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Report predicts strong growth in US pellet exports to Japan

By [Erin Voegele](#) | December 30, 2019

A report recently filed with the USDA Foreign Agricultural Service's Global Agricultural Information Network indicates Japan's market for wood pellets is expanding rapidly. While the policy-driven market opportunity for foreign wood pellet suppliers is exceptional, the report states U.S. suppliers remain on the margin.

According to the report, biomass consumption in Japan's electricity sector is driven by renewable energy payments known as feed-in tariffs (FIT). The Japanese government allows companies to charge customers a premium for electricity derived from eligible renewable electricity generators for 10 to 20 years. The report notes different payment rates apply to woody biomass from domestic forest thinning operations and to general wood, including imported wood pellets, sawmill residues, palm kernel shells and other agricultural residues.

Japan imported 1.44 million tons of wood pellets in 2019, up from 1.06 million tons in 2018 and 506,000 tons in 2017. Canada is currently the primary supplier of wood pellets to Japan.

Domestic production of wood pellets reached 135,000 tons in 2019, up from 131,000 tons in 2018 and 127,000 tons in 2017. According to the report, Japan currently has 155 wood pellet plants, up from 154 in 2018 and 147 in 2017.

Consumption of wood pellets has grown rapidly, from 626,000 tons in 2017 to 1.168 million tons in 2018 and an estimated 1.559 million tons in 2019.

According to the report, biomass power plants in Japan are looking for reliable, long-term supplies of biomass. As a result, wood pellet exports to Japan are expected to significantly increase in the near future. The report estimates the U.S. will begin to take part in this market, with U.S. wood pellet exports to Japan expected to exceed 3 million tons per year by 2025.

A full copy of the report can be downloaded from the USDA FAS GAIN [website](#).

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