

Dimethyl Ether Market Report and Forecast 2025-2034

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Report description:

The global dimethyl ether market is projected to expand at a CAGR of 9.80% during 2025-2034. Dimethyl ether is a colourless gas that has a faded odour. It is transported as liquid gas under its vapour pressure. It is readily flammable. Dimethyl ether is usually employed as fuel, solvent, refrigerant and aerosol propellant and is widely used in the chemical industry.

Dimethyl Ether Market Growth

Dimethyl ether (DME) is commonly used as an environmentally friendly and a non-toxic aerosol propellant. It can be manufactured domestically from different feedstocks, such as food waste, dairy biogas, and industrial process waste streams. DME is currently used as a propane supplement in cooking gas, an aerosol spray-can propellant, a solvent, and a chemical feedstock. Regional markets are exploring DME as a transportation fuel and its potential use in electric power generation.

The increasing demand for DME in LPG blending applications is a key driver supporting dimethyl ether market expansion as it helps reduce soot, particulate matter, and other pollutants, improving overall air quality. The growing interest in using DME as a fuel in non-electric and electric vehicles due to its higher cetane number, which provides better ignition and reduces environmental pollutants is also driving market growth.

Key Trends and Developments

Rising demand for DME as an alternative fuel, development of sustainable dimethyl ether, and expansion of DME production capacity in developing regions are factors boosting the dimethyl ether market growth

February 2023

NextChem, MyRechemical, and Dimeta collaborated to produce dimethyl ether from waste to decarbonise the LPG industry. This initiative aimed to develop plants for renewable and recycled carbon DME production.

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May 2022

Dimeta chose Teesworks as the site for its first industrial scale rDME production plant, a significant step towards bringing rDME to Europe and the United States by end of 2024. The plant will produce 50,000 tonnes of rDME annually, contributing to the UK's de-fossilisation efforts.

December 2021

SHV Energy and UGI International received approval from the European Commission to create a joint venture to advance the production and use of renewable dimethyl ether (rDME). The joint venture aims to develop up to 6 production plants and produce 300,000 tons of rDME annually by 2027.

January 2021

Mitsubishi Gas Chemical Company, Mitsubishi Corporation, and Mitsubishi Heavy Industries Engineering launched commercial operations of a methanol and dimethyl ether (DME) plant in Trinidad and Tobago. The plant now has an annual production capacity of 1 million tons of methanol and 20,000 tons of DME, fuelled by natural gas sourced from the islands.

Various applications of dimethyl ether

Dimethyl ether has many applications; it is used as solvent, refrigerant, extraction agent, multi-purpose fuel, propellant for aerosol products (such as deodorants, air fresheners and perfumes), fuel for welding cutting and brazing, (co-)blowing agent for foam, chemical reaction medium, etc. Such a variety of applications is expected to stimulate the dimethyl ether market development.

Focus on decarbonising transportation

There is increasing focus on decarbonisation of transport across the world. For example, in 2021, the U.S. Department of Energy (DOE) Vehicle Technologies Office (VTO) granted over USD 4 million to fund testing of new applications of dimethyl ether as a low-carbon replacement to fossil fuels. Oberon Fuels was a supporting partner. Such efforts are expected to propel the market's growth.

Efforts towards developing sustainable dimethyl ether

In 2021, SHV Energy and KEW Technology announced a joint venture (Circular Fuels Ltd.) to advance renewable dimethyl ether manufacturing plants. The strategic association sought to exhibit the feasibility of transforming renewable and recycled carbon feedstock into renewable liquid gas. Such advancements have positively affected the dimethyl ether market outlook.

Increasing use of DME as a refrigerant

The use of DME as a green refrigerant is gaining traction as it has a significantly lower global warming potential compared to traditional refrigerants. Jiutai New Material Technology, a Chinese company, has developed DME-based refrigerants for use in air conditioning and refrigeration systems.

Dimethyl Ether Market Trends

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Another trend driving the growth of the market is the rising demand for DME as an alternative fuel, particularly in the transportation sector. DME has properties like liquefied petroleum gas (LPG) and can be used as a substitute for diesel fuel in vehicles. As countries implement stricter regulations against high-emission fuels, such as the Euro 6 emission standards in Europe, the adoption of cleaner alternatives like DME is expected to increase, fuelling dimethyl ether market expansion.

Moreover, the expansion of DME production capacity in emerging markets are anticipated to boost the market during the forecast period. Shenhua Ningxia Coal Industry Group, one of China's largest coal-to-DME producers, has been expanding its production capacity to meet the growing domestic demand. Indonesia is also investing in DME production to reduce its reliance on LPG imports, with projects like the Arun DME plant, which aims to produce 1.1 million tons of DME annually.

Dimethyl Ether Industry Segmentation

The EMR's report titled "Dimethyl Ether Market Report and Forecast 2025-2034" offers a detailed analysis of the market based on the following segments:

Market Breakup by Raw Material

- Coal
- Natural Gas
- Methanol
- Bio-Based
- Others

Market Breakup by Application

- LPG Blending
- Aerosol Propellant
- Fuel
- Chemical Feedstock
- Others

Market Breakup by Region

- North America
- Europe
- Asia Pacific
- Latin America
- Middle East and Africa

Dimethyl Ether Market Share

LPG blending segment dominates the market, driven by increasing use of DME in LPG to improve combustion

LPG blending is the largest application segment, with DME being blended with LPG as a fuel additive to improve combustion and reduce harmful emissions. Countries like India, China, and Indonesia are actively promoting the use of DME-LPG blends as an alternative to conventional LPG to reduce imports levels. The segment is expected to continue dominating due to the increasing adoption of DME-LPG blends for household heating and cooking purposes.

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As per dimethyl ether market analysis, the aerosol propellant segment is another major application of DME globally. DME is used as an environmentally friendly propellant in aerosol products like hair sprays, deodorants, and insecticides due to its low toxicity and flammability. The growing demand for personal care and household products is driving the use of DME as an aerosol propellant.

DME is also used as a chemical feedstock to produce various chemicals like formaldehyde, acetic acid, and olefins. The growing demand for these chemicals in various end-use industries is expected to drive the use of DME as a feedstock.

Methanol segment holds substantial share of the market as it aids in easy production of dimethyl ether

Methanol is a key raw material for producing dimethyl ether and holds the largest dimethyl market share due to its high demand and ease of production. Bio-based feedstock, including methanol, is another dominant segment in the market as the use of bio-based feedstock in transportation fuel applications is increasing. DME can replace diesel in various applications, which is driving the growth of this segment.

Moreover, the rising environmental concerns and the shift towards sustainable and eco-friendly alternatives are propelling the demand for bio-based feedstock in dimethyl ether production. Dimethyl ether is also manufactured using natural gas, which is considered a costly process. However, the easy availability of natural gas, driven by technological advancements and high research and development investments in the gas and oil market, is expected to drive the segment's growth.

Leading Companies in the Dimethyl Ether Market

Market players are focused on expanding their presence across various geographies to expand their customer base and strengthen their market position

Topsoe A/S

Topsoe A/S, founded in 1940 and headquartered in Denmark, Europe, specialises in providing catalysts, electrolysers, and technology solutions to decarbonise cement, steel, shipping, chemicals, and aviation sectors. The company focuses on offering fuels, renewable energy carriers, and chemicals of the future, including green ammonia, green hydrogen, and eMethanol.

Mitsubishi Corporation

Mitsubishi Corporation, established in 1950 and based in Tokyo, Japan, is involved in industrial materials, natural gas, mineral resources, petroleum & chemicals solution, automotive & mobility, industrial infrastructure, consumer industry, food industry, power solution, and urban development.

Grillo-Werke AG

Grillo-Werke AG, with a founding year of 1842 and headquarters in Duisburg, Germany, operates across four divisions. The divisions are metal, chemicals, zinc oxide, and RHEINZINK. The company is known for its innovative and sustainable solutions in the areas of sulphur and zinc.

Royal Dutch Shell Plc

Royal Dutch Shell Plc, now known as Shell Plc, was established in 1907 and is headquartered in London, United Kingdom. It is an

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international group of petrochemical and energy companies. The company is involved in production of dimethyl ether (DME) from different feedstocks like food waste, dairy biogas, and industrial process waste streams.

Other key players in the global dimethyl ether market include Korea Gas Corporation and Nouryon, among others.

Dimethyl Ether Market Analysis by Region

Asia Pacific has a high demand for DME as a cleaner alternative fuel due to its strict regulations against high-emission fuels

Asia Pacific is the largest regional market for dimethyl ether (DME) due to the easy availability of coal reserves in countries like China, which is the largest producer and consumer of DME. Other major Asia Pacific markets include Japan, which has many DME production plants. Moreover, the constantly expanding automobile market in developing economies, especially in Asia Pacific, is expected to drive DME demand during the forecast period.

North America is expected to be the fastest-growing dimethyl ether market during the forecast period. The U.S. and Canada are the major markets in North America, with the U.S. accounting for the larger share. DME is being explored as an alternative fuel in the transportation sector, particularly as a diesel replacement, contributing to market growth. Companies like Oberon Fuels in the U.S. are developing innovative DME production technologies from biogas and waste streams.

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