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Emissions Trading Systems: The Evolution of the Carbon Credits Market

Global Carbon Credits Market Expected to Targets $143.5 billion by 2032

WILMINGTON, DE, UNITED STATES, November 20, 2024 / EINPresswire.com/ --

According to a new report published by Allied Market Research, The carbon credits market size was valued at $2 billion in 2022, and is estimated to reach $143.5 billion by 2032, growing at a CAGR of 55.5% from 2023 to 2032.

Carbon credits, also known as carbon offsets, are tradable units that represent a reduction or removal of greenhouse gas (GHG) emissions from the atmosphere. They are used as a tool to mitigate climate change by enabling individuals, organizations, and governments to take responsibility for their emissions and support emission reduction projects.

> Rising awareness regarding environmental sustainability and increase in government initiatives to reduce harmful carbon emissions are the key drivers in the carbon credits market"
>
> *Allied Market Research*

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Buyers, such as companies, governments, or individuals, purchase carbon credits to offset their own emissions and meet their sustainability goals. The carbon credits are transferred from the seller to the buyer, often facilitated through specialized platforms or exchanges. Carbon credits help the companies to minimize their greenhouse gas emissions.

The Asia-Pacific market registered the highest market share in 2022 and is projected to maintain its position during the forecast period.

The key players profiled in the global carbon credits industry report include South Pole, 3Degrees, EKI Energy Services Ltd, TerraPass, NATUREOFFICE, Moss.Earth, Climate Impact Partners, Carbon Credit Capital, LLC, CarbonBetter, and NativeEnergy.

Carbon credits are generated through projects that reduce or remove greenhouse gas emissions. These projects can include renewable energy installations, energy efficiency improvements, methane capture from landfills or agricultural operations, reforestation and afforestation initiatives, and other activities that lead to a decrease in GHG emissions.

Carbon credits work on the principle of "offsetting" emissions. When an entity, such as a company or individual, emits carbon dioxide or other greenhouse gases, they can purchase carbon credits equivalent to the amount of emissions they have produced. The money from the purchase goes towards funding emission reduction projects. By buying and retiring these credits, the entity is effectively offsetting their own emissions by supporting projects that reduce emissions elsewhere.

Emission reduction projects often deliver co-benefits beyond GHG reductions. For example, renewable energy projects contribute to the transition to clean energy sources, create jobs, and improve air quality. Reforestation initiatives enhance biodiversity and provide ecosystem services. Sustainable development principles are often integrated into the design and implementation of emission reduction projects to ensure they promote social, economic, and environmental benefits.

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In order to meet the net-zero carbon emissions, it is necessary to lower greenhouse gas emissions to almost 50% by 2030 and to reduce to net zero by 200. Thus, purchasing carbon credits can help in addressing huge amount of greenhouse gas emissions.

Carbon credits are basically the certificates that represents the amount of greenhouse gases removed from the atmosphere.

In addition, participating in voluntary carbon credit markets enables companies to showcase climate leadership and demonstrate their commitment to addressing climate change. This involvement often goes beyond basic compliance requirements, as companies voluntarily take additional measures to reduce their emissions and support emission reduction projects.

Such initiatives can drive innovation in clean technologies and sustainable practices. These factors are anticipated to drive the carbon credits market forecast in the upcoming years.

An increase in the number of public and private organizations that help in achieving environmental sustainability by trading carbon credits is anticipated to boost the market demand during the forecast period.

The carbon credits market share is segmented on the basis of type, system, end-use industry, and region. By type, it is classified into regulatory and voluntary. By system, it is classified into cap-and-trade and baseline-and-credit. By end-use industry, it is classified into aviation, energy, industrial, petrochemical, and others.

Impact of COVID-19

The carbon credits sector is largely monitored by the governments across several countries. The carbon credits market opportunities were hampered during the pandemic due to reduced investments on emission reduction projects such as carbon sustainability projects and renewable energy projects.

The carbon credits market was negatively impacted by the COVID-19 pandemic, owing to economic crisis across several countries, travel restrictions, closure of manufacturing units, and reduced energy consumption.

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Carbon Credit Trading Platform Market

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Carbon Credits Market

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https://www.prnewswire.com/news-releases/green-hydrogen-market-to-reach-143-8-billion-globally-by-2032-at-50-3-cagr-allied-market-research-302016777.html

Renewable Energy Market

https://www.alliedmarketresearch.com/renewable-energy-market

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Allied Market Research (AMR) is a full-service market research and business-consulting wing of Allied Analytics LLP based in Portland, Oregon. Allied Market Research provides global enterprises as well as medium and small businesses with unmatched quality of "Market Research Reports" and "Business Intelligence Solutions." AMR has a targeted view to provide business insights and consulting to assist its clients to make strategic business decisions and achieve sustainable growth in their respective market domain.

Pawan Kumar, the CEO of Allied Market Research, is leading the organization toward providing high-quality data and insights. We are in professional corporate relations with various companies and this helps us in digging out market data that helps us generate accurate research data tables and confirms utmost accuracy in our market forecasting. Each and every data presented in the reports published by us is extracted through primary interviews with top officials from leading companies of domain concerned. Our secondary data procurement methodology includes deep online and offline research and discussion with knowledgeable professionals and analysts in the industry.

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