



وزارة الاستثمار
Ministry of Investment

Waste Investment Opportunities

Investor promotion pack –
Textile recycling facility

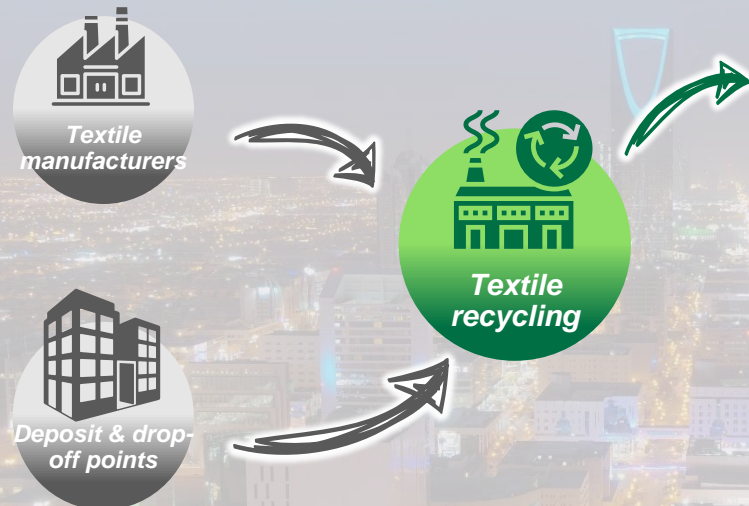
Riyadh, Oct 2022

Textile recycling facility – Overview & value proposition

Opportunity overview

Establish a **15 ktpa textile recycling facility** in Dammam to process generated textile waste

KSA envisioned value chain



KSA value proposition

1

Large market size

- With a population of around 35 million and a high standard of living, the Kingdom generates between 0.2 and 0.35 m tons of textile waste annually

2

Government commitment to unlock the sector

- Testimony to the government's strong commitment to unlock the sector, the National Center for WM and the Saudi Investment Recycling Company have been established with mandate to support the transformation of the Kingdom's industry

3

Textile waste generation growth

- Driven by lower utilization and higher sales of clothing and home textiles, textile waste is becoming increasingly pressing issue to deal with

4

Treatment capacity gap

- With limited infrastructure in recovery and recycling of textile materials from waste, the large gap in treatment capacity is a key factor of opportunity attractiveness

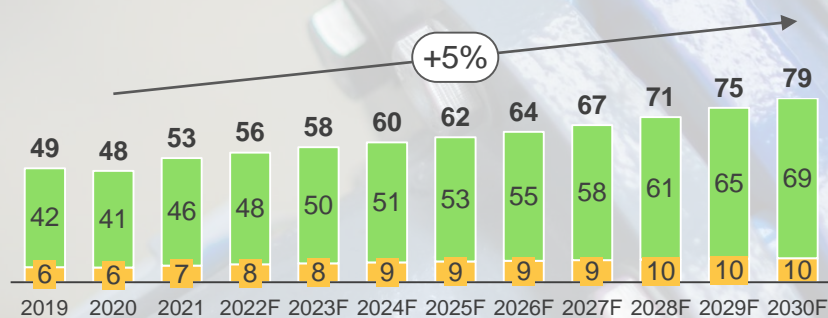
Textile recycling facility – Market outlook

Textile waste generated in KSA
2021 [k ton]



KSA generates majority of textile waste in GCC

Consumer spending on textiles in KSA
2019-2030 [SAR bn]



Local market drivers

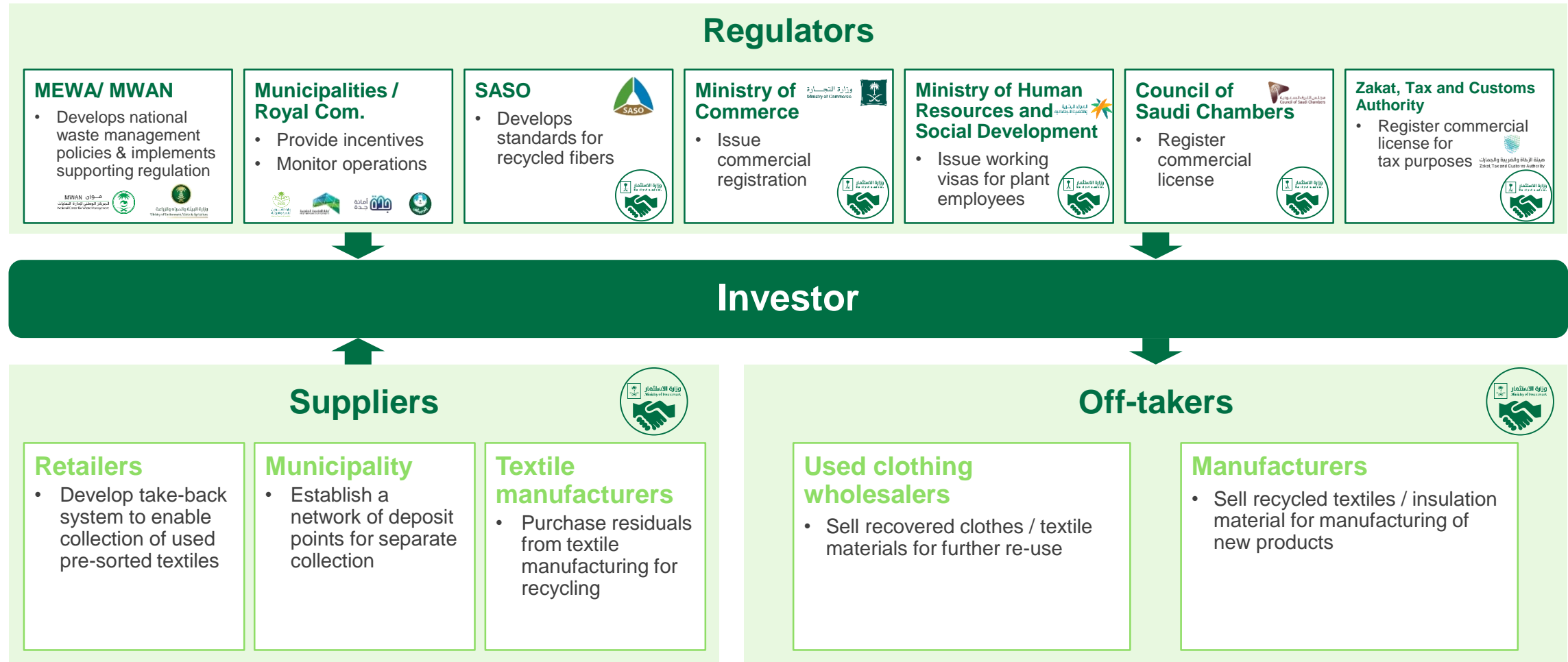
- 1 **Growing population**
Population of c.35 m with highest growth rate (2.5% p.a.) among G20
- 2 **Rapid urbanization**
One of the highest global urbanization indices (84% compared to 57% global average)
- 3 **Growing standard of living**
One of the highest GDP/ Capita at USD c.24 k growing at a rate of ~2%
- 4 **Textile market growth**
Value of textile production market in KSA is expected to grow at 4% annually until 2030
- 5 **Stricter environmental targets**
Diversion of waste from landfills is one of focus areas of new waste management regulations

Global market trends

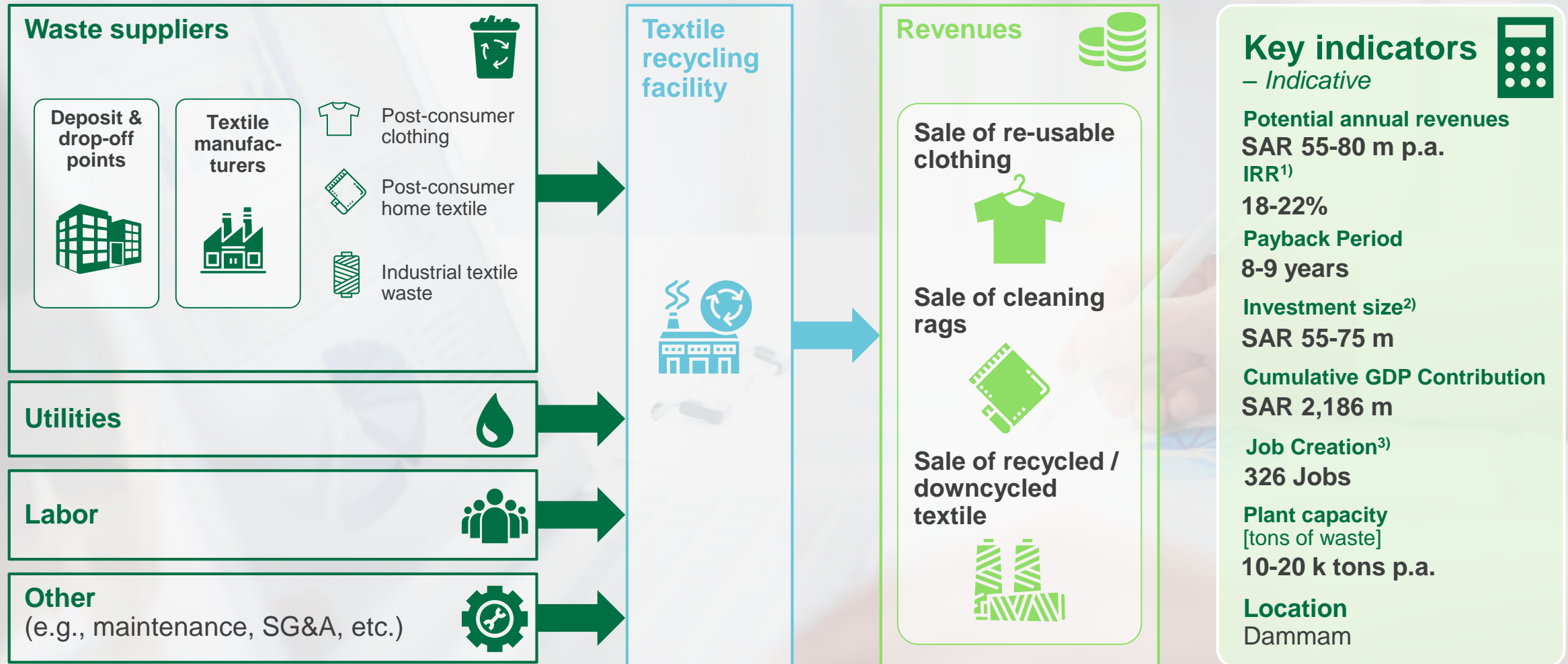
- 1 **Rapid generation growth**
Production of clothing, key part of textile waste, more than doubled between 2000 and 2015
- 2 **Environmental commitments**
Key textile brands are making individual and industry-wide ambitious commitments on recycling targets
- 3 **Push for re-use**
Consumers, especially in developed countries, are increasingly aware of priority of textile re-use over recycling
- 4 **New design paradigm**
In order to facilitate full circularity, new approaches need to be taken to clothing design, e.g., elimination of blends of various materials

Textile recycling facility – Stakeholder ecosystem

Illustrative logos – non-exhaustive



Textile recycling facility – Business model & financials



Textile recycling facility – Enablers & incentives

Existing enablers & incentives

Financial	Facility¹⁾  <ul style="list-style-type: none"> • Competitive land costs relative to other countries (USD 0.3 per sqm) • Provision of soft loans through SIDF – up to 75% of project financing 
	Utilities  <ul style="list-style-type: none"> • Low power and water costs set for industrial cities – Lowest in the region 
	Equipment  <ul style="list-style-type: none"> • Customs duty exemption for machines used in production process and for spare parts not available locally 
	Labor  <ul style="list-style-type: none"> • Nationalization incentives set; HRDF covers a share of the salary • Facilitative procedures³⁾ for foreigners with specialized skills 
Non-financial	Foreign businesses  <ul style="list-style-type: none"> • Allows foreign entities and individuals to have 100% ownership of properties in the kingdom such as plants/ facilities, businesses, etc. 
	Feedstock and Offtake  <ul style="list-style-type: none"> • Development of appropriate technical and marketing studies to increase exposure to potential feedstock providers and off-takers 

Additional MISA support

-  Facilitate the **registration process** of companies in KSA
-  **Establish connection** with local market players
-  **Introduce investor to relevant** public stakeholders

Additional enablers and incentives can be discussed with MISA on case-by-case basis

1) Includes land, facility construction costs and equipment; RCYJ in case the project in Jubail or Yanbu 2) Water and electricity costs; 3) Procedures could include work permits and salary coverage

Textile recycling facility– Cost of Doing Business



- 1 Electricity tariffs for industrial players**
 - USD 48/MWh
- 2 Productivity adjusted wages**
 - USD 3.3/hour
- 3 Logistics Performance Index (1-5)**
 - 3.2
- 4 Construction Costs (Indexed to US, % 0 is cheapest)**
 - 74
- 5 Ease of getting credit (0-100)**
 - 50

Textile recycling facility – Next steps

Phase 1: Initiation

- Submit expression of interest concerning the opportunity to MISA.
- Discuss with MISA the opportunity and organize site visit
- Communicate with involved entities (off-takers, feedstock providers, partners, etc.)
- Conduct pre-feasibility study and due-diligence before final investment decision
- Secure enablers and incentives
- Secure MISA investment license



Phase 2: Set up license requirements

- Secure commercial registration from Ministry of Commerce
- Secure working visas and labor working files from Ministry of Human Resources and Social Development & Ministry of Internal Affairs
 - Register at the Council of Saudi Chambers
 - Register at Saudi Banks
 - Register at Zakat, Tax, and Customs Authority.
 - Secure waste management license from MWAN.

Execution steps

Phase 4: Launch production

- Launch textile recycling facility operations and start processing waste
- Initiate sale of recovered clothing and recycled textile materials
- Adjust to market demand and ramp-up generation output



Phase 3: Construct facility

- Launch and complete textile recycling facility engineering procurement and construction phase
- Initiate development of deposit and drop-off points to ensure sufficient collection of high-quality textile waste

Recommended project type

Private investment

JV w/ local company

PPP

Start your journey with MISA



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