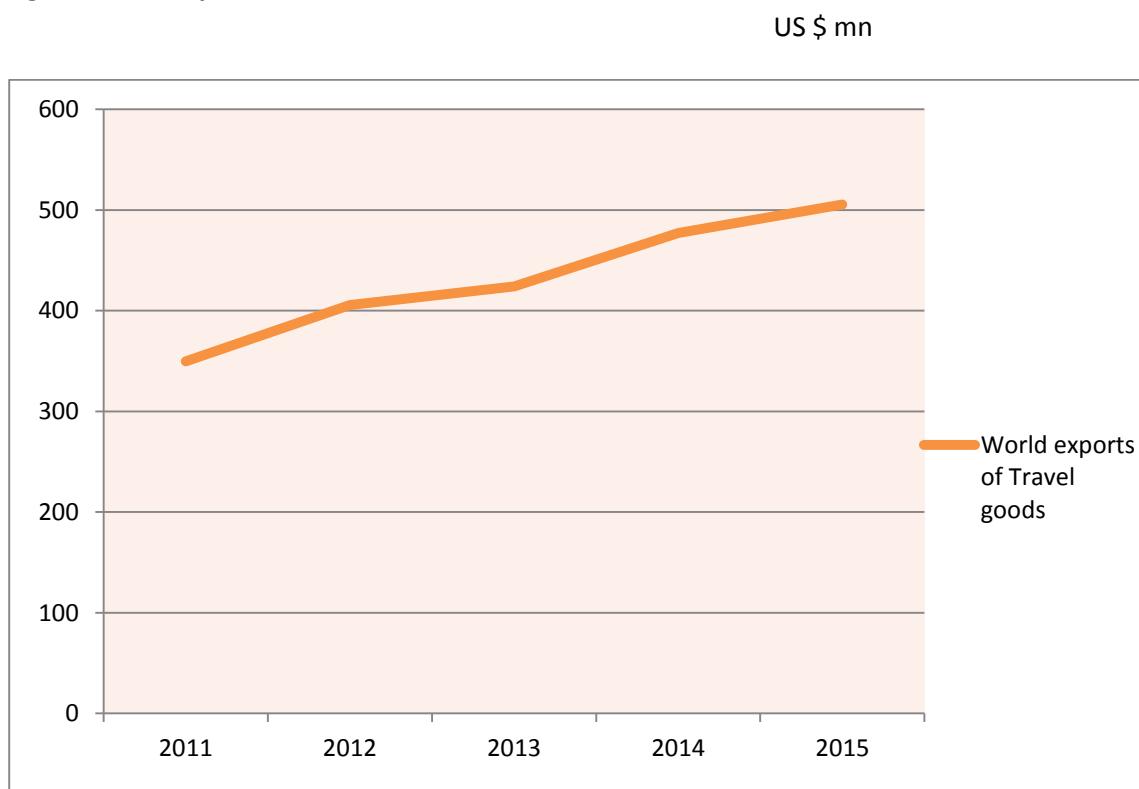
The examination of Saudi import statistics shows an emerging market for leather products under the category of Travel Goods in KSA. The main dominator of the market is China followed by Italy, France and India. In 2015 the Travel Goods market recorded US\$ 127 Mn trade and it is predicted to increase by 10% in 2017. Sri Lanka did not export any leather travel goods to this market during the past three years (2013 – 2015).

2. MARKET DESCRIPTION

The demand for this product category is influenced by Saudi tourists, who travel outside at least once a year for annual vacation. KSA employs 10 Mn expatriates from all over the world and they also travel to their home countries once a year. Not only Saudis, over 2 Mn expatriates from USA, Canada, UK and Europe also expect high quality leather travelling goods.

MFN duty for the items in this product category varies from 5% to 12% and preferential tariff rate for Gulf regional countries is zero percent.

Figure: World Export Trend of Travel Goods to Saudi Arabia

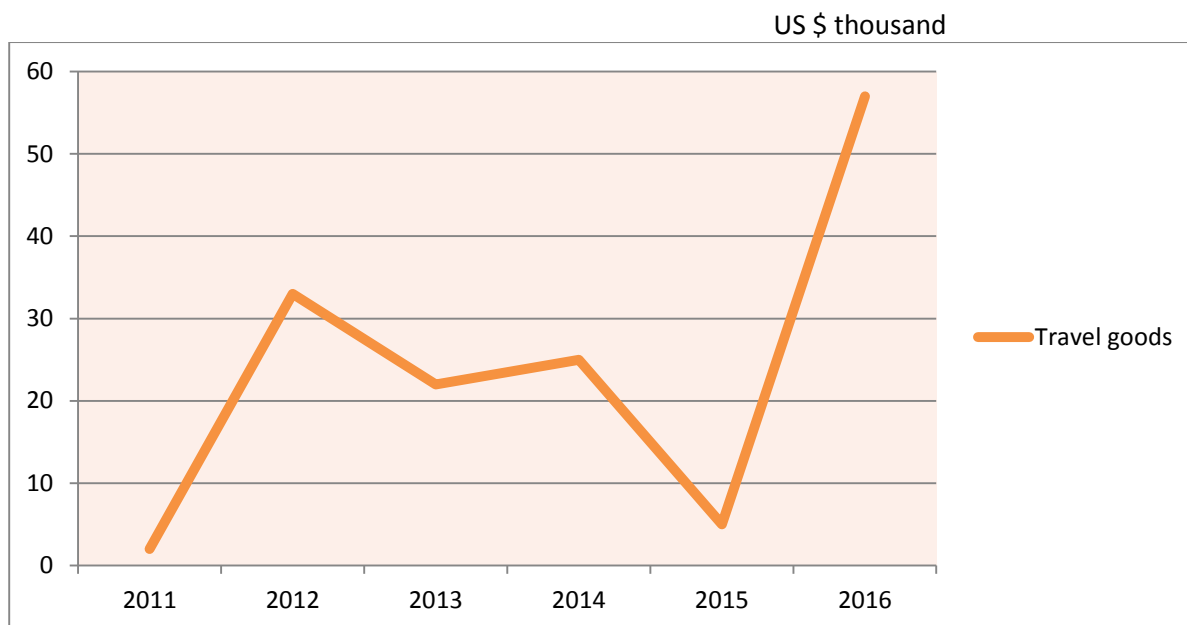


Source: Trade map

3. POSITION OF SRI LANKAN GOODS

Total leather goods exports from Sri Lanka to the world in the year 2015 were US\$ 0.5 Mn. According to statistics available however, Sri Lanka does not export any leather goods to KSA.

Figure: Export Trend of Travel Goods (HS 4202) From Sri Lanka to Saudi Arabia



Source: Sri Lanka Export Development Board

4. ACTIVITIES OF COMPETITION

China, Italy, France and India are the main suppliers to this market and China occupies 50% of the market. The main factor behind this is the price and their market capacity. Also China has joint ventures with Saudi Business organizations to run their own market for Chinese products. China owns very strong distribution channels in KSA and they also use special market incentive systems such as paying for the shelf in Retail Markets and arranging business visits to China targeting retail markets and maintaining extremely well-managed department stores.

India follows the strategy of maintaining main hyper market chains as joint ventures with Saudi partners; therefore, their products are marketed without any difficulty. Italy and France dominate the market by providing high quality products.

Spain, Vietnam, Indonesia, Turkey, USA, UAE, South Korea, Thailand are among the other suppliers to the market.

Table: Top 10 Exporters of Travel Goods (HS 4202) to Saudi Arabia

Exporters	US\$ mn				
	2011	2012	2013	2014	2015
China	261	300	311	355	377
Italy	28	32	35	44	49
Viet Nam	2	2	5	11	14
France	13	13	13	14	12
India	9	10	9	10	11
Indonesia	1	1	3	5	7
Spain	4	5	5	4	7
Thailand	2	4	5	5	4
United States of America	4	6	6	5	3
Taipei, Chinese	4	5	4	2	3

Source: Trade map

5. CONCLUSION AND RECOMMENDATIONS

It is recommended that Sri Lankan exporters of leather travel goods attend more and more trade fairs, establish joint ventures with Saudi partners to promote the products and attend trade promotional activities such as business visits to KSA.

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