Circular Economy in Automotive Market to Hit $75.26 Billion by 2032 | Growth Driven by EVs & Recycling

Automotive circular economy valued $30.68 Billion in 2024, set to $75.26 Billion by 2032. Key drivers: EV demand, recycling, sustainability.

Circular Economy in Automotive Market

AUSTIN, TX, UNITED STATES, September 19, 2025 / EINPresswire.com/ -- According to DataM Intelligence, the Circular Economy in Automotive Market reached US$ 30.68 billion in 2024 and is expected to reach US$ 75.26 billion by 2032, growing with a CAGR of 11.87% during the forecast period 2025–2032. Several key drivers are fueling this growth: stricter environmental regulations, rising costs of raw materials, technological advancements in recycling, and the rapid expansion of electric vehicles (EVs), which require sustainable lifecycle management. Europe currently dominates the market thanks to strong policies on end-of-life vehicle (ELV) management and advanced recycling systems. Meanwhile, Asia-Pacific is emerging as the fastest-growing region due to China's large-scale automotive production and evolving sustainability frameworks.

> BMW, Toyota, and Renault are pioneering circular automotive design, contributing to a market forecasted at $75.26 Billion by 2032."
>
> *DataM Intelligence*

The automotive industry is undergoing a structural shift as sustainability and resource efficiency become top priorities. The circular economy in the automotive market is reshaping how vehicles are designed, manufactured, used, and recycled. Unlike the traditional "linear economy" of producing, using, and disposing, the circular approach emphasizes keeping materials in use for as long as possible through recycling, remanufacturing, refurbishing, and reuse. This transition supports environmental goals while also creating new business opportunities for manufacturers, suppliers, and recyclers.

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Key Highlights from the Report:

□ The Circular Economy in Automotive Market was valued at US$ 30.68 billion in 2024 and is projected to hit US$ 75.26 billion by 2032.
□ Europe leads the market due to strict ELV directives and a mature recycling infrastructure.
□ EV battery recycling is one of the most critical growth areas, supporting the shift to sustainable mobility.
□ Remanufactured parts are gaining popularity among consumers as a cost-effective and eco-friendly alternative.
□ Asia-Pacific is the fastest-growing region, driven by China, Japan, and India's automotive policies.
□ Major OEMs such as BMW, Toyota, and Renault are investing in closed-loop production and circular design practices.

Recent Developments:

In March 2025, BMW announced the expansion of its closed-loop aluminum recycling program in Europe, aiming to cut CO□ emissions by 25% across its production chain.

In January 2025, Renault partnered with Veolia and Solvay to strengthen its EV battery recycling initiative, targeting recovery of 95% of valuable raw materials such as lithium, cobalt, and nickel.

Company Insights
Key players operating in the market include:

Renault Group
BMW Group
Stellantis N.V.
Toyota Motor Corporation
Ford Motor Company
Volkswagen Group
Volvo Cars
Northvolt AB
General Motors
Hyundai Motor Group

Market Segmentation:

The circular economy in automotive market is segmented by product type, material type, business model, and end-user.

By Product Type:
Remanufactured auto parts, recycled materials, and refurbished components form the largest categories. Among these, remanufactured parts such as engines, transmissions, and alternators hold the largest market share because they are widely accepted, reliable, and cost-effective compared to new products.

By Material Type:
Steel dominates, as it is the most recycled material in the automotive industry. Aluminum is also gaining traction due to its role in lightweight vehicle manufacturing. Plastics, traditionally difficult to recycle, are becoming increasingly important as new recycling technologies improve recovery rates.

By Business Model:
Automakers are adopting OEM-led take-back programs, subscription-based vehicle ownership, and product-as-a-service models. Aftermarket players are also investing in certified refurbished products, providing customers with affordable and sustainable solutions.

By End-User:
Passenger vehicles hold the dominant share owing to their higher production volumes and shorter replacement cycles. However, commercial vehicles are increasingly integrating circular economy practices, particularly in fleet management where cost efficiency and sustainability are critical.

Regional Insights:

Europe leads the global market, underpinned by the EU's End-of-Life Vehicles (ELV) Directive, which mandates recycling and reuse of up to 95% of a vehicle's weight. Germany, France, and the Netherlands are pioneers, with robust recycling systems and EV battery circularity programs.

North America is advancing steadily. The U.S. has developed battery recycling hubs in key states, and OEMs are collaborating with recyclers to recover critical raw materials. Consumer awareness and government policies supporting sustainable mobility are strengthening adoption.

Asia-Pacific is the fastest-growing region. China dominates vehicle production and has introduced stringent rules for battery recycling and reuse. Japan's circular systems are advanced, with a strong focus on plastics and metals recovery. India is emerging as a promising market, driven by government initiatives like the vehicle scrappage policy.

Latin America and the Middle East & Africa are in earlier stages but hold untapped potential. Brazil and Mexico are introducing recycling regulations, while Middle Eastern countries are gradually adopting sustainable automotive solutions, supported by foreign investments.

Market Dynamics:

Market Drivers
The most influential driver is regulatory compliance. Governments worldwide are mandating sustainable vehicle disposal and recycling practices, forcing OEMs to adapt. The rise in EV adoption is another major driver, as it creates demand for effective recycling and repurposing of lithium-ion batteries. Additionally, the increasing cost and scarcity of raw materials make recycling and remanufacturing economically attractive. Growing consumer demand for green mobility solutions further accelerates the market.

Market Restraints
However, the industry faces significant barriers. High capital requirements for recycling infrastructure remain a challenge, particularly in developing economies. Lack of standardized recycling technologies, especially for EV batteries, also creates inefficiencies. Furthermore, limited consumer awareness in emerging markets and logistical hurdles in collecting end-of-life vehicles hamper faster adoption.

Market Opportunities
The market presents exciting opportunities. EV battery recycling and second-life applications for stationary energy storage will unlock substantial value. Emerging digital technologies such as blockchain for material traceability and AI-driven predictive maintenance can make circular systems more efficient. Partnerships between OEMs, recyclers, and technology companies are expected to drive innovation and scale.

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Reasons to Buy the Report:

 Access to detailed market size and forecast data up to 2032.
 Insightful analysis of segmentation by product, material, business model, and end-user.
 Comprehensive regional outlook with identification of high-growth markets.
 Coverage of competitive landscape and strategies of leading players.
 Strategic insights into future opportunities such as EV battery recycling.

Frequently Asked Questions (FAQs):

 How Big is the Circular Economy in Automotive Market?

 Who are the Key Players in the Global Circular Economy in Automotive Market?
 What is the Projected Growth Rate of the Circular Economy in Automotive Market?
 What is the Market Forecast for 2032?
 Which Region is Estimated to Dominate the Circular Economy in Automotive Industry through the Forecast Period?

Conclusion

The circular economy in automotive market is becoming central to the industry's sustainability roadmap. With a projected market size of US$ 75.26 billion by 2032, it presents immense opportunities for automakers, recyclers, and technology providers. While challenges such as infrastructure costs and standardization remain, the drivers regulations, EV adoption, and raw material scarcity make circular practices a necessity. By embracing recycling, remanufacturing, and innovative circular business models, the automotive sector can significantly reduce waste, lower emissions, and pave the way for a more sustainable and profitable future.

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