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Five Facts of the Growing U.S. Wood Pellet Market

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FIVE FACTS OF THE GROWING U.S. WOOD PELLET MARKET

The U.S. is the leading exporter of wood pellets to Europe. According to USDA Foreign Agricultural Services predictions, if EU demand and trade remain consistent, the U.S. has potential to supply 65% of EU import demand, representing a trade value of approximately \$1.6 billion.

In late December, Congress passed the residential portion of the BTU Act. This highly incentivizes wood pellet appliance purchases by granting consumers a 26% tax credit, and is very likely to increase wood pellet demand.

According to Biomass Magazine's 2021 North American Wood Pellet Production Map, there were 14.2 million metric tons (MT) of wood pellet capacity in the U.S. as of October 2020, with more than 1.5 million MT under construction and nearly 114,000 MT proposed.

Japan's growing, policy-fueled appetite is furthering U.S. investments. The country's demand was 1.8 million metric tons (MT) in 2020, according to Hawkins Wright, up 20% on the year with Japan's pellet demand expected to grow 33% in 2021.

The BBQ pellet market is exploding, enabling pellet producers to diversify product lines, bring in additional capital and make subsequent expenditures on equipment, upgrades and expansions.

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Richard P. Vlosky, Ph.D.
 Crosby Land & Resources Endowed Professor of Forest Sector Business Development
 Director, Louisiana Forest Products Development Center
 Room 227, School of Renewable Natural Resources
 Louisiana State University, Baton Rouge, LA 70803
 Phone (office): (225) 578-4527; Mobile Phone: (225) 223-1931
 Web Site: www.LFPDC.lsu.edu