

Title: Foresight: improving competitiveness of MMCF production

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Abstract:

Textile fibre prices, particularly VSF, reached historically low levels during the second quarter of 2020. A perfect storm triggered by the Sino-US trade war coupled with the severe effects of the global pandemic resulted in a major decline in the global demand for textiles. Today, in November 2020, both demand and prices appear on the recovery path. It is during the lows of market cycles that we are reminded on the importance of competitiveness. Competition occurs not only between players acting in the same segment, but also between the different fibres: MMCF, cotton and polyester. The key elements of competitiveness are location, industrial scale, modernity of technology and access to feedstocks.

The VSF industry is clearly integrating upstream – all major league players are investing in modern dissolving pulp and VSF facilities, strategically targeting a higher degree of control over feedstock costs and product quality as well as sustainability assurance in the supply chain. At the end of the day the intention is to create more value and better products. These capital-intensive activities are changing the face of the VSF industry. Will the novel man-made cellulosic fibre industry follow a similar path? What key elements are required to compete and what will it take for them to become mainstream fibres?

AFRY's analysis examines these structural changes and key elements of competitiveness in MMCF production. Complemented with a deep dive into the different strategies adopted, the analysis also reveals the main opportunities and challenges.
