

Industrial Alcohol Market ? Global Industry Size, Share, Trends, Opportunity, and Forecast, Segmented By Type (Ethyl Alcohol, Isobutyl Alcohol, Methyl Alcohol, Isopropyl Alcohol, Benzyl Alcohol and Others), By Source (Corn, Grains, Sugar & Molasses, Fossil Fuels and Others), By Processing Method (Fermentation Method and Synthetic Method), By Purity (Denatured Alcohol and Undenatured Alcohol), By Application (Pharmaceuticals, Personal Care Products, Fuel, Chemical Intermediates & Solvent, Food Ingredients and Others),By Region & Competition, 2021-2031F

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Abstracts

The Global Industrial Alcohol Market is projected to experience robust expansion, growing from a valuation of USD 150.45 billion in 2025 to USD 225.91 billion by 2031, representing a compound annual growth rate of 7.01%. Defined as distilled ethyl alcohol utilized for non-consumable applications, industrial alcohol serves as a critical component in fuel additives, chemical intermediates, and industrial solvents. This growth is primarily fueled by the intensifying global demand for cleaner-burning biofuels to reduce carbon emissions, alongside strong requirements from the pharmaceutical and personal care sectors for high-purity solvents. Supporting this upward trajectory, key regional players are expanding production capacities to meet international energy needs, as evidenced by the Renewable Fuels Association reporting a record U.S. ethanol production of 16.22 billion gallons in 2024, driven by rising domestic and export

consumption.

However, despite this positive momentum, the market contends with significant obstacles arising from the volatility of raw material prices, particularly for agricultural feedstocks such as corn and sugar cane. Fluctuations in these commodity costs, influenced by unpredictable weather patterns and geopolitical factors, pose severe risks to production margins and supply chain stability. Such unpredictability creates financial uncertainty for producers and may deter long-term investment in capacity expansion, potentially constraining the broader market's ability to effectively scale operations to meet future demand.

Market Driver

The escalating global demand for bioethanol as a renewable fuel additive serves as the primary catalyst for market growth, driven by governments enforcing stricter environmental mandates and blending targets to decarbonize the transportation sector. These regulatory pressures compel fuel suppliers to increase the incorporation of ethanol into gasoline, thereby securing long-term offtake agreements for industrial alcohol producers and incentivizing the development of low-carbon fuel supply chains. Underscoring this trend, the International Energy Agency's 'Renewables 2023' report projects that global biofuel demand will expand by 38 billion liters between 2023 and 2028, highlighting the pivotal role of ethanol in the ongoing energy transition.

Simultaneously, the shift toward sustainable and bio-based chemical feedstocks is reshaping industrial applications beyond ground transportation, with manufacturers increasingly utilizing industrial alcohol as a precursor for green chemicals and Sustainable Aviation Fuel via alcohol-to-jet pathways. This innovation addresses the aviation industry's urgent need to reduce greenhouse gas emissions by replacing fossil-based kerosene with plant-based alternatives, as demonstrated by LanzaJet's January 2024 announcement regarding its Freedom Pines Fuels facility, which has the capacity to produce 10 million gallons of sustainable aviation fuel and renewable diesel annually using ethanol. To support such diverse utilization, major exporters are ramping up output; notably, the USDA Foreign Agricultural Service projects Brazil's total ethanol production to reach 32.5 billion liters in 2024, ensuring sufficient supply for both domestic and international industrial requirements.

Market Challenge

Raw material price volatility, particularly regarding agricultural feedstocks like corn and

sugar cane, acts as a primary destabilizing force hampering the growth of the Global Industrial Alcohol Market. Manufacturers in this sector operate on tight production margins where the cost of raw inputs constitutes the overwhelming majority of operational expenditure, making them highly vulnerable to unpredictable fluctuations in commodity prices driven by erratic weather patterns or geopolitical shifts. This instability creates immediate financial vulnerability, making it difficult for producers to guarantee consistent pricing or supply commitments to major buyers in the pharmaceutical and fuel sectors, effectively disrupting supply chain reliability.

This heavy reliance on variable agricultural markets deters the long-term capital investment required for infrastructure growth, as evidenced by the Renewable Fuels Association reporting that in 2024, feedstock procurement represented more than 75% of the U.S. ethanol industry's \$30 billion in total operating expenses. With such a high proportion of capital tied directly to volatile inputs, the financial risk associated with building new facilities or expanding existing capacity becomes prohibitive. As a result, the market struggles to scale production effectively, slowing its overall growth trajectory despite rising demand.

Market Trends

The integration of Carbon Capture, Utilization, and Storage (CCUS) has emerged as a transformative trend as distilleries strive to lower Carbon Intensity (CI) scores to qualify for clean fuel tax incentives. Producers are retrofitting facilities to capture biogenic carbon dioxide emitted during fermentation for permanent underground sequestration, effectively positioning ethanol as a net-zero feedstock for the sustainable aviation fuel sector. This shift is driven by the financial necessity to decarbonize production processes to secure long-term viability in regulated energy markets, a move exemplified by Green Plains Inc., which confirmed in an August 2025 Ethanol Producer Magazine report that its carbon capture project is on schedule to permanently sequester approximately 800,000 tons of biogenic carbon dioxide annually from its Nebraska facilities.

Concurrently, manufacturers are deploying genetically modified yeasts and artificial intelligence to optimize fermentation yields and enhance process efficiency. These biotechnological solutions enable plants to manipulate metabolic pathways in real-time, significantly minimizing low-value byproducts like glycerol while maximizing alcohol output without requiring physical infrastructure expansion. By adopting these advanced biological agents, producers can counteract feedstock price volatility through improved conversion rates; for instance, Ethanol Producer Magazine reported in June 2025 that a

newly launched yeast strain by Novonosis enables ethanol plants to achieve a 1-2% increase in yield while reducing glycerol production by up to 40% compared to standard fermentations.

Key Market Players

BASF

Shell

LyondellBasell

SABIC

Cargill

Dow

Methanex

Godrej

Kuraray

Eastman Chemical

Report Scope

In this report, the Global Industrial Alcohol Market has been segmented into the following categories, in addition to the industry trends which have also been detailed below:

Industrial Alcohol Market, By Type

Ethyl Alcohol

Isobutyl Alcohol

Methyl Alcohol

Isopropyl Alcohol

Benzyl Alcohol and Others

Industrial Alcohol Market, By Source

Corn

Grains

Sugar & Molasses

Fossil Fuels and Others

Industrial Alcohol Market, By Processing Method

Fermentation Method and Synthetic Method

Industrial Alcohol Market, By Purity

Denatured Alcohol and Undenatured Alcohol

Industrial Alcohol Market, By Application

Pharmaceuticals

Personal Care Products

Fuel

Chemical Intermediates & Solvent

Food Ingredients and Others

Industrial Alcohol Market, By Region

North America

United States

Canada

Mexico

Europe

France

United Kingdom

Italy

Germany

Spain

Asia Pacific

China

India

Japan

Australia

South Korea

South America

Brazil

Argentina

Colombia

Middle East & Africa

South Africa

Saudi Arabia

UAE

Competitive Landscape

Company Profiles: Detailed analysis of the major companies present in the Global Industrial Alcohol Market.

Available Customizations:

Global Industrial Alcohol Market report with the given market data, TechSci Research offers customizations according to a company's specific needs. The following customization options are available for the report:

Company Information

Detailed analysis and profiling of additional market players (up to five).

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