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Circular Tire and Automotive-Parts Recycling Market Forecasts to 2034 – Global Analysis By Recycling Technology (Mechanical Recycling, Pyrolysis & Thermochemical Conversion, Devulcanization & De-polymerization and Advanced Sorting & Shredding Systems), Material Type, Recovered Product, Circular Economy Model, End User and By Geography

https://marketpublishers.com/r/C1D77F28966CEN.html
Date: June 2026
Pages: 200
Price: US$ 4,150.00 (Single User License)
ID: C1D77F28966CEN

Abstracts

According to Stratistics MRC, the Global Circular Tire and Automotive-Parts Recycling Market is accounted for $6.9 billion in 2026 and is expected to reach $12.3 billion by 2034 growing at a CAGR of 7.5% during the forecast period. Circular Tire and Automotive-Parts Recycling involves collecting end-of-life tires and vehicle components and converting them into reusable materials and refurbished products through advanced processing methods. Waste tires are broken down into rubber crumbs, steel, and fibers, which are reused in applications like construction materials, playground surfaces, and industrial goods. Likewise, used automotive parts such as engines, batteries, and gear systems are restored or remanufactured to improve lifespan and reduce disposal. This circular approach minimizes landfill waste, conserves natural resources, and lowers emissions. Increasing sustainability policies and industry demand are accelerating the shift toward efficient recycling and closed-loop automotive production systems globally.

According to the World Business Council for Sustainable Development (WBCSD), approximately 1 billion end-of-life tires are generated globally each year, creating a pressing need for circular recycling solutions in the automotive sector.

Market Dynamics:

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Driver:

Rising raw material costs and resource scarcity

Rising costs of raw materials and limited availability of natural resources significantly boost the Circular Tire and Automotive-Parts Recycling Market. Essential inputs like metals, rubber, and petroleum derivatives have become more expensive due to global supply disruptions and increasing demand. Recycling used tires and automotive parts allows recovery of reusable materials such as steel, aluminum, and rubber compounds. This reduces reliance on newly extracted resources and lowers production expenses. The economic benefit of material recovery encourages manufacturers to integrate recycling into their operations. As a result, circular practices are increasingly adopted to ensure cost efficiency and resource security.

Restraint:

High collection, sorting, and processing costs

High expenses related to collecting, sorting, and processing used tires and automotive components act as a major barrier for the Circular Tire and Automotive-Parts Recycling Market. Efficient reverse logistics systems demand significant spending on transport, warehousing, and dismantling infrastructure. Moreover, advanced separation technologies and skilled workforce requirements increase operational costs further. Smaller recycling companies often face difficulty in achieving cost efficiency and scale advantages. Unstable scrap material prices also reduce predictable revenue streams. These financial constraints make recycling operations less attractive compared to conventional raw material sourcing, thereby restricting market growth and adoption of circular automotive practices globally.

Opportunity:

Expansion of electric vehicle recycling ecosystem

The expansion of electric vehicle usage creates significant growth opportunities for the Circular Tire and Automotive-Parts Recycling Market. EVs require advanced recycling solutions for batteries, electric motors, and lightweight materials that contain valuable resources like lithium, cobalt, and nickel. Recovering these materials supports resource efficiency and reduces dependency on mining. The growing EV fleet encourages

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development of specialized recycling facilities and remanufacturing technologies. Government support for clean transportation further boosts investment in this segment. As a result, EV-focused recycling systems are expected to become a key driver of circular economy growth in the automotive industry worldwide.

Threat:

Illegal dumping and informal recycling activities

Unregulated dumping of used tires and the presence of informal recycling sectors significantly threaten the Circular Tire and Automotive-Parts Recycling Market. In several areas, waste is managed outside formal systems, often through unsafe disposal or low-quality processing methods. These informal operators compete with regulated recyclers by offering cheaper services, diverting material away from official channels. This reduces recycling efficiency and creates environmental and safety risks. Additionally, lack of oversight leads to poor compliance with environmental regulations and loss of government control. Such practices disrupt organized recycling systems and hinder the development of sustainable automotive circular economies.

Covid-19 Impact:

The COVID-19 pandemic had a major short-term negative impact on the Circular Tire and Automotive-Parts Recycling Market by disrupting logistics, reducing industrial operations, and limiting workforce availability. Movement restrictions caused delays in collecting used tires and dismantling vehicles, while automotive production slowdowns reduced scrap generation. Recycling facilities operated at reduced capacity, affecting material recovery rates. However, the crisis also emphasized the need for sustainable and resilient supply systems. In the recovery phase, increased attention to environmental sustainability and circular economy practices has supported renewed investment in recycling infrastructure and remanufacturing activities across the automotive industry globally.

The mechanical recycling segment is expected to be the largest during the forecast period

The mechanical recycling segment is expected to account for the largest market share during the forecast period because it is widely implemented, economically viable, and supported by established infrastructure. The process includes shredding, crushing, and sorting used tires and vehicle parts into reusable outputs like rubber particles, metal,

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and textile fibers. It is favored by recyclers due to its lower setup costs and ability to handle large volumes efficiently. The materials recovered are commonly used in construction, manufacturing, and industrial applications. Its long-standing presence, ease of operation, and scalability make mechanical recycling the leading and most widely adopted segment in the global circular automotive recycling industry.

The energy generation segment is expected to have the highest CAGR during the forecast period

Over the forecast period, the energy generation segment is predicted to witness the highest growth rate due to rising adoption of waste-derived fuels and energy recovery systems. End-of-life tires and automotive materials are being increasingly converted into usable energy through processes like pyrolysis and combustion in industrial facilities. This helps reduce dependency on fossil fuels while addressing waste management challenges. Strong environmental regulations and decarbonization initiatives are further supporting this trend. As industries seek cleaner and alternative energy sources, energy generation from recycled automotive waste is emerging as the most rapidly expanding application segment globally.

Region with largest share:

During the forecast period, the North America region is expected to hold the largest market share owing to its advanced infrastructure, strict environmental regulations, and significant volume of automotive waste. Policies promoting recycling and waste reduction, including producer responsibility laws, drive strong industry participation. The region also hosts several leading automotive companies and recycling technology providers, supporting efficient material recovery systems. Widespread awareness of sustainability among consumers and industries further boosts adoption. Continuous investment in remanufacturing facilities and circular economy initiatives strengthens its leadership position. As a result, North America remains the most influential and mature market for automotive recycling activities worldwide.

Region with highest CAGR:

Over the forecast period, the Asia Pacific region is anticipated to exhibit the highest CAGR due to strong industrial expansion, rising vehicle usage, and increasing focus on sustainability. Major economies like China, India, Japan, and South Korea are developing advanced recycling systems and improving waste management capabilities. The region generates a large volume of end-of-life automotive materials, boosting

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recycling demand. Supportive government policies and stricter environmental standards are further encouraging circular practices. Combined with affordable labor and rising investments from global players, Asia Pacific is emerging as the fastest-growing region in the automotive recycling industry worldwide.

Key players in the market

Some of the key players in Circular Tire and Automotive-Parts Recycling Market include LKQ Corporation, BMW Group, Renault Group, Toyota Motor Corporation, Bosch, Valeo, ZF Friedrichshafen, Mahindra MSTC Recycling Private Limited, Maruti Suzuki India Limited, Tata Motors, Partkart, Sims Metal, Copart, CarTakeBack, Liberty Tire Recycling, GENAN HOLDING A/S and ResourceCo.

Key Developments:

In October 2025, Valeo and LIDEO have signed a strategic partnership. For the first time, an independent expert network has formed a structured partnership with a global equipment manufacturer. The partnership will launch a training program for LIDEO experts via Valeo Tech Academy, sharing cutting-edge technological knowledge.

In April 2025, Toyota Motor Corporation and Waymo reached a preliminary agreement to explore a collaboration focused on accelerating the development and deployment of autonomous driving technologies. Woven by Toyota will also join the potential collaboration as Toyota’s strategic enabler, contributing its strengths in advanced software and mobility innovation.

In February 2025, Bosch and Johnson Matthey have agreed terms to accelerate future projects together. The agreement confirms both parties’ intentions to develop and produce catalyst coated membranes (CCM) for use in fuel cell stacks. Transforming and decarbonising the automotive industry requires a mix of powertrain systems and solutions across different vehicle classes.

Recycling Technologies Covered:

Mechanical Recycling

Pyrolysis & Thermochemical Conversion

Devulcanization & De-polymerization

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- Advanced Sorting & Shredding Systems

Material Types Covered:

- End-of-Life Tires (ELT)
- Rubber Components
- Plastics from Automotive Parts
- Metals
- Composite Materials

Recovered Products Covered:

- Reclaimed Rubber
- Tire-Derived Fuel (TDF)
- Rubber Granules & Crumb Rubber
- Recovered Carbon Black (rCB)
- Recycled Plastics
- Recycled Metals

Circular Economy Models Covered:

- Closed-Loop Recycling
- Open-Loop Recycling
- Upcycling & Value-Added Reuse

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End Users Covered:

- New Tire Manufacturing
- Automotive Components
- Construction Materials
- Industrial Products
- Energy Generation
- Consumer Goods

Regions Covered:

- North America
- United States
- Canada
- Mexico
- Europe
- United Kingdom
- Germany
- France
- Italy
- Spain

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Netherlands

Belgium

Sweden

Switzerland

Poland

Rest of Europe

Asia Pacific

China

Japan

India

South Korea

Australia

Indonesia

Thailand

Malaysia

Singapore

Vietnam

Rest of Asia Pacific

South America

Brazil

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- Argentina
- Colombia
- Chile
- Peru
- Rest of South America
- Rest of the World (RoW)
- Middle East
  - Saudi Arabia
  - United Arab Emirates
  - Qatar
  - Israel
  - Rest of Middle East
- Africa
  - South Africa
  - Egypt
  - Morocco
  - Rest of Africa

What our report offers:

- Market share assessments for the regional and country-level segments

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Strategic recommendations for the new entrants

Covers Market data for the years 2023, 2024, 2025, 2026, 2027, 2028, 2030, 2032 and 2034

Market Trends (Drivers, Constraints, Opportunities, Threats, Challenges, Investment Opportunities, and recommendations)

Strategic recommendations in key business segments based on the market estimations

Competitive landscaping mapping the key common trends

Company profiling with detailed strategies, financials, and recent developments

Supply chain trends mapping the latest technological advancements

Free Customization Offerings:

All the customers of this report will be entitled to receive one of the following free customization options:

Company Profiling

Comprehensive profiling of additional market players (up to 3)

SWOT Analysis of key players (up to 3)

Regional Segmentation

Market estimations, Forecasts and CAGR of any prominent country as per the client's interest (Note: Depends on feasibility check)

Competitive Benchmarking

Benchmarking of key players based on product portfolio, geographical presence, and strategic alliances

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Note: Tables for North America, Europe, APAC, South America, and Rest of the World (RoW) Regions are also represented in the same manner as above.

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