

Industrial Grade Urea - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts (2026 - 2031)

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Report description:

Industrial Grade Urea Market Analysis

The Industrial Grade Urea Market was valued at 195.37 Million tons in 2025 and estimated to grow from 198.87 Million tons in 2026 to reach 217.29 Million tons by 2031, at a CAGR of 1.79% during the forecast period (2026-2031). The market's modest trajectory reflects a mature landscape balancing cost-driven production economics with rising sustainability expectations. Demand growth flows mainly from agriculture, yet a new pull from diesel exhaust fluid (DEF) and engineered-wood resins diversifies the revenue base. Energy-price volatility, consolidation among large producers, and stricter emissions targets dominate strategic conversations, while process innovations aimed at green ammonia integration promise longer-term competitiveness.

Global Industrial Grade Urea Market Trends and Insights

Rising Diesel Exhaust Fluid Adoption Transforms Technical Grade Demand

Commercial vehicle emission standards underpin a robust uptake of DEF, with China's National VI regulations alone expected to lift DEF consumption to 25 million tons in 2025. European players are integrating DEF lines into existing ammonia-urea complexes, illustrated by CF Industries' Blue Point project that will add 1.4 million tpy low-carbon ammonia from 2029. This defensively hedges against seasonal fertilizer swings and supports premium pricing. North American fleets following EPA 2027 rules further reinforce a medium-term demand floor, while off-road machinery in construction and mining extends the addressable market. Overall, DEF's rise shifts a portion of the industrial-grade urea market toward higher-purity products, indirectly raising

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margins and encouraging investments in purification infrastructure.

Green Ammonia Integration Reshapes Production Economics

The European Union's RED III requirement for 42% renewable hydrogen by 2030 accelerates low-carbon ammonia adoption, turning electrolyzer costs and renewable power availability into new profit levers. Stamicarbon's NX Stami Green Ammonia modules slash CAPEX 25-30% at 50-500 t per day scale, enabling regional supply hubs that shorten freight routes and curb scope 3 emissions. Pilot projects in the Middle East aim to couple solar-powered electrolysis with urea synthesis, signaling a shift away from single-site mega-plants. Early adopters gain compliance advantages in carbon-regulated export markets and secure offtake agreements from food and beverage firms seeking lower-footprint supply chains. Over the long term, these developments could moderate the industrial-grade urea market's exposure to natural-gas price spikes and carbon costs.

Natural Gas Price Volatility Threatens Production Viability

Spot gas swung from USD 6.54/MMBtu in 2022 to USD 2.66/MMBtu in 2023, exposing producers whose feedstock can constitute 70-90% of cash costs. European plants curtailed utilization to 75% amid the 2022 energy crisis, redirecting trade flows toward Middle Eastern suppliers. U.S. operators with shale-based gas benefit from structural cost advantages, whereas net-importing areas confront negative margins during price spikes. Hedging strategies, dual-fuel capabilities, and green ammonia investments are emerging defenses but require substantial capital and policy support.

Other drivers and restraints analyzed in the detailed report include:

Technical Grade Applications Drive Premium Segment Growth
Emerging Asia Fertilizer Demand Sustains Long-term Growth
Environmental Regulations Constrain Application Growth

For complete list of drivers and restraints, kindly check the Table Of Contents.

Segment Analysis

Fertilizer grade accounted for 84.65% of the industrial grade urea market in 2025 and is forecast to expand at a 1.83% CAGR to 2031. The technical grade slice, while smaller, accelerates on DEF demand, potentially lifting its share by 130 basis points within the outlook period. Feed grade addresses ruminant nutrition niches with stringent purity needs. Process innovations such as pool-condenser reactors lower CAPEX by up to 30%, enabling multiproduct configurations that respond swiftly to shifting margins.

Flexibility matters because DEF and melamine demand decouple from crop cycles, smoothing revenue seasonality. Producers certified for automotive-grade urea meet ISO 22241 quality thresholds, commanding sustained premiums. In contrast, fertilizer producers remain exposed to subsidy regimes and environmentally driven application caps. This divergence underlines why technical grade is the fastest growing component of the industrial grade urea market size across the forecast.

The Industrial Grade Urea Market Report is Segmented by Grade (Fertilizer Grade, Technical Grade, and Feed Grade), End-User Industry (Agriculture, Chemical, Automotive, Medical, and Other End-User Industries), and Geography (Asia-Pacific, North America, Europe, South America, and Middle-East and Africa). The Market Forecasts are Provided in Terms of Volume (Tons)

Geography Analysis

Asia-Pacific dominated the industrial-grade urea market size with a 66.10% share in 2025, driven by India's and China's crop inputs and rising DEF uptake. Local production expansion in India aims for self-sufficiency by 2025, potentially trimming import

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reliance.

The Middle East and Africa region posts the fastest 2.33% CAGR through 2031, fueled by low-cost gas feedstock and export-oriented capacity additions in Saudi Arabia, Egypt, and Algeria. New complexes integrate green-hydrogen pilot lines to future-proof carbon competitiveness. Europe's share contracts amid high gas costs and decarbonization policies; several plants operate seasonally or under curtailment, increasing import reliance on North Africa and the United States.

North America maintains steady demand, benefiting from abundant shale gas and ongoing DEF adoption in heavy-duty fleets. Trade patterns continue shifting: China's H1 2024 export volumes fell 90% following policy restrictions, creating spot shortages in Southeast Asia and Latin America. Middle Eastern producers quickly captured these gaps, affirming their swing-supplier status. Over the long term, Asia-Pacific retains leadership, yet its growth moderates as sustainability policies and domestic supply priorities reshape external trade.

List of Companies Covered in this Report:

Acron BASF CF Industries Holdings Inc. Chambal Fertilisers & Chemicals Ltd China National Petroleum Corporation (CNPC) EuroChem Group Genesis Fertilizers IFFCO Industries Qatar Koch Fertilizer LLC National Fertilizers Limited Notore Chemical Industries PLC Nutrien Ltd OCI Paradeep Phosphates Ltd Petrobras PT Pupuk Kalimantan Timur (PKT) SABIC The Chemical Company (TCC) Uralchem JSC Yara

Additional Benefits:

The market estimate (ME) sheet in Excel format
3 months of analyst support

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