



HAWKINS WRIGHT

Defining the Global Lyocell Market, 2024

A multi-client report available from July 2024

Report prospectus



Introduction

In today's rapidly evolving textile industry, sustainability has transitioned from a niche interest to a central focus for both companies and consumers alike. Amid this shift, lyocell has emerged as a viable alternative to more established textile fibres, offering potentially enhanced environmental credentials, superior material properties, and wide-ranging applications.

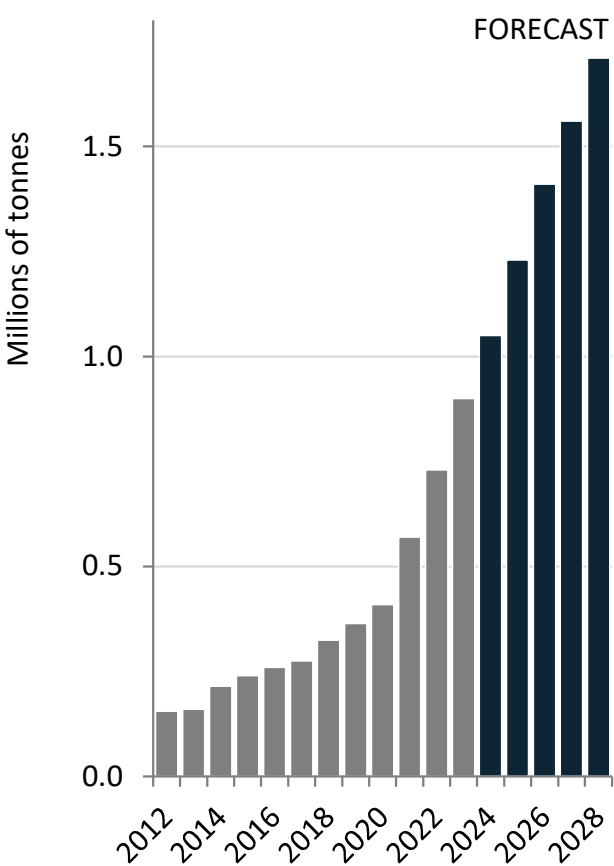
Our comprehensive report, "**Defining the Global Lyocell Market**" offers an exhaustive exploration of this promising sector. Designed to cater to a diverse group of stakeholders—including manufacturers, raw material suppliers, investors, brands and policymakers—this multi-client report aims to provide a detailed overview of this rapidly expanding sector.

The report provides detailed insights into the lyocell production process, key market participants and innovators, supply chain intricacies, current market dynamics, and the projected growth trajectory of the lyocell industry.

Additionally, the report examines consumer trends, the regulatory framework shaping demand, and competitive strategies. The demand analysis includes proprietary survey results reflecting industry attitudes towards lyocell. And the report concludes with a lyocell price forecast through 2028.

By integrating qualitative insights with quantitative data, this report provides a comprehensive analysis of the current lyocell market landscape and its future prospects. Whether you aim to expand your presence in the sustainable textiles market, explore investment opportunities, or understand the competitive landscape, "Defining the Global Lyocell Market" delivers the essential intelligence needed to excel in this dynamic industry.

World lyocell capacity, 2012-2028



Confirmed investment in world lyocell capacity is quantified at 0.8Mt during the next 5 years. We count an additional 1.4Mt of capacity that is being considered and could yet start up during this period.



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METHODOLOGY

This report has been prepared using desk research which has been supplemented by interviews with industry participants. We have also made full use of Hawkins Wrights existing information resources, contacts and relevant research material.



	Lyocell	VSF	Modal	Cotton	Notes
Strength (cN/tex)	40-44	22-26	34-36	20-24	Strength (cN/tex) is a measure of the tensile strength of a fiber, yarn, or textile material. It indicates how much force is required to break the material, standardized by its linear density (tex). This metric allows for comparison of materials with different thicknesses and compositions.
Elongation at break (%)	14-16				Elongation at break (%) is a measure of how much a material can stretch or elongate
Wet elongation at break (%)	6-18				
Wet strength (cN/tex)	34-38				
Wet modulus (5% elongation) (cN/dtex)	270				
Moisture regain rate (%)	11.5				
Water retention rate (%)	65				

Source: Hawkins Wright, Chemical Fibre

Defining the global lyocell market

Lyocell trade matrix, 2023

In the table below, we offer a detailed breakdown of our lyocell shipment estimates, showcasing the trade flows between the country of production and the destination for shipments. For domestic deliveries, we must highlight that our estimates carry a significant margin of error due to the lack of transparency within the industry.

(thousand tonnes)

To \ From	North America	Europe	Latin America
Lyocell			
USA	30	6	-
Austria	10	20	1
UK	1	7	-
Turkey	-	-	-
India	-	-	-
Thailand	-	1	-
China	-	2	-
Korea	-	-	-
TOTAL	41	36	1

Source: Customs Data

Note: the HS code used to derive this data is

Global lyocell demand

Question 10: What are the criteria, certification and verification mechanisms you expect for lyocell fibres/products?

- Environmental Concerns: The environmental impact, particularly in terms of chemical use and waste in viscose processing, is a notable concern. There's a call for more stringent criteria on Canopy's Hot Button.
- Preferred Suppliers: A preference for suppliers with established reputations and certifications.
- Diverse Certifications: Other certifications beyond FSC, such as performance-based certifications like Lenz's EcoVadis.
- Holistic Approach: Companies are looking for a more holistic approach to sustainability, considering the entire supply chain.
- Focus on Microfibre Shedding: Some companies are starting to focus on microfibre shedding, which is a concern for environmental impact.
- Customer-Driven Choices: The market is becoming more customer-driven, with consumers increasingly aware of sustainability and making choices based on their preferences.
- Meeting Industry Requirements: Companies are looking for ways to meet industry requirements and standards, such as the MMCF sector's requirements.
- Transparency in Processing: Lenz is pushing for more transparency in the processing of lyocell, particularly regarding chemical use and waste.

These responses underscore the importance of transparency and the preferences shaping the MMCF sector.

Buyer survey

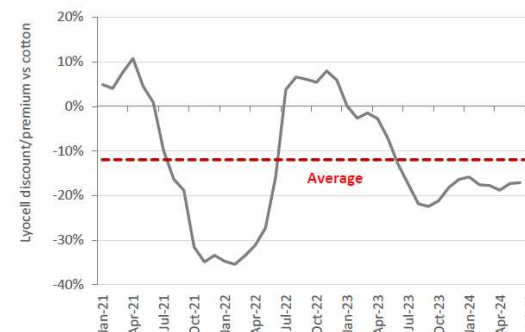
Cotton and lyocell price forecast

Methodology: Lyocell is widely regarded as a substitute for cotton, although it is typically blended with other fibers rather than used as a standalone fiber. Since cotton is the most comparable substitute to lyocell, our price forecast is based on our forward curve for cotton prices.

Prior to 2020, there was no lyocell price data in the public domain. However, since then, monthly updates on a China price series for lyocell have been provided by both CCF and Emerging Textiles. This data represents the price of Chinese-manufactured lyocell.

Analysis of this data since 2021 reveals that Chinese-manufactured lyocell has sold at an average discount of 13% relative to cotton in the Chinese market. This discount has fluctuated, reaching a maximum of 35%, but has also seen premiums as high as 11%.

Chinese manufactured lyocell price premium/discount vs cotton, China market



We can observe a cyclical pattern in the price relationship between lyocell and cotton, reflecting their roles as substitute goods within the textile market. During periods of rising cotton prices, the appeal of alternative fibres like lyocell increases, driving its market price upwards. Conversely, when cotton prices decrease, interest in lyocell may diminish, supporting price erosion. This dynamic underscores the interconnectedness of the two fibres, where fluctuations in the price of one directly impact the demand—and consequently, the value—of the other.



About the authors

The report has been co-authored by **Hawkins Wright** and **Simone Seisl**, a sustainability consultant to the global fashion industry.

Hawkins Wright was established over forty years ago to provide independent market research and business consultancy for the global pulp and paper industry. Our services for this sector range from market due diligence assignments on behalf of project developers and financial institutions, to multi-client reports which typically provide market analysis on issues of supply and demand, costs, and prices (including forecasts). Our expertise covers all grades of pulp and paper, across all regions including the chemical cellulose market. Our analysis of this sector has allowed us to develop a thorough understanding of the wood-based textile fibre industry, including the global lyocell market.

Simone Seisl is an apparel engineer and designer with extensive experience in the global fashion industry. Over 15 years, she has held various roles including buyer for a multi-brand apparel retail chain, designer, product manager, and category manager at notable companies such as Adidas. Since 2009, Simone has shifted her focus towards the sustainability aspects of the industry. She has worked as a supply chain consultant for a global NGO and served as the head of marketing and sales at the vertical production house Remei AG.

In 2014, Simone founded her own consulting firm, assisting brands, retailers, suppliers, the educational sector, NGOs like Textile Exchange, and governmental projects, including the German Partnership for Sustainable Textiles and the development organization GIZ. Her expertise centers on raw materials strategies, certifications, and standards, as well as innovations in sustainability and circularity, particularly within the MMCF sector.



Availability and cost

Available from July 2024, a subscription to Defining the Global Lyocell Market is priced at £3,450 **(existing subscribers to Hawkins Wright services qualify for a discount upon application)**

The price includes an electronic copy of the main report; Hawkins Wrights responses to any (within reason) questions on global lyocell markets that may arise during the year; and a presentation meetings with one of our consultants. (Such meetings are normally arranged to coincide with major industry events – for example London Pulp Week or CTF Milan – or when a consultant is travelling in the region. However, for specially arranged meetings we reserve the right to charge travel and subsistence costs. Such costs will always be agreed in advance.)

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