

Carbon Credits Market to Reach \$143.5 Billion by 2032: Driving Climate Action Through Global Emission Offsetting

The carbon credits market is projected to skyrocket from \$2B in 2022 to \$143.5B by 2032, driven by climate goals, policy support, and innovation.

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The global [carbon credits market](#) is experiencing an unprecedented growth trajectory, fueled by global climate change awareness, net-zero

commitments, and the need for sustainable business practices. According to a new report by Allied Market Research, the carbon credits market size was valued at \$2 billion in 2022 and is projected to reach \$143.5 billion by 2032, expanding at a remarkable CAGR of 55.5% from 2023 to 2032.



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Allied Market Research

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What Are Carbon Credits?

Carbon credits, also referred to as carbon offsets, are tradable permits that allow organizations and individuals to compensate for their greenhouse gas (GHG) emissions.

One carbon credit typically equals one metric ton of carbon dioxide (CO₂) either removed from the atmosphere or prevented from being emitted.

These credits are created through a variety of emission reduction or removal projects, including:



Renewable energy installations (e.g., wind or solar)

Reforestation and afforestation projects

Methane capture from landfills or agriculture

Energy efficiency improvements

How Carbon Credits Work

The carbon credits system operates on an offsetting principle. Companies, individuals, or governments that emit GHGs can purchase carbon credits to balance their carbon footprint. Funds from these purchases are invested in sustainable projects that remove or avoid GHG emissions, allowing buyers to offset their environmental impact.

The credits are bought and sold via carbon exchanges or through verified third-party platforms, with the credits being “retired” after use to prevent double-counting.

Regional Insights: Asia-Pacific Leads the Market

In 2022, the Asia-Pacific region emerged as the dominant player in the global carbon credits market, and it is projected to maintain this lead throughout the forecast period. Factors such as increasing industrial activity, stronger government regulations, and regional sustainability initiatives contribute to this leadership.

Key Players in the Carbon Credits Market

Several companies are at the forefront of the carbon credits market growth, including:

South Pole

3Degrees

EKI Energy Services Ltd

TerraPass

Moss.Earth

Climate Impact Partners

CarbonBetter

NativeEnergy

These organizations help facilitate the development, verification, and trading of carbon credits on voluntary and regulated markets.

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Types and Systems of Carbon Credits

The carbon credits market is segmented by:

Type:

Regulatory: Mandated by government policies (e.g., cap-and-trade systems)

Voluntary: Driven by organizations looking to go beyond compliance

System:

Cap-and-Trade: Emissions cap set by authorities, with tradable credits among emitters

Baseline-and-Credit: Credits generated by entities performing better than set baselines

End-Use Industry:

Aviation

Energy

Industrial

Petrochemical

Others

Carbon Credits: A Gateway to Net-Zero

In order to meet the global net-zero emissions target, GHG emissions must be halved by 2030 and reduced to near-zero by 2050. Carbon credits play a vital role in achieving these targets by:

Supporting climate-positive projects

Enabling businesses to compensate for unavoidable emissions

Fostering innovation in low-carbon technologies

For companies, participating in voluntary carbon markets enhances brand reputation, encourages operational efficiency, and demonstrates environmental leadership.

Added Benefits of Carbon Credit Projects

Beyond emission reduction, carbon credit projects often bring co-benefits, such as:

Improved air and water quality

Job creation in renewable energy sectors

Biodiversity restoration through reforestation

Sustainable community development

Many carbon offset projects integrate United Nations Sustainable Development Goals (SDGs) into their frameworks, ensuring they deliver social, economic, and environmental value.

Market Trends & Future Outlook

The carbon credits market forecast suggests explosive growth over the next decade, driven by:

Corporate sustainability pledges

Government mandates for carbon pricing

Investor focus on ESG (Environmental, Social, Governance) factors

Expansion of digital carbon marketplaces

As awareness grows, more private and public entities are entering carbon markets to trade offsets and drive emission-neutral practices.

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COVID-19 Impact on the Carbon Credits Market

The COVID-19 pandemic temporarily hampered the carbon credits market due to:

Reduced industrial and aviation activity

Project delays

Supply chain disruptions

Decreased funding for sustainability programs

However, post-pandemic recovery has reignited global climate action, with many countries integrating green recovery plans into their economic stimulus packages, providing renewed momentum for carbon credit investments.

Final Thoughts

The carbon credits market is poised to play a central role in the global transition to a [low-carbon economy](#). As more organizations aim for net-zero emissions, the demand for high-quality carbon credits is expected to surge. Regulatory frameworks, technological innovation, and voluntary climate action will collectively shape the market's future.

For businesses and nations alike, carbon credits represent not just a compliance tool, but a powerful strategy for climate responsibility and global impact.

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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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