

Hydrothermal Liquefaction Market Forecasts to 2034 – Global Analysis By Product (Bio-crude Oil, Bio-char, Aqueous Phase and Gas), Feedstock, Technology, End User and By Geography

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Abstracts

According to Statistics MRC, the Global Hydrothermal Liquefaction Market is accounted for \$320.0 million in 2026 and is expected to reach \$726.9 million by 2034 growing at a CAGR of 10.8% during the forecast period. Hydrothermal liquefaction converts high-moisture biomass into liquid biofuel by using elevated temperatures and pressures in a water-based environment. This method works well with materials such as algae, crop waste, and wastewater sludge, avoiding energy-intensive drying steps. During the process, large organic compounds are decomposed into a dense bio-crude, along with by-products like gases and char. The technology provides benefits including improved energy recovery, lower environmental impact, and flexibility in processing varied waste resources. As a result, hydrothermal liquefaction is emerging as an efficient pathway for renewable fuel generation and sustainable waste management solutions worldwide today in modern energy systems.

According to the U.S. Department of Energy's Bioenergy Technologies Office, hydrothermal liquefaction (HTL) is recognized as a leading pathway for converting wet waste feedstocks into renewable bio-crude oil, with demonstration projects in North America validating its commercial potential. Data shows HTL can achieve energy yields of up to 85% from wet biomass, positioning it as a critical technology in the global biofuel transition.

Market Dynamics:

Driver:

Rising demand for sustainable fuels

Growing interest in eco-friendly and low-emission energy sources is significantly boosting the hydrothermal liquefaction market. With stricter environmental regulations and a global push to minimize reliance on conventional fossil fuels, industries are exploring renewable fuel technologies. Hydrothermal liquefaction provides an effective way to convert wet biomass into high-energy bio-crude, making it an attractive alternative. Its compatibility with existing refining systems adds to its practicality. As nations aim to meet climate goals and enhance energy independence, the technology is gaining traction across various applications, supporting the broader transition toward cleaner and more sustainable energy solutions worldwide.

Restraint:

High capital and operational costs

One of the major challenges for the hydrothermal liquefaction market is the substantial cost involved in setting up and running facilities. The need for specialized equipment that operates under extreme conditions raises initial investment requirements. Continuous expenses related to energy consumption, system maintenance, and catalyst replacement further adds to the financial burden. These high costs make it difficult for smaller businesses to adopt the technology. Moreover, uncertain profitability and extended return periods create hesitation among investors. Although improvements in technology may lower expenses in the future, current cost-related constraints continue to restrict widespread adoption and market expansion globally.

Opportunity:

Expansion in waste-to-energy applications

The rising focus on utilizing waste as a source of energy offers significant growth potential for the hydrothermal liquefaction market. Large amounts of organic waste from cities, industries, and agriculture require effective disposal methods. This technology can efficiently convert such wet waste into useful bio-crude, minimizing the need for preprocessing. It helps reduce landfill dependency while generating energy, making it highly attractive. Increased investments in waste-to-energy systems by governments and private entities further support market expansion. As environmental concerns grow, hydrothermal liquefaction is emerging as a valuable solution for sustainable waste

utilization and renewable fuel production worldwide.

Threat:

Competition from alternative biofuel technologies

A significant threat to the hydrothermal liquefaction market comes from other biofuel technologies like anaerobic digestion, pyrolysis, and gasification. These alternatives have already achieved higher levels of commercialization and industry trust. They often require lower investment and are easier to operate, making them more attractive to stakeholders. Existing infrastructure and operational familiarity also support their adoption. As these technologies continue to improve in performance and cost efficiency, they become even more competitive. This growing competition may limit the expansion of hydrothermal liquefaction, affecting its ability to gain a strong foothold in the global renewable energy market.

Covid-19 Impact:

The hydrothermal liquefaction market experienced both challenges and opportunities during the COVID-19 pandemic. Initially, restrictions caused supply chain interruptions, delayed projects, and reduced funding for new technologies, slowing market progress. Economic instability made investors cautious about committing to advanced biofuel solutions. Despite these setbacks, the crisis emphasized the need for sustainable energy and efficient waste management. Many governments introduced green recovery strategies that encouraged renewable energy development. As global conditions improved, the market began to recover, supported by stronger environmental policies and growing investments in sustainable solutions worldwide.

The bio-crude oil segment is expected to be the largest during the forecast period

The bio-crude oil segment is expected to account for the largest market share during the forecast period because of its high energy content and ability to replace traditional petroleum-based fuels. As the main product generated from the process, it can be refined into various transportation fuels, including diesel and aviation fuel. Its ease of integration with existing refinery systems makes it highly practical for large-scale use. Growing emphasis on reducing carbon emissions and adopting renewable energy sources strengthens its position. Compared to other outputs, bio-crude offers greater economic benefits and broader applications, making it the most dominant and valuable segment within the market worldwide.

The chemicals & intermediates segment is expected to have the highest CAGR during the forecast period

Over the forecast period, the chemicals & intermediates segment is predicted to witness the highest growth rate, driven by increasing interest in sustainable chemical production. This process generates useful compounds that can be converted into industrial chemicals, solvents, and other intermediate products. Stricter environmental policies and a growing focus on green chemistry are pushing industries toward renewable raw materials. Furthermore, demand for environmentally friendly inputs across sectors such as manufacturing, healthcare, and consumer goods is accelerating expansion. Due to its high-value applications and broad industrial relevance, this segment is emerging as the most rapidly growing area within the hydrothermal liquefaction market worldwide.

Region with largest share:

During the forecast period, the North America region is expected to hold the largest market share, driven by advanced technology development, favorable policies, and high investment in clean energy solutions. The region benefits from strong research capabilities and active involvement of major companies working on biofuel technologies. A steady supply of biomass resources, such as agricultural residues and urban waste, supports industry expansion. Strict environmental standards and efforts to reduce carbon emissions are further boosting adoption. The presence of several demonstration and large-scale projects strengthens its position. These factors collectively make North America the leading region in the global hydrothermal liquefaction market.

Region with highest CAGR:

Over the forecast period, the Asia-Pacific region is anticipated to exhibit the highest CAGR, driven by expanding industrial activities and rising energy needs. Governments across the region are prioritizing renewable energy adoption to lower carbon emissions and reduce reliance on traditional fuels. The wide availability of biomass sources such as crop waste and urban organic waste supports the development of this technology. Policies encouraging sustainable practices and waste-to-energy solutions are also boosting demand. Additionally, ongoing urban development and infrastructure expansion are increasing adoption rates, positioning Asia-Pacific as the most rapidly growing market for hydrothermal liquefaction worldwide.

Key players in the market

Some of the key players in Hydrothermal Liquefaction Market include Licella, Steeper Energy, Genifuel, AquaGreen, Worley, Technip Energies, KBR, Jacobs, Veolia Water Technologies, Scion, Muradel Pty Ltd., Circlia Nordic, Kvasir Technologies, RTI International, Arbios Biotech and Haldor Topsøe.

Key Developments:

In February 2025, Licella has formed a global upgrading collaboration with Shell Catalysts & Technologies targeting the development of an integrated biomass-to-advanced biofuels commercial solution. This collaboration between Licella and Shell Catalysts & Technologies aims to transform the production cost of advanced biofuels globally, with a focus on sustainable aviation fuel (SAF).

In January 2025, Veolia Water Technologies & Solutions and Transition Industries LLC have signed an agreement to explore the provision of advanced industrial water technology for the Pacifico Mexinol project in Sinaloa, Mexico. Expected to initiate operations in 2028, Pacifico Mexinol is poised to be the world's largest standalone ultra-low carbon chemical production facility in the world, with an output of 6,145 metric tons (MT) per day.

In January 2023, Steeper and Topsoe have signed a global licensing agreement for a complete waste-to-fuel solution. The agreement combines Topsoe's unique technologies in renewable fuels and hydrogen production as well as decades of experience in engineering to the table, with Steeper's proprietary Hydrofaction™ technology and industry know-how.

Products Covered:

Bio-crude Oil

Bio-char

Aqueous Phase

Gas

Feedstocks Covered:

Algae

Agricultural Residues

Forestry Residues

Municipal Solid Waste (MSW)

Sewage Sludge

Industrial Organic Waste

Technologies Covered:

Direct HTL

Catalytic HTL

Co-liquefaction

Continuous-flow HTL Systems

Batch HTL Systems

End Users Covered:

Transportation Fuels

Power Generation

Chemicals & Intermediates

Fertilizers & Soil Conditioners

Regions Covered:

North America

United States

Canada

Mexico

Europe

United Kingdom

Germany

France

Italy

Spain

Netherlands

Belgium

Sweden

Switzerland

Poland

Rest of Europe

Asia Pacific

China

Japan

India

South Korea

Australia

Indonesia

Thailand

Malaysia

Singapore

Vietnam

Rest of Asia Pacific

South America

Brazil

Argentina

Colombia

Chile

Peru

Rest of South America

Rest of the World (RoW)

Middle East

Saudi Arabia

United Arab Emirates

Qatar

Israel

Rest of Middle East

Africa

South Africa

Egypt

Morocco

Rest of Africa

What our report offers:

Market share assessments for the regional and country-level segments

Strategic recommendations for the new entrants

Covers Market data for the years 2023, 2024, 2025, 2026, 2027, 2028, 2030, 2032 and 2034

Market Trends (Drivers, Constraints, Opportunities, Threats, Challenges, Investment Opportunities, and recommendations)

Strategic recommendations in key business segments based on the market estimations

Competitive landscaping mapping the key common trends

Company profiling with detailed strategies, financials, and recent developments

Supply chain trends mapping the latest technological advancements

Free Customization Offerings:

All the customers of this report will be entitled to receive one of the following free customization options:

Company Profiling

Comprehensive profiling of additional market players (up to 3)

SWOT Analysis of key players (up to 3)

Regional Segmentation

Market estimations, Forecasts and CAGR of any prominent country as per the client's interest (Note: Depends on feasibility check)

Competitive Benchmarking

Benchmarking of key players based on product portfolio, geographical presence, and strategic alliances

Contents

1 EXECUTIVE SUMMARY

- 1.1 Market Snapshot and Key Highlights
- 1.2 Growth Drivers, Challenges, and Opportunities
- 1.3 Competitive Landscape Overview
- 1.4 Strategic Insights and Recommendations

2 RESEARCH FRAMEWORK

- 2.1 Study Objectives and Scope
- 2.2 Stakeholder Analysis
- 2.3 Research Assumptions and Limitations
- 2.4 Research Methodology
 - 2.4.1 Data Collection (Primary and Secondary)
 - 2.4.2 Data Modeling and Estimation Techniques
 - 2.4.3 Data Validation and Triangulation
 - 2.4.4 Analytical and Forecasting Approach

3 MARKET DYNAMICS AND TREND ANALYSIS

- 3.1 Market Definition and Structure
- 3.2 Key Market Drivers
- 3.3 Market Restraints and Challenges
- 3.4 Growth Opportunities and Investment Hotspots
- 3.5 Industry Threats and Risk Assessment
- 3.6 Technology and Innovation Landscape
- 3.7 Emerging and High-Growth Markets
- 3.8 Regulatory and Policy Environment
- 3.9 Impact of COVID-19 and Recovery Outlook

4 COMPETITIVE AND STRATEGIC ASSESSMENT

- 4.1 Porter's Five Forces Analysis
 - 4.1.1 Supplier Bargaining Power
 - 4.1.2 Buyer Bargaining Power
 - 4.1.3 Threat of Substitutes
 - 4.1.4 Threat of New Entrants

- 4.1.5 Competitive Rivalry
- 4.2 Market Share Analysis of Key Players
- 4.3 Product Benchmarking and Performance Comparison

5 GLOBAL HYDROTHERMAL LIQUEFACTION MARKET, BY PRODUCT

- 5.1 Bio-crude Oil
- 5.2 Bio-char
- 5.3 Aqueous Phase
- 5.4 Gas

6 GLOBAL HYDROTHERMAL LIQUEFACTION MARKET, BY FEEDSTOCK

- 6.1 Algae
- 6.2 Agricultural Residues
- 6.3 Forestry Residues
- 6.4 Municipal Solid Waste (MSW)
- 6.5 Sewage Sludge
- 6.6 Industrial Organic Waste

7 GLOBAL HYDROTHERMAL LIQUEFACTION MARKET, BY TECHNOLOGY

- 7.1 Direct HTL
- 7.2 Catalytic HTL
- 7.3 Co-liquefaction
- 7.4 Continuous-flow HTL Systems
- 7.5 Batch HTL Systems

8 GLOBAL HYDROTHERMAL LIQUEFACTION MARKET, BY END USER

- 8.1 Transportation Fuels
- 8.2 Power Generation
- 8.3 Chemicals & Intermediates
- 8.4 Fertilizers & Soil Conditioners

9 GLOBAL HYDROTHERMAL LIQUEFACTION MARKET, BY GEOGRAPHY

- 9.1 North America
 - 9.1.1 United States

- 9.1.2 Canada
- 9.1.3 Mexico
- 9.2 Europe
 - 9.2.1 United Kingdom
 - 9.2.2 Germany
 - 9.2.3 France
 - 9.2.4 Italy
 - 9.2.5 Spain
 - 9.2.6 Netherlands
 - 9.2.7 Belgium
 - 9.2.8 Sweden
 - 9.2.9 Switzerland
 - 9.2.10 Poland
 - 9.2.11 Rest of Europe
- 9.3 Asia Pacific
 - 9.3.1 China
 - 9.3.2 Japan
 - 9.3.3 India
 - 9.3.4 South Korea
 - 9.3.5 Australia
 - 9.3.6 Indonesia
 - 9.3.7 Thailand
 - 9.3.8 Malaysia
 - 9.3.9 Singapore
 - 9.3.10 Vietnam
 - 9.3.11 Rest of Asia Pacific
- 9.4 South America
 - 9.4.1 Brazil
 - 9.4.2 Argentina
 - 9.4.3 Colombia
 - 9.4.4 Chile
 - 9.4.5 Peru
 - 9.4.6 Rest of South America
- 9.5 Rest of the World (RoW)
 - 9.5.1 Middle East
 - 9.5.1.1 Saudi Arabia
 - 9.5.1.2 United Arab Emirates
 - 9.5.1.3 Qatar
 - 9.5.1.4 Israel

9.5.1.5 Rest of Middle East

9.5.2 Africa

9.5.2.1 South Africa

9.5.2.2 Egypt

9.5.2.3 Morocco

9.5.2.4 Rest of Africa

10 STRATEGIC MARKET INTELLIGENCE

10.1 Industry Value Network and Supply Chain Assessment

10.2 White-Space and Opportunity Mapping

10.3 Product Evolution and Market Life Cycle Analysis

10.4 Channel, Distributor, and Go-to-Market Assessment

11 INDUSTRY DEVELOPMENTS AND STRATEGIC INITIATIVES

11.1 Mergers and Acquisitions

11.2 Partnerships, Alliances, and Joint Ventures

11.3 New Product Launches and Certifications

11.4 Capacity Expansion and Investments

11.5 Other Strategic Initiatives

12 COMPANY PROFILES

12.1 Licella

12.2 Steeper Energy

12.3 Genifuel

12.4 AquaGreen

12.5 Worley

12.6 Technip Energies

12.7 KBR

12.8 Jacobs

12.9 Veolia Water Technologies

12.10 Scion

12.11 Muradel Pty Ltd.

12.12 Circlia Nordic

12.13 Kvasir Technologies

12.14 RTI International

12.15 Arbios Biotech

12.16 Haldor Topsøe

List Of Tables

LIST OF TABLES

Table 1 Global Hydrothermal Liquefaction Market Outlook, By Region (2023-2034) (\$MN)

Table 2 Global Hydrothermal Liquefaction Market Outlook, By Product (2023-2034) (\$MN)

Table 3 Global Hydrothermal Liquefaction Market Outlook, By Bio-crude Oil (2023-2034) (\$MN)

Table 4 Global Hydrothermal Liquefaction Market Outlook, By Bio-char (2023-2034) (\$MN)

Table 5 Global Hydrothermal Liquefaction Market Outlook, By Aqueous Phase (2023-2034) (\$MN)

Table 6 Global Hydrothermal Liquefaction Market Outlook, By Gas (2023-2034) (\$MN)

Table 7 Global Hydrothermal Liquefaction Market Outlook, By Feedstock (2023-2034) (\$MN)

Table 8 Global Hydrothermal Liquefaction Market Outlook, By Algae (2023-2034) (\$MN)

Table 9 Global Hydrothermal Liquefaction Market Outlook, By Agricultural Residues (2023-2034) (\$MN)

Table 10 Global Hydrothermal Liquefaction Market Outlook, By Forestry Residues (2023-2034) (\$MN)

Table 11 Global Hydrothermal Liquefaction Market Outlook, By Municipal Solid Waste (MSW) (2023-2034) (\$MN)

Table 12 Global Hydrothermal Liquefaction Market Outlook, By Sewage Sludge (2023-2034) (\$MN)

Table 13 Global Hydrothermal Liquefaction Market Outlook, By Industrial Organic Waste (2023-2034) (\$MN)

Table 14 Global Hydrothermal Liquefaction Market Outlook, By Technology (2023-2034) (\$MN)

Table 15 Global Hydrothermal Liquefaction Market Outlook, By Direct HTL (2023-2034) (\$MN)

Table 16 Global Hydrothermal Liquefaction Market Outlook, By Catalytic HTL (2023-2034) (\$MN)

Table 17 Global Hydrothermal Liquefaction Market Outlook, By Co-liquefaction (2023-2034) (\$MN)

Table 18 Global Hydrothermal Liquefaction Market Outlook, By Continuous-flow HTL Systems (2023-2034) (\$MN)

Table 19 Global Hydrothermal Liquefaction Market Outlook, By Batch HTL Systems

(2023-2034) (\$MN)

Table 20 Global Hydrothermal Liquefaction Market Outlook, By End User (2023-2034) (\$MN)

Table 21 Global Hydrothermal Liquefaction Market Outlook, By Transportation Fuels (2023-2034) (\$MN)

Table 22 Global Hydrothermal Liquefaction Market Outlook, By Power Generation (2023-2034) (\$MN)

Table 23 Global Hydrothermal Liquefaction Market Outlook, By Chemicals & Intermediates (2023-2034) (\$MN)

Table 24 Global Hydrothermal Liquefaction Market Outlook, By Fertilizers & Soil Conditioners (2023-2034) (\$MN)

Note: Tables for North America, Europe, APAC, South America, and Rest of the World (RoW) Regions are also represented in the same manner as above.

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