HAWKINS WRIGHT

Defining the Specialty Cellulose Market, 2025

A multi-client report available from July 2025

Report prospectus

Bringing clarity to an opaque market

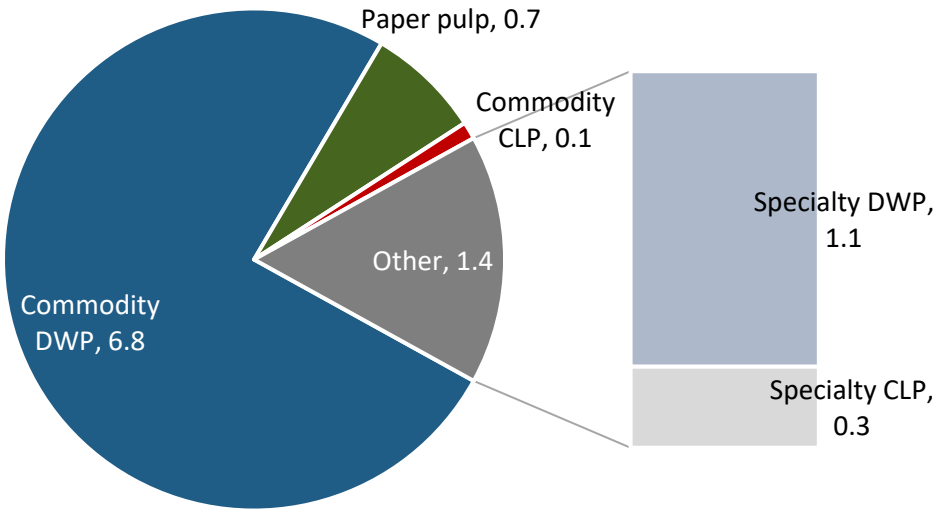
The specialty cellulose market remains notably opaque. Supply is dominated by a small group of producers, while demand is dispersed across a wide range of end-use sectors. In contrast to the paper-grade pulp industry, no formal industry body publishes shipment statistics. As a result, estimates of market size and growth vary significantly, and perceptions of historical and future trends are often conflicting.

This lack of transparency prompted the launch of this report in 2023. Our objective: to provide a rigorous, data-driven assessment of the sector by mapping shipments by grade and destination. Now in its third year, the report draws on a range of sources - including industry interviews, corporate disclosures, and international trade data - to offer the most comprehensive and credible view of market developments available today.

Supply rationalisation offsets falling demand

The specialty cellulose industry has endured a difficult few years, with shipments plummeting by 9% in 2023, followed by only a modest recovery of 4% in 2024. This subdued performance reflects a confluence of challenges, with elevated interest rates emerging as the most consequential. The high-rate environment has significantly constrained global construction activity, thereby dampening demand for cellulose ether derivative products. This has obliged significant production cuts which have undermined ether grade chemical cellulose demand, which collapsed by 22% in 2023 but only recovered by 13% last year. Producers of ether grade DWP are facing the additional challenge of renewed competition from the Chinese CLP market, which has been growing market share since 2023.

Shipments of chemical cellulose by grade & furnish type, 2024
(Millions tonnes)



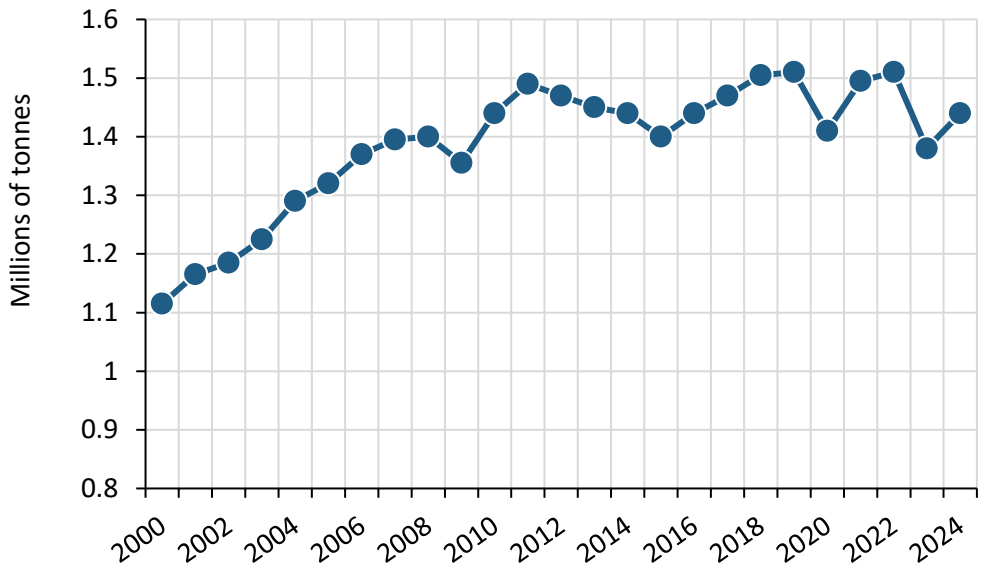
Note: DWP = Dissolving Wood Pulp, CLP = Cotton Linter Pulp

Background

Among the other specialty cellulose grades, performance in 2024 was mixed but broadly improved relative to 2023, aided by the easing of consumer destocking across many end-use segments. The notable exception is acetate grade, demand for which outperformed in 2023 but has since seen a marked slowdown owing to widespread destocking across the acetate tow value chain. Additional pressure stems from ongoing trade tensions between the United States and China, which have heightened the vulnerability of US acetate derivative exports to the Chinese market.

Despite the lacklustre performance of shipments since 2023, the sector has remained remarkably balanced, supported by a series of supply-side adjustments. Most notably, the industry has had to adapt to the closure of GP Foley in 2023 and Rayonier AM's Témiscaming facility in July of last year. In addition, several producers have redirected capacity away from specialty grades in favour of commodity dissolving pulp, fluff pulp, or even paper-grade pulp. These supply-side constraints have been instrumental in averting oversupply, with at least one supplier clearly prioritising value over volume in its strategic positioning.

Chemical Cellulose Shipments (CLP + DWP), 2000-2024



In our assessment, the full impact of the Foley and Témiscaming closures have yet to be fully realised and is unlikely to materialise until demand for cellulose derivatives returns to pre-2023/24 levels. We expect this rebound to slowly materialise during the next 2 years, driving chemical cellulose consumption and prices higher. We believe this price inflation will be required to stimulate some of the swing capacity to move more of their volumes back to specialty grades, helping supply and demand to remain broadly aligned. Most risks are skewed to the upside, given that the closures of Foley and Témiscaming have left the industry with minimal buffer supply to accommodate any unexpected supply disruptions.

Table of contents

This report provides context to the different end use markets for specialty cellulose (both dissolving wood pulp and cotton linter pulp), providing estimates for shipments by region and subgrade, with forecasts to 2029. An appraisal of current and future global supply by plant is also included. The report concludes with a price forecast for acetate and ether grades, expressed as an index.

Chapter 1. Defining the Global Fibre Market.

- An overview of global fibre demand by grade (waste paper, virgin paper grade pulp, fluff pulp, dissolving pulp and cotton linter pulp).
- World chemical cellulose shipments by grade, 2024 (DWP &CLP) and end-use market (VSF, lyocell, textile filament, cellophane, acetate, ether, MCC, technical paper, nitrocellulose, casings, tire cord and sponges).
- Historical shipments of specialty cellulose by furnish (DWP & CLP) and grade (acetate, ether, MCC, technical paper, nitrocellulose, casings, tire cord and sponges).
- Regional focus. A breakdown of deliveries by grade and destination: North America, Europe, Latin America, Japan, China, Other Asia.

Chapter 2. Specialty Cellulose Shipments Forecast by Grade and Region, 2024-2029

- A discussion about the challenges and opportunities facing each grade of specialty cellulose.
- Shipments forecast for each grade, by region.

Chapter 3. Specialty Cellulose Supply

- An overview of the supply base, by plant and by grade. Forecasts until 2029.
- CLP supply overview and procurement risks

Chapter 4. Specialty Cellulose Price forecast

- An overview of prices by grade for 2024.
- Price evolution in real and nominal terms
- Implications of the US import tariffs
- Price forecast for ether and acetate grades, as an index, 2024-2029

METHODOLOGY

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

Page extracts

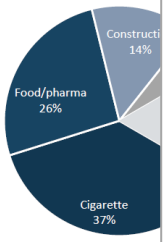
Specialty cellulose shipments outlook

Specialty cellulose pulp is used for a diverse range of applications, with usage dependent on the level of purity and viscosity of the pulp. Demand is highly fragmented across multiple sectors.

The key end-use sectors for specialty cellulose fall into 4 core areas (Cigarette Smoking, Food/Pharmaceutical, Construction, and Automotive). A diverse array of 'Other' end-us
SWOT analysis for each end-use segment for sp
impact upon speciality cellulose shipments throu

Our shipment forecast is closely tied to our sup
cellulose pulp is constrained through 2029, v
opportunities for chemical cellulose and increas

Specialty cellulose demand by end-use sector, 2



Section 2: Specialty Cellulose Shipments Forecas

SWOT ANALYSIS: NITROCELLULOSE BASED PRODUCTS/NITRATE PULPS

STRENGTHS

Versatile applications: Used across industries including explosives, propellants, lacquers, and inks.
High energy content: Essential for propellants and explosives due to its high energy density.
Fast drying: Valued in lacquers and ink
properties.
Adhesion properties: Offers strong ac
substrates, supporting use in coatings
Film-forming ability: Forms tough, fl
for coatings and varnishes.

WEAKNESSES

Flammability: Nitrocellulose is highly flammable, creating significant handling and storage challenges.
Environmental and health concerns: Production and disposal can have adverse environmental impacts.
Regulatory constraints: Stringent rules on handling, storage, and

OPPORTUNIT

Innovation in product use: New appl
coatings or bio-based plastics could op
nitrocellulose.
Global market expansion: Growth in
coatings demand, particularly in Asia, o
potential.
Geopolitical tensions: Rising tensions
stockpiling, boosting demand for nitro
propellant material.
Technological advancements: Safer
innovations could help mitigate some
risks.

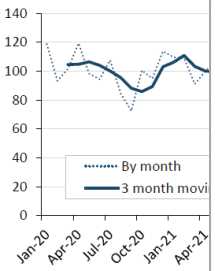
Section 2: Specialty Cellulose Shipments

Specialty grade DWP capacity: Europe

Rayonier Advanced Materials (RYAM) Tartas

- **RYAM** operates the **Tartas** mill in France, with a theoretical maximum specialty cellulose capacity of approximately 140kt/yr, primarily focused on ether grades supplied in roll form. Following the sharp decline in ether-grade demand in late 2022, RYAM adopted **a value-over-volume strategy**, shifting part of the production to fluff pulp and thereby removing a notable volume of ether pulp from the market.
- Since Tartas is the only dissolving
production focus - albeit excluding
export volumes remain 25-30% belo
pulp, lower-grade paper pulps, or
capacity of ~100Kt this year, with fl
to specialty cellulose.

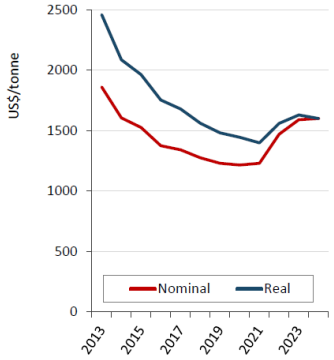
French exports of DWP by month, as a



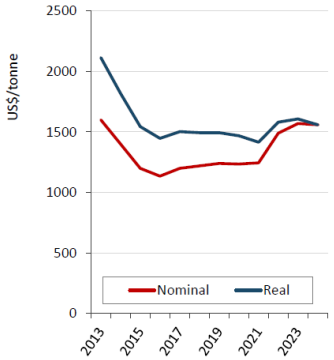
Section 3: Specialty Cellulose Supply

Specialty cellulose prices: real vs. nominal

Real (2024 $) vs. nominal prices, acetate grade DWP



Real (2024 $) vs. nominal prices, ether grade DWP



Relatively stagnant demand for specialty cellulose coupled with the introduction of new low-cost supply weighed heavily on prices during the period 2013-2021. From peak to trough, in nominal terms, prices fell by 25-30%; in real terms, the prices decline were closer to 35-45%.

Since 2021, prices have recovered some of their losses although most of the impetus for the price inflation has been cost driven, meaning the marginal cost producers have seen little margin improvement.

Section 4: Prices

Availability and cost

Available from July 2025, a subscription to Defining the Specialty Cellulose Market is priced at £3,450.

Existing subscribers to Hawkins Wright's Outlook for Dissolving Pulp service qualify for a discounted price of £2,450.

The price includes an electronic copy of the main report; Hawkins Wrights responses to any (within reason) questions on global specialty cellulose 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 MPA – 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.)

Contact

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