

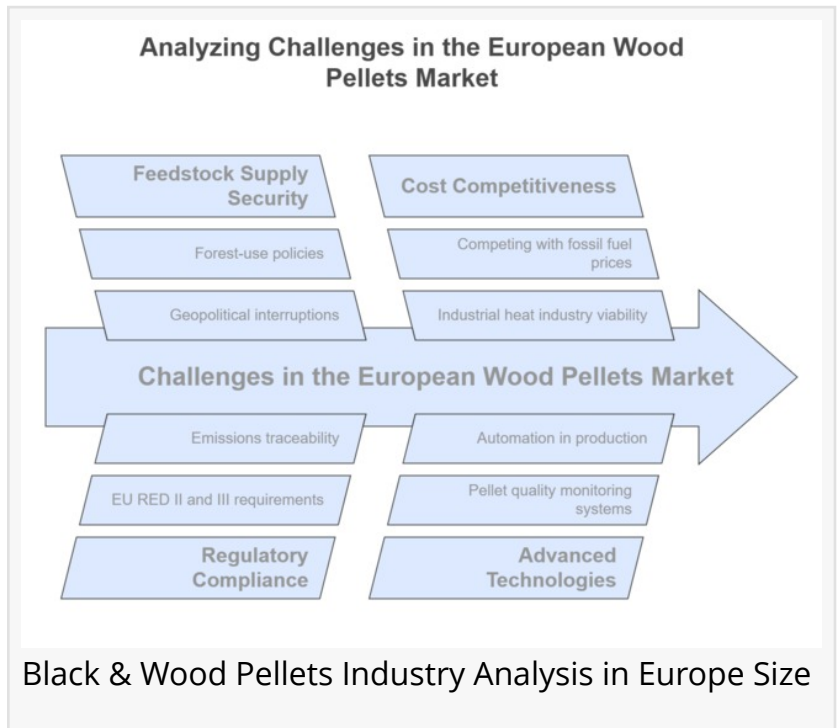
Europe's Black & Wood Pellets Market to Reach USD 33.22 Billion by 2035, Driven by Renewable Energy Targets

The Black & Wood Pellets Industry Analysis in Europe is expected to reach USD 14.07 billion in 2025 and expand to USD 33.22 billion by 2035

OSAKA CITY, OSAKA PREFECTURE, JAPAN, November 7, 2025

/EINPresswire.com/ -- The [European Black & Wood Pellets Market](#) is

entering a new growth phase, with a projected market value of USD 33.22 billion by 2035, up from USD 14.07 billion in 2025, marking a strong 9.0% CAGR during 2025–2035. The expansion is powered by Europe's aggressive decarbonization goals, fossil fuel phase-out policies, and the global transition toward sustainable biomass energy, with ripple effects extending across APAC, the USA, and Saudi Arabia, where biomass-based renewable projects are gaining policy traction.



Renewable Energy Momentum Reshaping the Biomass Landscape

As global economies prioritize net-zero commitments, the demand for biomass-based heating and power generation continues to rise. In Europe, residential and commercial heating leads the market, accounting for 62% of applications in 2025, driven by colder climates and government-backed heating subsidies across Northern and Central Europe.

Simultaneously, industrial pellets for Combined Heat and Power (CHP) and district heating represent 58% of total end-use, propelled by expanding municipal networks and EU-funded decarbonization programs in Germany, Denmark, and the Netherlands. These nations collectively contribute over 45% of Europe's biomass-based energy output, underscoring the pivotal role of pelletized fuel in reducing carbon emissions.

Industrial Policy, Incentives, and Consumer Adoption Fueling Market Growth

The European Commission's 2030 Climate and Energy Framework—targeting a 55% reduction in greenhouse gas emissions—has accelerated the transition toward biomass heating systems. Countries such as Germany, France, and the UK have integrated wood pellet subsidies and tax credits into national renewable energy plans.

In Germany, the Energiewende policy mandates renewable integration in new constructions, while in France, the Energy Transition Law and AENOR-managed ENplus® certification enhance pellet adoption. The UK's Renewable Heat Incentive (RHI) has further boosted biomass heating system installations across both residential and commercial sectors.

At the same time, Italy's ContoTermico and Spain's Renewable Energy Plan have expanded pellet consumption through local subsidies, while Sweden, Finland, and Denmark continue leading Europe in renewable district heating penetration, where wood pellets remain central to urban energy security.

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Recent Industry Developments: Capacity Expansion and Financial Recovery

A key milestone reshaping the market landscape occurred in December 2024, when Enviva Inc., one of the world's largest biomass producers, successfully emerged from Chapter 11 bankruptcy, erasing USD 1 billion in debt and securing new financing for its 11th production facility in Epes, Alabama.

Expected to start operations by May 2025, the facility will add one million metric tons of annual wood pellet capacity, primarily for export to Europe and Asia, reinforcing Europe's supply security amid growing demand.

Similarly, German Pellets GmbH expanded its footprint by acquiring two Polish plants, boosting capacity by 200,000 tonnes annually, while Drax Group Plc invested USD 30 million into sustainable forestry in Latvia to ensure long-term biomass feedstock availability.

Regional Market Performance: Europe Leads, Global Synergies Emerging

While Europe remains the global hub for black and wood pellet consumption, international linkages are strengthening:

- APAC: Japan and South Korea are increasing imports from Europe and the US to meet co-firing targets in coal-to-biomass conversions.

- United States: A growing export base, led by Enviva and Pinnacle Renewable Energy, is reinforcing transatlantic biomass supply chains.
- Saudi Arabia: Under Vision 2030, the Kingdom is assessing biomass co-firing as part of its clean energy diversification portfolio.
- Europe: With robust certification frameworks (ENplus®, PEFC, FSC, ISCC), the region ensures sustainable pellet production that aligns with both local and global climate goals.

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Competitive Landscape: Market Consolidation and Innovation

The European biomass industry is moderately consolidated, with top-tier companies—Graanul Invest, Enviva, Drax Biomass, and German Pellets—commanding a combined 65% market share.

- Graanul Invest leads with a 22% share, leveraging its Baltic-based production infrastructure.
- Enviva follows with 18%, strengthened by its US-Europe logistics network.
- Drax Biomass maintains 15%, backed by vertically integrated production and power generation models.
- German Pellets holds 10%, expanding into Central Europe via acquisition-led growth.

Mid-sized manufacturers like SBE Latvia, Binderholz, and Pfeifer Group focus on regional demand, while smaller producers emphasize premium residential pellets and ENplus®-certified exports.

Technological advancements—including torrefaction, steam explosion, and black pellet innovation—are enabling higher calorific value and improved storage stability, crucial for international transport efficiency.

Strategic Outlook: Integration, Decarbonization, and Regional Partnerships

Over the next decade, the market's success will hinge on three strategic imperatives:

- Vertical Integration: Strengthening raw material sourcing and pellet processing to reduce cost volatility.
- Alignment with EU Carbon Mandates: Tailoring product portfolios for industrial and district heating demand under stricter carbon caps.
- Strategic Partnerships: Collaborating with utilities, logistics providers, and equipment suppliers to expand reach in emerging Eastern European markets.

Key risks to monitor include regulatory shifts toward other renewables, biomass supply

constraints, and delayed industrial adoption due to CAPEX pressures.

Future Outlook: A Decade of Biomass-Led Energy Transition

By 2035, the European black and wood pellets industry will play a pivotal role in meeting renewable heat and power demand, contributing to nearly 15% of the continent's total renewable energy mix.

The synergy between European producers and international suppliers—notably in the US, APAC, and Saudi Arabia—is expected to accelerate innovation, improve supply security, and drive down biomass energy costs globally.

As policymakers tighten carbon emission limits and industrial users pivot to sustainable fuels, Europe's pellet industry stands at the intersection of climate responsibility and industrial opportunity—reshaping the global renewable energy landscape.

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