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QUARTERLY · INDUSTRY BRIEFING

# State of Saudi *Scrap* & Recycling.

A practical briefing on the Saudi metals recovery sector — LME positioning, megaproject pipeline, regulatory updates, and what serious operators are doing about it.

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## The quarter in one page.

Three things define the recycling backdrop in the Kingdom this quarter: **copper holding above the SAR 30,000 / tonne band**, **NEOM and Red Sea Project tonnage starting to flow through Eastern Province yards**, and **ZATCA Phase 2 e-invoicing becoming a working requirement** for any vendor on a regulated buyer's books.

**SAR 32.40**

/kg  
Copper #1 · indicative

**SAR 1.45** /kg

HMS 1 & 2 · indicative

**+22%**

Cu YoY · LME

**15%**

VAT · ZATCA P2

**142K** t

KSA Cu demand 2025

**3 yr**

NEOM Phase 1 timeline

## LME positioning & what it means for Saudi scrap.

### Copper

Held a high range through the quarter. EV demand and grid build-out remain the structural buyers. For Saudi scrap, this is preparation season — the clean-vs-dirty premium has widened, so sorting and chopping investments pay back faster than they have in five years. #1 bare bright trades near LME parity; #2 sits at roughly 80%.

### Aluminum

Steadier. UBC (used beverage cans) discounts have narrowed slightly. Extrusion grades 6061 and 6063 remain the bread-and-butter for window-frame and façade recovery from the construction boom. Cast aluminum tracks LME with a 12-18% processing discount.

### Ferrous

Plate & structural moving with regional construction velocity. HMS 1 & 2 holding the floor at SAR 1.40–1.50 / kg; busheling premium intact for clean fabrication offcuts. Shredder feed picking up as more end-of-life equipment comes off rotation.

### What to negotiate this quarter

- Insist on **weigh-out date pricing**, not pickup-date — closes a 1-3% gaming gap.
- For annual contracts, lock in **LME-indexed terms** with a published source (LME, COMEX, Shanghai). Internal "market averages" are a flat rate with extra steps.
- For demolition & facility decommissioning: structure a **buy-back agreement** so the recovery contractor offsets fee against material recovered. This is how enterprise-tier Saudi vendors structure deals now.

## Where the metal is going to come from.

The Saudi construction and industrial pipeline over the next decade is the largest in the GCC's history. For recycling operators, this is the demand-side trigger that drives every other line on the P&L.

### NEOM & The Line

Phase 1 cabling, structural, and HVAC delivery underway. Cable offcuts and aluminum extrusion are the highest-frequency recovery streams. Tier-1 EPCs are now actively pre-qualifying recycling vendors on ESG criteria — not just price. Operators with PAS 2060 carbon reporting have a structural advantage.

### Red Sea Project

Hotel build-outs accelerating. Marine-grade stainless and copper plumbing are the noteworthy streams. Recovery rates are constrained by remote logistics; expect coastal hauler networks to consolidate over the next 18 months.

### Riyadh Metro & Qiddiya

Metro construction tail continues to generate steady ferrous and cable flows. Qiddiya entertainment infrastructure adds aluminum and stainless above baseline demand. Both are continuous-pickup contracts, not project-window jobs.

### Diriyah Gate

Heritage-area demolition with strict permit and dust-control requirements. Specialty operators only — most general recovery contractors will not be cleared. High-value asset recovery on stripped buildings.

**For procurement teams:** If your facility is on any of the above project pipelines, the next 24 months are when your recovery contracts should be re-bid. Recovery spreads are at multi-year highs and competition for clean streams will only intensify.

## Three regulatory shifts to track.

### **ZATCA Phase 2 e-invoicing**

Now operational. Every B2B invoice must carry a QR code and be transmitted through ZATCA's portal in real time. Any recycling vendor not yet ZATCA-Phase-2 compliant is now disqualified from large procurement panels. Check your vendor's Phase 2 readiness *before* issuing your next purchase order. This is no longer a soft requirement.

### **MEWA hazardous-waste reporting**

The Ministry of Environment, Water & Agriculture has tightened reporting cadence on hauler permits and hazardous-waste transport. Annual returns are now quarterly; the format has shifted to digital. Vendors that ship batteries, NORM-tagged scrap, or any hazardous-classified materials need updated MEWA protocols on file.

### **MWAN circular-economy framework**

The National Center for Waste Management's circular-economy framework is rolling into its next phase. New disposal-fee structures are being consulted this quarter; recovery contractors should monitor the consultation papers and submit comments. Expect EPR-style (Extended Producer Responsibility) measures on packaging and electronics in 2026.

## What we're watching next quarter.

**Saudi domestic smelter capacity.** Hadeed expansion and Sabic feed contracts will tighten domestic demand for clean scrap relative to export channels. Watch for ferrous and aluminum spread compression in H1 2026.

**Critical minerals strategy.** The Kingdom's mining and minerals plan increasingly references secondary supply chains. Expect formal recovery targets in 2026, with copper, aluminum, and rare-earth secondary sourcing emphasized.

**Aramco supplier portal updates.** Continued tightening on GI-2.100 compliance for any contractor working inside operating sites. The supplier-base re-qualification window opens Q1 2026.

**EU CBAM ripple effects.** Export-bound Saudi recycled metal will increasingly need carbon-footprint disclosure documentation. Operators that can produce PAS 2060 reporting will have a real advantage in EU-tied trade lanes.

## ABOUT THIS BRIEFING

# How to use this report.

*State of Saudi Scrap* is canasa's quarterly market briefing. It is intended for procurement teams, operations leaders, ESG officers, and serious operators in the Saudi recycling supply chain.

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