

# Biodiesel Market - Forecast from 2026 to 2031

<https://marketpublishers.com/r/B6729AA0B65FEN.html>

Date: January 2026

Pages: 150

Price: US\$ 3,950.00 (Single User License)

ID: B6729AA0B65FEN

## Abstracts

The biodiesel market is projected to rise, achieving a 6.53% CAGR, to USD 67.341 billion in 2031 from USD 46.078 billion in 2025.

The global biodiesel market is characterized by robust growth, driven primarily by the escalating demand for cleaner, renewable fuels. Biodiesel, a domestically produced, biodegradable fuel derived from feedstocks such as vegetable oils, animal fats, and recycled cooking grease, serves as a direct substitute for petroleum diesel. Its adoption is central to strategies aimed at reducing greenhouse gas emissions and enhancing energy security, particularly within the transportation sector, which remains the largest end-user.

### Primary Market Drivers and Industry Trends

A fundamental driver of market expansion is the implementation of supportive government policies worldwide. Blending mandates, subsidies, and tax incentives are key policy instruments integrating biodiesel into national energy transition frameworks. These regulations create stable demand, particularly in the transportation sector, where biodiesel is used in commercial freight, passenger vehicles, and marine transport.

A significant industry trend is the pronounced transition away from traditional, food-grade feedstocks like soybean and palm oil. Volatility in the prices of these edible oils, coupled with the persistent 'food versus fuel' debate, has accelerated the shift towards waste-based and non-edible alternatives. The industry is increasingly utilizing used cooking oil, animal tallow, and non-edible oils from plants such as jatropha and algae. This evolution is motivated by the dual objectives of reducing production costs and improving the sustainability profile of biodiesel, thereby turning agricultural and food industry by-products into valuable resources.

## Market Dynamics and Challenges

The market is further propelled by the increasing production of conventional feedstocks in key agricultural regions and ongoing advancements in second-generation technologies. However, significant challenges persist. The volatility of feedstock prices remains a major restraint on market stability. Prices for primary inputs like soybean and rapeseed oil are subject to fluctuations driven by global agricultural output, weather conditions, and competing demand from the food industry, which can compress producer margins and complicate long-term planning.

## Segmentation and Regional Outlook

The application of biodiesel is segmented into transportation fuel, heating oil, and power generation. The transportation fuel segment is the largest and fastest-growing, largely due to its ability to be blended with petroleum diesel at various concentrations and used in existing diesel engines with minimal modifications. This makes it a practical and immediate solution for decarbonizing sectors like freight trucking, public transit, and marine transport.

Regionally, the market landscape is diverse. North America exhibits strong growth, underpinned by regulatory frameworks such as the U.S. Renewable Fuel Standard and California's Low Carbon Fuel Standard. Europe maintains a steady, regulation-driven market with ambitious renewable energy targets for transportation. The Asia-Pacific region is projected to be the fastest-growing market, fueled by high energy demand, supportive government policies, and major blending programs in countries like Indonesia and India. South America, led by Brazil and Argentina, leverages its strong agricultural base to support both domestic consumption and exports. In contrast, the Middle East and Africa region is in a nascent stage, showing emerging interest in biodiesel as part of broader efforts to diversify energy sources away from fossil fuels.

## Competitive Landscape

The global biodiesel market is fragmented and features a mix of major agribusinesses and specialized producers. Key industry players include ADM, Cargill, Chevron, Gevo, and Wilmar International Ltd. These companies are focused on expanding production capacity, investing in advanced feedstock technologies, and strengthening distribution networks. Strategic objectives center on securing sustainable raw material supplies, complying with evolving government regulations, and forming collaborative partnerships within the transportation and energy sectors to maintain competitiveness in the evolving

renewable fuels market.

#### Key Benefits of this Report:

**Insightful Analysis:** Gain detailed market insights covering major as well as emerging geographical regions, focusing on customer segments, government policies and socio-economic factors, consumer preferences, industry verticals, and other sub-segments.

**Competitive Landscape:** Understand the strategic maneuvers employed by key players globally to understand possible market penetration with the correct strategy.

**Market Drivers & Future Trends:** Explore the dynamic factors and pivotal market trends and how they will shape future market developments.

**Actionable Recommendations:** Utilize the insights to exercise strategic decisions to uncover new business streams and revenues in a dynamic environment.

**Caters to a Wide Audience:** Beneficial and cost-effective for startups, research institutions, consultants, SMEs, and large enterprises.

#### What do businesses use our reports for?

Industry and Market Insights, Opportunity Assessment, Product Demand Forecasting, Market Entry Strategy, Geographical Expansion, Capital Investment Decisions, Regulatory Framework & Implications, New Product Development, Competitive Intelligence

#### Report Coverage:

Historical data from 2021 to 2025 & forecast data from 2026 to 2031

Growth Opportunities, Challenges, Supply Chain Outlook, Regulatory Framework, and Trend Analysis

Competitive Positioning, Strategies, and Market Share Analysis

Revenue Growth and Forecast Assessment of segments and regions including countries

Company Profiling (Strategies, Products, Financial Information, and Key Developments among others).

## Segmentation

### By Blend type

B5

B20

B100

Others

### By Source

Animal Fat

Vegetable Oil

### By Application type

Transportation Fuel

Heating Oil

Power Generation

Others

### By Geography

North America

USA

Canada

Mexico

South America

Brazil

Argentina

Others

Europe

Germany

France

United Kingdom

Spain

Others

Middle East and Africa

Saudi Arabia

UAE

Others

Asia Pacific

China

India

Japan

South Korea

Indonesia

Thailand

Others

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