



HAWKINS WRIGHT



# Industrial pellet market developments

## WPAC, Halifax

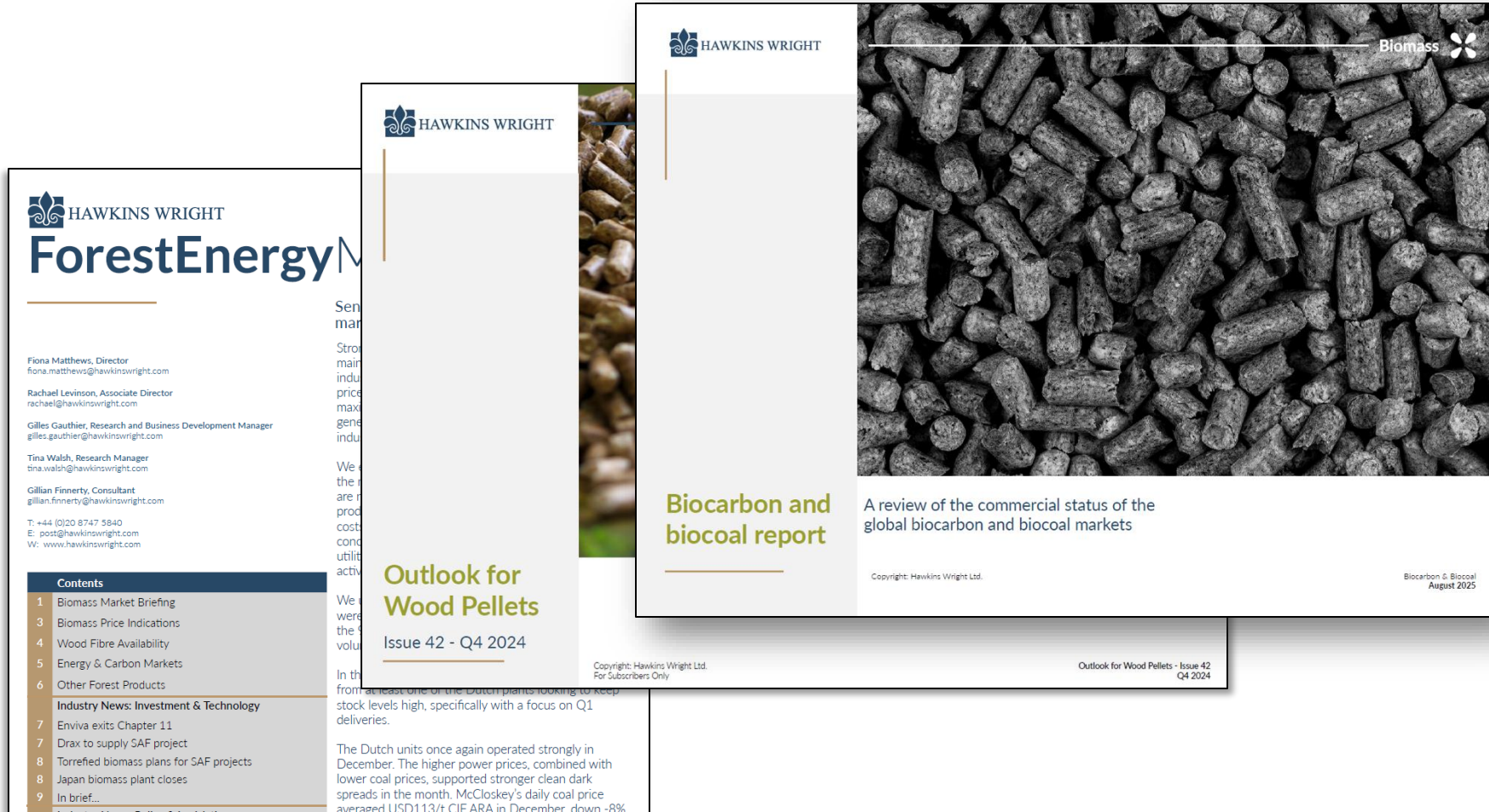
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24 September 2025

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## Multi-client reports

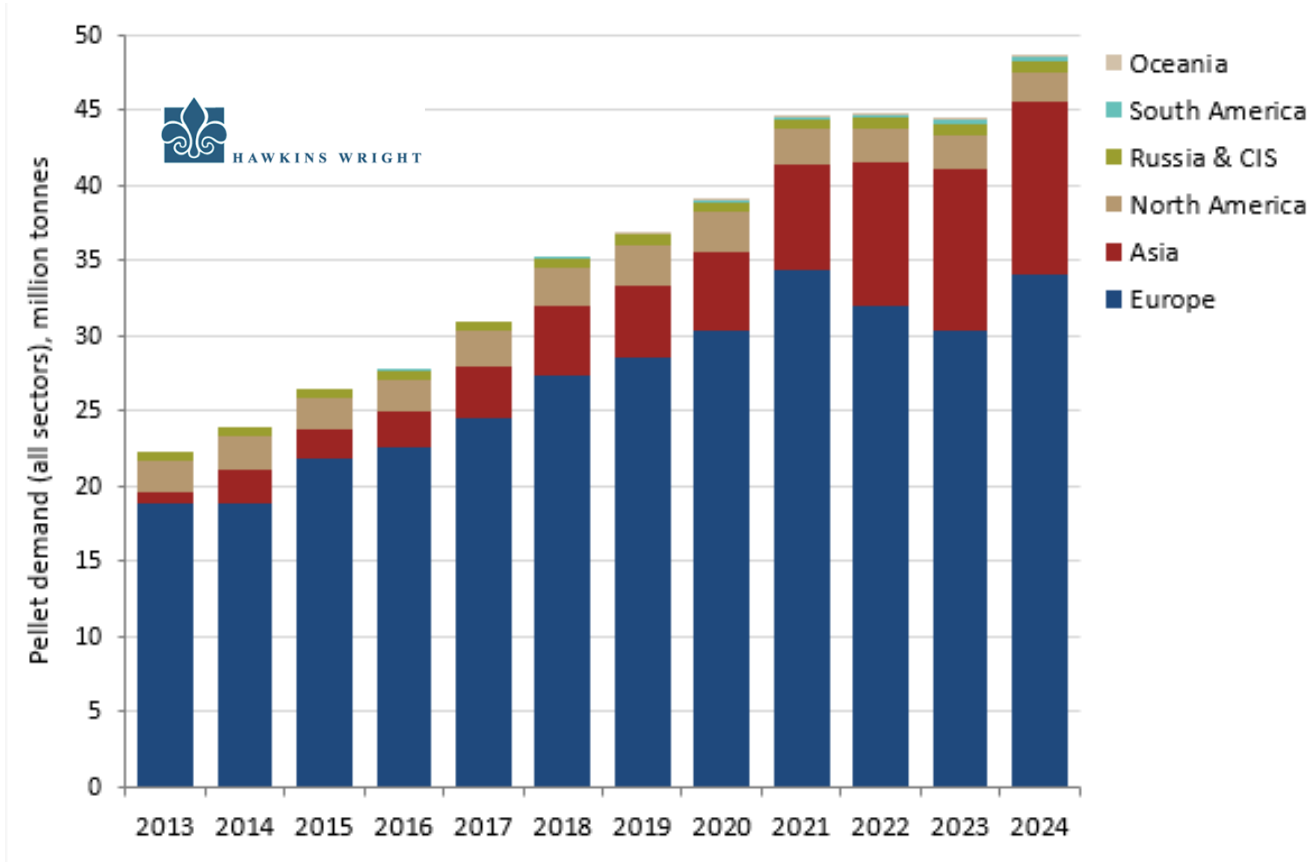


- **Outlook for Wood Pellets** – providing in-depth analysis on supply, demand, costs and prices
- **Forest Energy Monitor** – monthly report covering news, analysis and prices
- **Biocoal and Biocarbon report** – new study of the global market for thermally treated biomass
- **Private projects** – bespoke consultancy advice, due diligence etc



## Global pellet demand returned to growth in 2024

Global total pellet demand (heat + industrial)



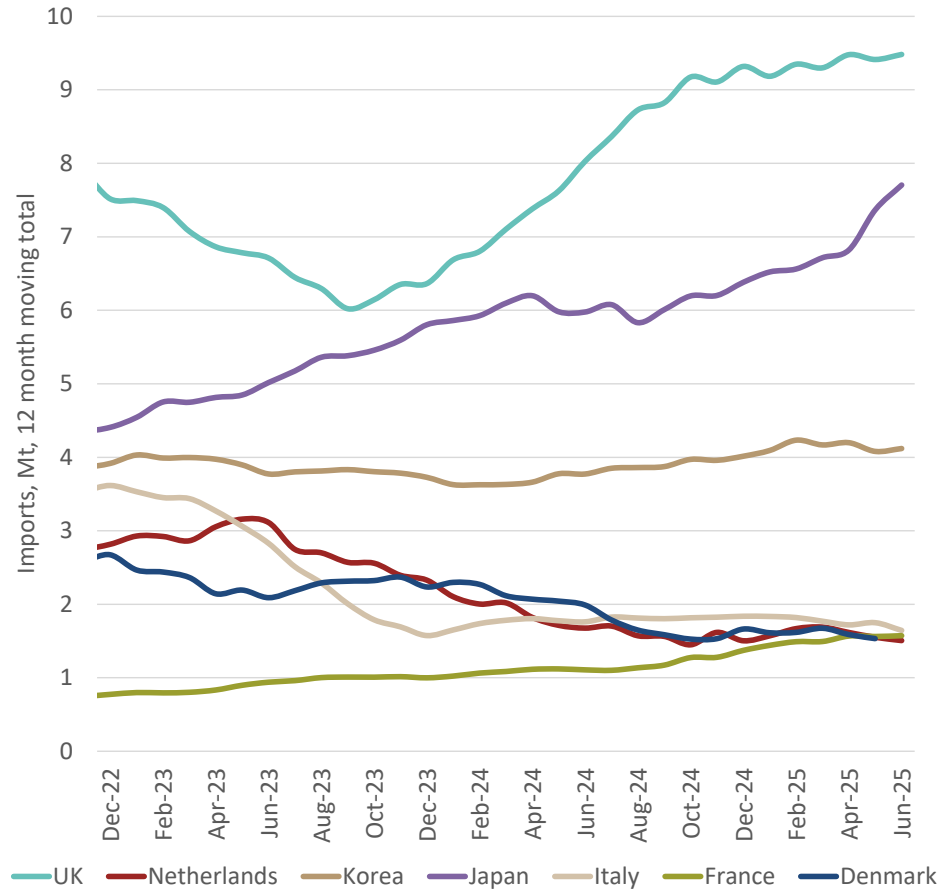
Source: Hawkins Wright, Outlook for Wood Pellets

- Annual growth +9% in 2024, reaching **49Mt**
- Significant volatility in European demand since 2022
- Meanwhile, Asian demand growth slowed in 2024
- But UK return to historic levels meant +3Mt annual growth in 2024



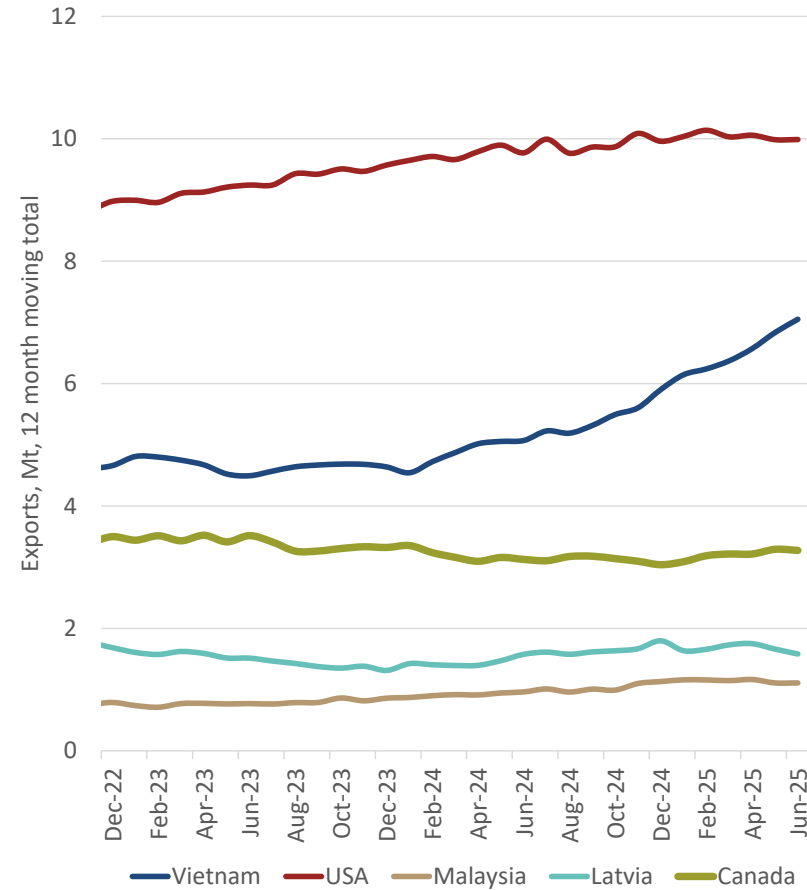
## Recent international trade trends

### Major pellet importers



Source: GTT, adapted by HW

### Major pellet exporters



In the 12 months to Jun-25:

#### Imports

- UK +18%
- Netherlands -10%
- Japan +29%

#### Exports

- Vietnam +39%
- USA +2%
- Canada +5%



## Changes on the horizon

### United Kingdom



- Current RO / CfD subsidies for Drax and Lynemouth end Mar-27
- Lower demand under new CfDs 2027-2031
- Drax CfD terms agreed in Feb, but contract not yet signed
- Lynemouth still negotiating with government
- BECCS expected to play a role, but firm decisions not expected for some time yet

### Netherlands

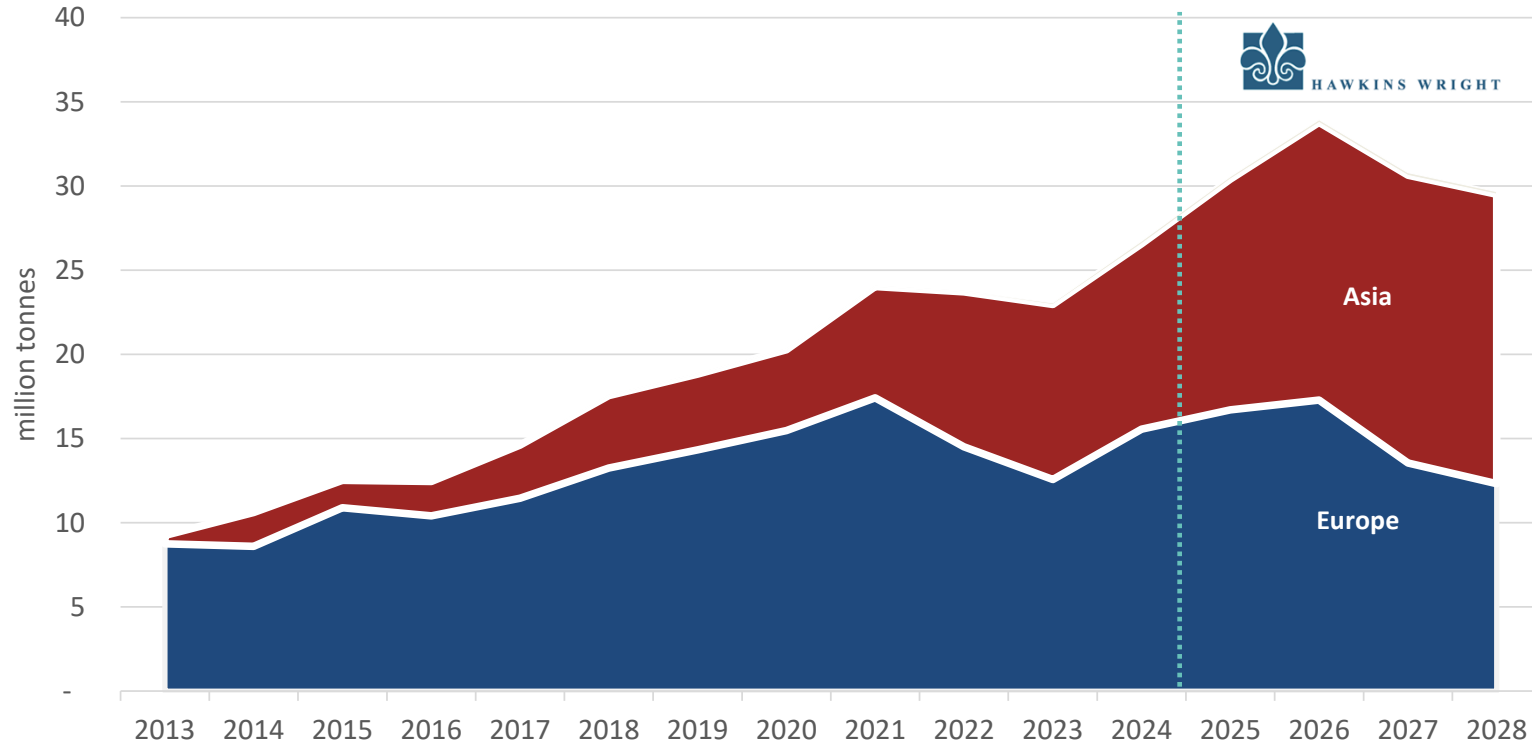


- SDE+ subsidies for RWE and Uniper expire 2026/27
- No transition support is being offered
- Eemshaven and MPP3 could technically go back to coal, not Amer
- No support planned for large scale BECCS (>100MW)



## Global industrial demand expected to fall from 2027

Revised central industrial demand forecast



Source: Hawkins Wright, Outlook for Wood Pellets

- European demand forecast to fall -5Mt by 2028
- Creates major uncertainty for suppliers to Europe
- Western Canada will need to complete its pivot to Asia



## REDIII summary and status

### Implementation

- In force Nov 2023
- National transposition due May 2025, but largely not achieved

### Requirements

- GHG reporting from 7.5MW
- Cascading principle
  - Application varies across MS
- No use of 'industrial grade roundwood'
  - Definitions vary across MS
- No-go areas

### Market impact

- Doesn't apply in UK
- Creates differences in end-user requirements
- Could potentially force changes in feedstock
- Most stakeholders relaxed
- But not yet fully in force



## EUDR summary and status

### Implementation

- Delayed from Dec 2024
- In force 30 December 2025
- Pellets imported before then do not need to comply, unless buyer intends to sell/trade

### Requirements

- Due diligence on wood supply chains
- 'Deforestation free' since December 2020
- Full traceability (geolocation) of wood origin
- No mass balance
- Audits determined by risk classification
- Simplifications announced in April 2025
- Ambiguities remain

### Market impact

- Various approaches to compliance
- Southeast Asian suppliers will find it harder to comply, could limit trade to Europe
- Harder to comply with sawmill residues > could force changes in feedstock
- Utilities are building and maintaining stocks





## Thank you for listening!

### Global metal producer

- Wood resources in USA and Europe
- Biomass price forecasts

### Asian coal trader

- Biocoal demand
- Biocoal paying capability

### European energy company

- Due diligence on potential acquisition
- Market assessment

### European biomass supplier

- SAF market overview
- Biomass cost competitiveness

### Asian energy company

- Asian pellet demand outlook
- Policy and regulatory advice

### European metal producer

- Wood resources in USA, Finland, France, Germany, Poland, Brazil

- A sample of private projects completed by Hawkins Wright's biomass research team in last 12 months