Global Crude Tall Oil Market Assessment, By Product [Tall Oil Fatty Acid, Tall Oil Rosin, Distilled Tall Oil, Tall Oil Pitch, Tall Oil Heads, Others], By Region, Opportunities and Forecast, 2018-2032F

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Report description:

Global crude tall oil market is expected to grow at a CAGR of 4.75% during the forecast period 2025-2032, growing from USD 2.21 billion in 2024 to USD 3.20 billion in 2032. The global crude tall oil market is experiencing strong interest due to the multi-purpose applications of its derivatives/products in various industries. Crude tall oil is a bio-based and renewable feedstock that is recovered from the kraft pulping process of the paper industry. It is a substitute for petroleum-based products. Its principal derivatives/products, tall oil fatty acids, rosin, and pitch, have uses in many applications such as adhesives, paints, coatings, and biofuels. The demand is driven by growing environmental regulations that promote the use of green and sustainable commodities. As governments worldwide implement measures to limit carbon emissions and adopt eco-friendly technologies, the market for crude tall oil and its products is growing. The shift in the chemical market towards bio-products also enhances the attractiveness of the crude tall oil market.

Geographically, Europe and North America are the major producers of crude tall oil, while the pulp and paper sector is a constant supply source. However, Asia-Pacific's emerging economies are also on the rise based on the growing need for sustainable chemicals and fuels.

For instance, in January 2025, The Boeing Company partnered with Norsk e-Fuel AS to develop a Power-to-Liquids (PtL) facility in Europe, aiming to accelerate the production and availability of sustainable aviation fuel (SAF) in the Nordics and globally. The investment supports the commercial aviation industry's goal of achieving net-zero carbon emissions by 2050. The PtL process uses fossil-free power to generate green hydrogen and recycled CO? from biogenic sources, reducing air travel's lifecycle greenhouse gas emissions by over 90% compared to conventional jet fuel. Such initiatives for SAF production will increase the demand for crude tall oil, which is used as a feedstock in the hydroprocessed esters and fatty acids (HEFA) pathway of SAF production.

Rising Demand for Bio-Based Hydrocarbon Oil Across the Industries

The crude tall oil industry is underpinned by the increasing need for bio-based hydrocarbon oils in a broad range of industries. Industries such as lubricants, agrochemicals, and adhesives focus on using eco-friendly substitutes for traditional petroleum-derived uses. As a by-product of the kraft pulping process, the crude tall oil provides a biological and renewable method for satisfying increasing demand for renewable resources that satisfy international efforts at reducing carbon emissions and environmental conservation. The products produced from crude tall oil are in high demand in this industry, which helps to boost the market size in the forecast period.

As governments and consumers begin to place a higher value on environmental practices, the market for bio-based oils is expanding. Not only are they biodegradable, but they also have better performance characteristics, making them desirable for application in industries. The versatility of crude tall oil derivatives, such as tall oil fatty acids and rosin, to be used in a wide range of industries makes demand even greater. More investment and technological advancement in biorefineries are leading to an upsurge of efficiency and cost-effectiveness in the production of biobased oils.

For instance, in February 2024, Kraton Corporation launched SYLVASOLV, a new line of biobased hydrocarbon oils designed to deliver superior performance and environmental advantages across various industries, including agrochemicals, adhesives, and lubricants. The first product, SYLVASOLV 1000, was developed specifically for the agriculture industry and is used in fertilizer coatings and crop protection. The 100% biobased oil can improve fertilizer coating formulations and reduce the carbon footprint. It can also be used in oil-based adjuvants in pesticide formulations, providing good wetting and penetration properties to enhance efficacy.

Growing Government Initiatives Towards Carbon Neutrality Fueling the CTO Demand

The demand for crude tall oil is being driven mostly by rising government efforts to become carbon neutral. As the world approaches net-zero emission levels, the initiatives aim to reduce carbon emissions and promote the use of renewable energy sources. Firms are thus shifting towards sustainable and biodegradable options such as crude tall oil, which can be used to replace traditional petroleum products in many applications. Environmental sustainability is the driving force for cleaner processes and technologies in organizations. This also expands the market size for crude tall oil with new fields of application for use in industry segments such as adhesives, lubricants, and biofuels. Government policies and subsidies also bring economic savings and tax incentives to organizations that invest in renewables and biofuels, another driver to crude tall oil demand.

For instance, Fintoil Hamina Oy raised around USD 136 million in equity and debt financing for its Hamina biorefinery investment in June 2021. The financing includes a green senior bond with a fixed 7.5 percent interest rate, a preferred equity instrument, and equity financing. The biorefinery aims to accelerate Finland's and the EU's efforts towards carbon neutrality, as crude tall oil is classified as a sustainable raw material for advanced biofuels. The plant started its operations in the summer of 2022 with a feed capacity of 200,000 tons of crude tall oil. Fintoil became a leading crude tall oil refiner.

Tall Oil Fatty Acid has the Highest Demand in the Global Crude Tall Oil Market

The market demand for tall oil fatty acids is rising because of sustainability, versatility, and affordability. The tall oil fatty acid is in line with present industrial and environmental trends, enhancing its market uptake. The product is becoming the go-to option for industries that want to cut their dependence on fossil fuels and reduce their carbon footprint. Tall oil fatty acids' chemical make-up is rich in oleic, linoleic, and palmitic acids that render the product very versatile across a wide variety of applications, such as soaps and detergents, coatings, adhesives, lubricants, rubber, and fuel additives. The tall oil fatty acid is low in rosin and offers performance benefits over alternative fatty acid sources, especially in the production of alkyd resins for coatings and paints, which is growing to

Moreover, the increasing automobile and construction sectors are driving the demand for bio-based lubricants and corrosion inhibitors, thereby also increasing tall oil fatty acid consumption. Advances in manufacturing processes and investment in research and development have improved the quality and functionality of tall oil fatty acid, thus becoming more competitive with other plant-based fatty acids. Moreover, an increase in stringent environmental laws pertaining to CO2 emission reduction has also increased the trend toward tall oil fatty acid as a sustainable option within industrial production, thus fueling the market growth during the next few years.

North America to Dominate the Crude Tall Oil Market

The demand for crude tall oil is increasing in North America due to a convergence of economic, industrial, and environmental

factors. The region has a well-established pulp and paper industry, which ensures a consistent and large-scale supply of crude tall oil as a by-product of the kraft pulping process. The availability of a large volume of feedstock supports the production of a wide range of value-added derivatives, which are essential in industries including paints and coatings, adhesives, lubricants, and especially biofuels. The growing emphasis on sustainability and the transition toward renewable, bio-based raw materials is further fueling demand, as crude tall oil serves as a cost-effective and eco-friendly alternative to petroleum-based chemicals.
The regional government provides the regulatory support and incentives for renewable fuels, such as the United States' renewable fuel standard, which has encouraged investment in biorefineries. Additionally, fluctuating prices and supply uncertainties in traditional fossil fuels have prompted manufacturers to diversify their raw material sources, making crude tall oil an attractive, reliable, and sustainable option. Technological advancements and investments in extraction and refining processes have improved the efficiency and quality of crude tall oil production, further expanding its application base and market reach in the forecast period. Several chemical and adhesive producers are upgrading production plants to utilize the crude tall oil in their operations, which drives the demand for oil in the market.
For instance, in 2021, Mainstream Pine Products, LLC in the United States decided to expand the crude tall oil biorefinery with the investment of USD 90 million at the Charleston International Manufacturing Center in Berkeley County in South Carolina. The rising investment in the plant drives the crude tall oil market in the United States.

Impact of U.S. Tariffs on Global Crude Tall Oil Market
?□Tariffs on imports of pulp, wood, or related materials from Canada and Mexico are expected to raise the price for raw materials, leading to higher production costs for crude tall oil and its derivatives.
?□Tariffs and trade tensions are expected to disrupt cross-border supply chains, reducing the availability of raw materials needed for crude tall oil production and potentially causing supply shortages.
?□Ongoing trade tensions and the threat of additional tariffs foster price volatility and uncertainty, making it challenging for producers and buyers to plan long-term and potentially affecting investment in the sector.
Key Players Landscape and Outlook
The global crude tall oil market's dominant companies are involved in producing and selling crude oil and its derivatives, which find applications in various products such as biofuels, adhesives, paint, and lubricants. Companies benefit from the increase in demand for bio-based and renewable products due to environmental pressure and government support for adopting renewable fuel sources. The company focuses on processing crude tall oil to valuable derivatives in the form of tall oil fatty acids, rosin, and pitch that are the preferred substitute over petroleum-derived products due to their renewable and degradable nature. These firms are operationally based in regions with a significant presence in North America and Europe, where the pulp and paper industry provide a stable source of crude tall oil. They adopt technologies to enhance production efficiency and reduce costs, thus making their products market competitive. They are also increasing their presence in the Asia-Pacific's emerging markets, where the demand for sustainable chemicals and fuels is growing.
For instance, in April 2024, Kraton Corporation invested USD 35 million to upgrade its crude tall oil biorefinery towers in Panama City, Florida. The new infrastructure ensures Kraton Corporation continues to deliver high-quality, sustainable biobased products and solutions to customers. The upgraded towers align with the company's commitment to grow the pine chemicals business through innovation and advancing the biobased and circular economy. This is Panama City's largest single capital investment in the last 50 years, demonstrating company's dedication to continuous improvement, operational excellence, and staying ahead of evolving customer expectations within the pine chemicals industry.

Table of Contents:

7.3.1. United States Crude Tall Oil Market Outlook, 2018-2032F*
7.3.1.1. Market Size Analysis & Forecast
7.3.1.1.1. By Value
7.3.1.1.2. By Volume
7.3.1.2. Market Share Analysis & Forecast
7.3.2. By Product
7.3.2.1. Tall Oil Fatty Acid
7.3.2.2. Tall Oil Rosin
7.3.2.3. Distilled Tall Oil
7.3.2.4. Tall Oil Pitch
7.3.2.5. Tall Oil Heads
7.3.2.6. Others
7.3.3. Canada
7.3.4. Mexico
*All segments will be provided for all regions and countries covered
8. Europe Crude Tall Oil Market Outlook, 2018-2032F
8.1. Germany
8.2. France
8.3. Italy
8.4. United Kingdom
8.5. Russia
8.6. Netherlands
8.7. Spain
8.8. Turkey
8.9. Poland
9. Asia-Pacific Crude Tall Oil Market Outlook, 2018-2032F
9.1. India
9.2. China
9.3. Japan
9.4. Australia
9.5. Vietnam
9.6. Indonesia
9.7. South Korea
9.8. Philippines
10. South America Crude Tall Oil Market Outlook, 2018-2032F
10.1. Brazil
10.2. Argentina
11. Middle East and Africa Crude Tall Oil Market Outlook, 2018-2032F
11.1. Saudi Arabia
11.2. UAE
11.3. South Africa
12. Demand Supply Analysis
13. Import and Export Analysis
14. Value Chain Analysis
15. Porter's Five Forces Analysis
16. PESTLE Analysis
17. Pricing Analysis

*Companies mentioned above DO NOT hold any order as per market share and can be changed as per information available during research work.

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