Natural Polymers

US Industry Study with Forecasts for 2012 & 2017

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# Natural Polymers
US Industry Study with Forecasts for 2012 & 2017

## Table of Contents

### EXECUTIVE SUMMARY

- **MARKET ENVIRONMENT**
  - General ............................................. 4
  - Macroeconomic Outlook .................. 4
  - Demographic Trends ...................... 9
  - Consumer Income & Spending ........ 12
  - Nondurable Goods Outlook .......... 14
  - Competitive Materials ................. 16
  - Pricing .......................................... 17
  - Environmental & Regulatory
    - Considerations ............................ 20
    - Food & Beverages ....................... 20
    - Cosmetic & Toiletry Chemicals ...... 22
    - Pharmaceuticals ....................... 23
    - Other .......................................... 24
    - International Activity ................ 25
    - Foreign Trade ............................... 26

### MARKETS

- General ............................................. 28
- Medical .......................................... 30
- Pharmaceuticals Overview ........... 30
- Natural Polymer Demand ............. 32
- Pharmaceuticals .......................... 34
- Orthopedic Injections ................. 36
- Wound Care Products .................. 37
- Other .............................................. 39
- Food & Beverages ............................ 40
- Food & Beverage Industry Overview .. 40
- Food .............................................. 41
- Beverages ....................................... 43
- Natural Polymer Demand ............. 44
- Confections & Baked Goods .......... 46
- Dairy & Desserts ............................ 48
- Other .............................................. 50
- Oilfield .......................................... 52
- Petroleum & Natural Gas
  - Industry Overview ....................... 52
- Natural Polymer Demand ............. 54
- Applications ................................. 56
- Polymers ....................................... 57
- Construction ................................. 59
- Building Construction Overview ..... 60
- Natural Polymer Demand ............. 62
- Cosmetics & Toiletries ............... 64
- Cosmetic & Toiletry Industry Overview.. 64
- Natural Polymer Demand ............. 66

### PRODUCTS

- General ............................................. 99
- Cellulose Ethers ......................... 101
- Methyl Cellulose ......................... 103
- Hydroxyethyl Cellulose ............... 108
- Microcrystalline Cellulose .......... 111
- Carboxymethyl Cellulose ............. 114
- Other Cellulose Ethers ............... 118
- Starch & Fermentation Products .... 121
- Starch Blends ............................... 122
- Markets ......................................... 124
- Producers ...................................... 126
- Xanthan Gum ................................. 128
- Markets ......................................... 129
- Producers ...................................... 132
- Polyactic Acid .............................. 135
- Markets ......................................... 136
- Producers ...................................... 139
- Hyaluronic Acid ............................ 140
- Other .............................................. 144
- Protein-Based Polymers .............. 148
- Collagen ........................................ 149
- Other Protein-Based .................... 153
- Exudate & Vegetable Gums .......... 155
- Guar Gum ....................................... 157
- Markets ......................................... 159
- Producers ...................................... 160
- Gum Arabic .................................... 162
- Other .............................................. 165
- Marine Polymers ......................... 169
- Carrageenan ................................. 170
- Markets ......................................... 172
- Alginites ....................................... 175
- Other .............................................. 179
- Natural Phenolics & Polyphenols ........ 182
- Polyterpene .................................... 183
- Other .............................................. 186
- Other .............................................. 189

### INDUSTRY STRUCTURE

- General ............................................. 194
- Market Share .................................... 196
- Acquisitions & Divestitures ........ 200
- Marketing Strategies ................... 204
- Channels of Distribution ............... 206
- Research & Development ............... 207
- Competitive Strategies ................. 208
- Cooperative Agreements ............... 209

### COMPANY PROFILES

- Akzo Nobel ........................................ 216
- Allergan Incorporated ..................... 221
- American Excelsior ......................... 224
- AMYLEX Corporation ....................... 225
- Angiotech Pharmaceuticals ............. 226
- Archer-Daniels-Midland Company .... 227
- Arizona Chemical ......................... 230
- Ashland Incorporated ....................... 231
- AVEBE UA ....................................... 232
- Bayer AG ......................................... 234
- Cargill Incorporated ......................... 235
- Cereplast Incorporated ................. 240
- Cognis Deutschland ....................... 242
- Croda International ......................... 244
- CSM NV ........................................... 245
- Danisco A/S .................................... 248
- Dow Chemical .................................. 250
- Economy Polymers & Chemicals ....... 255
- FMC Corporation ....................... 256
- Frutarom Limited ............................ 259
- Genzyme Corporation ..................... 260
- Hercules Incorporated .................. 262
- Huber (JM) Corporation ................. 265
- Importers Service ......................... 270
- International Paper ....................... 271

(continued on next page)
# Table of Contents

## COMPANY PROFILES

(continued from previous page)

- International Specialty Products ........... 271
- Jungbunzlauer AG .................................. 272
- Manildra Group .................................... 273
- Medicis Pharmaceutical ............................ 274
- Metabolix Incorporated .............................. 275
- MGP Ingredients .................................... 277
- Novamont SpA ....................................... 280
- Orkla ASA ........................................... 281
- Penn Carbose ........................................ 282
- Penwest Pharmaceuticals ........................... 282
- Rettenmaier (J.) & Son .............................. 284
- Rhodia SA ............................................ 285
- Shin-Etsu Chemical .................................. 288
- Storopack Hans Reichenbecker ...................... 291
- Tanac SA ............................................. 292
- TIC Gums ............................................. 293
- Vertellus Specialties ................................ 294
- Wacker-Chemie ..................................... 296

## List of Tables/Charts

## EXECUTIVE SUMMARY

1. Summary Table .................................. 3

## MARKET ENVIRONMENT

1. Macroeconomic Indicators ......................... 9
2. Population & Households .......................... 12
3. Personal Consumption Expenditures .. 14
4. Nondurable Goods Shipments .................... 15
5. Selected Natural Polymer Prices .................. 19
6. Natural Polymer Foreign Trade .................... 27

## MARKETS

1. Natural Polymer Demand by Market ... 29
   - Natural Polymer Demand by Market, 2007 ............ 30
2. Pharmaceutical Shipments ...................... 32
3. Medical Demand for Natural Polymers  
   by Application & Product .......................... 33
   - Medical Demand for Natural Polymers  
   by Product, 2007 ................................ 34
4. Food & Beverage Shipments ..................... 41
5. Food & Beverage Demand  
   for Natural Polymers  
   by Application & Product .......................... 45
   - Food & Beverage Demand for Natural Polymers  
   by Product, 2007 ................................. 46
6. Confection & Baked Goods Demand  
   for Natural Polymers .............................. 48
7. Dairy & Dessert Demand  
   for Natural Polymers .............................. 50
8. Other Food & Beverage Demand  
   for Natural Polymers ................................... 52
9. Petroleum & Natural Gas Production .......... 54
10. Oilfield Demand for Natural Polymers by Product .................. 56
11. Building Construction Expenditures .. 62
12. Construction Demand for Natural Polymers .................. 63
13. Cosmetic & Toiletry Shipments ................... 66
14. Cosmetic & Toiletry Demand  
   for Natural Polymers .................. 71
   - Cosmetic & Toiletry Demand for Natural Polymers  
   by Product, 2007 ................................ 72
15. Adhesive Shipments ............................... 73
16. Adhesive Demand for Natural Polymers ............... 75
17. Packaging Shipments by Material ........... 78
18. Packaging Demand for Natural Polymers  
   by Application & Product .................. 79
19. Thermoformed Product Demand  
   for Natural Polymers .............................. 81
20. Film Demand for Natural Polymers .......... 82
21. Loose-fill Packaging Demand  
   for Natural Polymers .............................. 84
22. Foodservice & Other Applications  
   for Natural Polymers .............................. 86
23. Paint & Printing Ink Indicators .......... 89
24. Paint & Ink Demand  
   for Natural Polymers .............................. 91
25. Textile & Leather Tanning Shipments .... 93
26. Textile & Leather Tanning Demand  
   for Natural Polymers .............................. 96
27. Other Markets for Natural Polymers ... 98

## PRODUCTS

1. Natural Polymer Demand by Type ... 100
2. Cellulose Ether Demand ......................... 102
3. Methyl Cellulose Demand ....................... 107
4. Hydroxyethyl Cellulose Demand ........... 111
5. Microcrystalline Cellulose Demand .......... 113
6. Carboxymethyl Cellulose Demand ........ 117
7. Other Cellulose Ether Demand ........... 120
8. Starch & Fermentation  
   Polymer Demand ................................. 121
9. Starch Blend Polymer Demand .............. 124
10. Xanthan Gum Demand ......................... 129
11. Polyactic Acid Demand .............. 136
12. Hyaluronic Acid Demand ..................... 144
13. Other Starch & Fermentation  
   Polymer Demand ................................. 148
14. Protein-Based Polymer Demand .......... 149
15. Collagen Demand ............................... 152
16. Other Protein-Based  
   Polymer Demand ................................. 155
17. Exudate & Vegetable Gum  
   Demand by Type ................................. 157
18. Guar Gum Demand .............................. 158
19. Gum Arabic Demand ............................ 165
20. Other Exudate & Vegetable  
   Gum Demand ................................. 168
21. Marine Polymer Demand ....................... 170
22. Carrageenan Demand ........................... 172
23. Alginate Demand ............................... 179
24. Other Marine Polymer Demand .......... 182
25. Natural Phenolic &  
   Polyphenol Demand ............................. 183
26. Polyterpene Demand ......................... 186
27. Other Natural Phenolic &  
   Polyphenol Demand ............................. 189
28. Other Natural Polymer Demand ........... 193
   - Natural Polymer Demand by Type, 2007 ............ 101
   - Cellulose Ether Demand, 2007 ........... 103
   - Methyl Cellulose Demand, 2007 ........... 108
   - Carboxymethyl Cellulose  
   Demand, 2007 ................................... 118
   - Starch & Fermentation  
   Product Demand, 2007 ......................... 122

## INDUSTRY STRUCTURE

1. Selected US Natural Polymer  
   Sales by Company, 2007 ......................... 195
   - US Natural Polymer Market Share  
   by Company, 2007 .............................. 197
2. Selected Acquisitions & Divestitures .................. 203
3. Selected Cooperative Agreements ... 213
Best opportunities within the key cellulose ether natural polymer segment are anticipated for microcrystalline cellulose (MCC), particularly in pharmaceutical tablet filling and binding.

**US demand to grow 7.1% annually through 2012**

Natural polymer demand is expected to grow 7.1 percent annually to $4.0 billion in 2012, or 1.75 billion pounds. Best opportunities are anticipated in packaging areas as a result of the increased availability and cost competitiveness of novel polymers such as polylactic acid (PLA). Further growth will be threatened by climatic and political uncertainties for products such as guar gum and gum arabic, as well as competition from synthetic alternatives.

**Starch, fermentation types to grow at rapid pace**

Cellulose ether demand is expected to rise 4.2 percent annually through 2012, accounting for about one-third of all natural polymer demand. Methyl cellulose will dominate the cellulose ether market due to its widespread use in construction materials such as plaster, mortar, grouts, stucco and wallpaper pastes. Best cellulose ether opportunities are anticipated for microcrystalline cellulose (MCC), particularly in pharmaceuticals. MCC has quality and performance advantages in tablet filling, and binding uses, including good compaction under low compression pressure.

Demand for starch and fermentation products will expand at a double-digit pace through 2012 based on greater availability and improved production technologies for polymers such as PLA, starch blends and hyaluronic acid.

Falling prices will also boost volume demand. Polylactic acid will see significant growth in packaging areas such as thermoformed containers. Hyaluronic acid demand will be stimulated by an aging populace, generating strong demand for dermal injections and orthopedic treatments.

**Packaging, medical markets offer best opportunities**

Although packaging will be the fastest growing market, medical markets will experience good growth through 2012 based on widespread applications for materials such as cellulose ethers as well as high priced collagen and hyaluronic acid used as fillers, topical treatments and injections for the treating of osteoarthritis of the joints. Food and beverage markets will grow at a slower pace based on mature applications and competition from synthetic alternatives.
Polylactic Acid

Demand for polylactic acid (PLA) will expand at a rapid 15.5 percent annual pace to nearly $190 million in 2012, reaching 225 million pounds. Packaging uses will remain dominant although slightly faster growth is anticipated for fiber textile/leather applications. Stimulants include significant capacity additions, improved product performance, greater processor familiarity and growing consumer awareness of environmental advantages. Prices are also expected to decline to $0.84 per pound due to economies of scale and fermentation improvements. High corn prices will threaten further PLA price declines. However, increased capacity and higher production efficiencies will offset this to some extent. Exports will remain sizeable, particularly to Europe and Japan.

Polylactic acid, a linear aliphatic polyester, is produced by the polymerization of lactic acid, which is made by the fermentation of sugars obtained from renewable resources such as corn and sugar cane. This material has a low moisture vapor transmission rate, high clarity and good strength. PLA is a thermoplastic material that can be processed by a number of techniques such as injection molding, blow molding, extrusion and thermoforming. PLA can be made into flexible or rigid products and is inherently clear, but can be processed to be opaque. The material is compostable, biodegradable, and degrades by hydrolysis. The material can also be spun into fibers.

PLA is a completely biodegradable polymer. Prior to the early 1990s the material was too expensive to be commercially feasible for large scale applications, so its use was limited largely to specialized applications like biomedical devices, sutures and surgical implants. However, as a result of advancing biotechnology and rising conventional plastic prices, PLA has become cost competitive with conventional polyolefin and polyester resins. PLA is frequently blended with starch to

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**TABLE IV-12**

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**CHART V-1**

US POLYMER MARKET SHARE BY COMPANY, 2007
($2.9 billion)

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Cereplast Incorporated
3421-3433 West El Segundo Boulevard
Hawthorne, CA 90250
310-676-5000
http://www.cereplast.com

Revenues: $2 million (2007)
Key Products: resins made from polylactic acid and starches; and plastic forks, knives, spoons, straws, cups and other products made using these resins.

Cereplast is engaged primarily in the development, manufacture and sale of biologically based resins for use in blown film, injection molding, thermoforming, blow molding, extrusion and other conventional converting processes. In addition, the Company markets finished products made from its resins.

The Company is involved in the US natural polymer industry primarily through the production of CEREPLAST COMPOSTABLES biodegradable/compostable resins, which are made from polylactic acid (PLA), starches and other renewable resources. The PLA used in Cereplast’s resin manufacturing operations is NATUREWORKS PLA, a product supplied to the Company by NatureWorks LLC (Minneapolis, Minnesota), a joint venture between Cargill Incorporated (Wayzata, Minnesota) and Teijin Limited (Japan), under the terms of a long-term supply agreement. CEREPLAST COMPOSTABLES resins are designed to serve as environmentally friendly alternatives to conventional plastics in the converting and production processes of the foodservice, graphic arts, packaging, durable goods and other industries. For example, Cereplast utilizes CEREPLAST COMPOSTABLES resins to...

“Demand for natural polymers in the manufacture of cosmetics and toiletries is expected to rise 6.9 percent annually to $275 million in 2012, reaching 115 million pounds. Good opportunities are anticipated for hyaluronic acid and collagen, fueled by an aging populace and higher disposable personal income levels. Further gains will be threatened by ...”

--Section III, pg. 66
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Other Studies

Specialty Films
This study analyzes the US specialty film industry. It presents historical demand data for 1997, 2002 and 2007 and forecasts to 2012 and 2017 by film type (e.g., polyolefin, polyvinyl chloride, polyester, polyvinyl butyral, nylon, polyvinylidene chloride, ethylene vinyl alcohol, polyimide), function (e.g., barrier, decorative, breathable, safety and security, conductive, light control, biodegradable, water soluble) and market. The study also considers market environment factors, evaluates market share and profiles industry players.

World Pressure Sensitive Tapes
This study analyzes the global pressure sensitive adhesive (PSA) tape industry. It presents historical demand data (1997, 2002, 2007) and forecasts for 2012 and 2017 by product type (e.g., carton sealing, masking, electrical and electronic, double-sided, medical), backing material (e.g., polypropylene, PVC, paper), raw material, world region and major country. The study also considers market environment factors, details industry structure, evaluates company market share and profiles industry competitors.

Cosmeceuticals
Demand for cosmeceuticals in the US will increase 7.4% annually through 2012, driven by an aging population seeking to maintain the appearance of youth. Antioxidants will remain the largest chemical category while botanicals and enzymes stay among the best opportunities. Injectables and skin care products will register the fastest growth. This study analyzes the $5.8 billion US cosmeceutical industry, with forecasts for 2012 and 2017 by product and chemical. It also evaluates market share and profiles major players.

Biodegradable Plastic
US demand for biodegradable plastic will grow 15.5% yearly through 2012. Gains will be driven by escalating costs for petroleum-based resins and growing initiatives that favor renewable resources. Polyester-based and polyactic acid resins will grow the fastest, while starch-based types remain the largest segment. This study analyzes the 350 million pound US biodegradable plastic industry, with forecasts for 2012 and 2017 by type and market. It also details market share and profiles industry players.

Pharmaceutical Packaging
US demand for pharmaceutical packaging will grow 5.5% annually through 2012. Strong growth is forecast for value-added types, especially parenteral vials and flip-top closures, plastic dispensing bottles and closures, prefilled inhalers and syringes, parenteral stoppers, track and trace and authentication labels, and unit dose pouches. This study analyzes the $12.2 billion US drug packaging industry, with forecasts for 2012 and 2017 by material, product and market. It also evaluates market share and profiles industry players.