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Compostable Packaging Market Forecasts to 2032 – Global Analysis By Product (Bags & Sacks, Pouches & Sachets, Trays, Mailer Bags, Cutlery & Tableware and Other Products), Material Type, Packaging Layer, Distribution Channel, End User and By Geography

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Abstracts

According to Stratistics MRC, the Global Compostable Packaging Market is accounted for $87.13 billion in 2025 and is expected to reach $154.23 billion by 2032 growing at a CAGR of 8.5% during the forecast period. Compostable packaging is a sustainable substitute for conventional plastic packaging that decomposes into natural components in a composting environment without producing harmful byproducts. Compostable packaging minimizes environmental impact and the need for fossil fuels by using renewable resources like cornstarch, sugarcane fiber, and polylacticacid (PLA). Moreover, compostable solutions are being used more often by sectors like food and beverage, retail, and e-commerce to cut down on plastic waste and advance circular economy principles as consumer awareness and regulatory support for sustainable packaging increase.

According to the World Economic Forum, approximately 36% of all plastic produced is used to create packaging, and 85% of this ends up in landfills.

Market Dynamics:

Driver:

Growing awareness of consumers

Consumers are growing more aware of environmental problems like microplastic

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contamination in food and water, marine littering, and plastic pollution. Customers are increasingly choosing sustainable products and are prepared to pay more for eco-friendly packaging, according to reports. Demand for eco-conscious brands is driven by millennials and Gen Z in particular, which encourages businesses to invest in compostable packaging in order to meet the values of their customers. As a result of increased awareness brought about by social media activism and environmental campaigns, companies are being compelled to integrate compostable alternatives into their corporate branding.

Restraint:

Inadequate facilities for industrial composting

A significant obstacle is the dearth of adequate industrial composting facilities, even though compostable packaging is made to decompose in composting conditions. Many compostable materials cannot break down effectively in typical landfill settings because they need particular conditions, like regulated moisture, temperature, and microbial activity. Even if consumers dispose of compostable packaging properly, it frequently ends up in landfills where it decomposes slowly, much like regular plastics, because industrial composting infrastructure is either nonexistent or underdeveloped in many nations.

Opportunity:

Development of composting infrastructure

The construction of new industrial composting facilities is opening up a large market for compostable packaging as governments and businesses in the private sector invest in waste management systems. In order to prevent compostable packaging from ending up in landfills, municipalities in North America, Europe, and some parts of Asia are putting in place independent organic waste collection programs. Additionally, to enhance waste management, businesses are also looking into decentralized composting options like in-store composting bins and composting collaborations with nearby farms. By increasing the viability and scalability of compostable packaging, investments in cutting-edge composting technologies, such as aerobic digesters and enzyme-based degradation processes, are propelling market expansion.

Threat:

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Competition from biodegradable and recyclable substitutions

Biodegradable plastics, which break down naturally without the need for industrial composting, are also becoming more and more popular. Other sustainable packaging options like paper-based materials, recyclable plastics, and biodegradable packaging are fierce rivals to the compostable packaging market. As recyclable polyethylene (PE) and polypropylene (PP) packaging can be readily processed through the current recycling channels, many businesses are choosing to use these materials. Furthermore, providing sustainability without the disposal issues associated with compostable materials, innovations in recyclable and reusable packaging models, such as closed-loop systems and refillable packaging, also present a threat.

Covid-19 Impact:

The market for compostable packaging was affected by the COVID-19 pandemic in a mixed way, with opportunities and challenges arising during the crisis. On the one hand, as consumers grew more environmentally conscious and looked for eco-friendly options, the growth of e-commerce, food delivery, and online grocery shopping raised demand for sustainable packaging alternatives. Additionally, interest in single-use compostable packaging for food and medical applications increased as a result of increased health and hygiene consciousness. However, as lockdowns and restrictions impacted manufacturing and logistics, the market also experienced major setbacks, such as supply chain disruptions, shortages of raw materials, and higher production costs.

The Bags & Sacks segment is expected to be the largest during the forecast period

The Bags & Sacks segment is expected to account for the largest market share during the forecast period. The growing need for environmentally friendly substitutes for conventional plastic bags in a variety of sectors, such as grocery, retail, and food services, is what is causing this dominance. Compostable bags that reduce ecological impact are preferred by consumers as their awareness of the environment grows. Furthermore, improvements in material technology have improved the robustness and performance of compostable bags, increasing their competitiveness with traditional options and motivating companies to switch to environmentally friendly packaging options.

The Healthcare and Pharmaceutical segment is expected to have the highest CAGR during the forecast period

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Over the forecast period, the Healthcare and Pharmaceutical segment is predicted to witness the highest growth rate. The industry's growing emphasis on sustainability and strict laws meant to cut down on plastic waste in pharmaceutical packaging are the main drivers of this expansion. Compostable blister packs, pouches, and secondary packaging materials that reduce environmental impact while maintaining product integrity and safety are becoming more and more popular as pharmaceutical companies and healthcare providers strive for environmentally friendly solutions. Additionally, increased consumer awareness and pressure from regulatory agencies pushing for greener alternatives are driving up demand for sustainable sterile packaging, compostable medicine sachets, and biodegradable pill bottles.

Region with largest share:

During the forecast period, the Europe region is expected to hold the largest market share. This leadership is ascribed to strict environmental laws, increased consumer consciousness, and proactive government programs that try to cut down on plastic waste. Compostable packaging has become increasingly popular throughout the region as a result of EU directives encouraging sustainable alternatives. Moreover, eco-friendly packaging options are becoming more and more popular as consumers become more aware of how their purchases affect the environment.

Region with highest CAGR:

Over the forecast period, the Asia Pacific region is anticipated to exhibit the highest CAGR, driven by significant demand from a range of end-user sectors, such as healthcare, personal care, and food and beverage. Growing consumer awareness of environmental issues, encouraging government laws encouraging sustainable packaging methods, and a notable move by brands and retailers toward eco-friendly solutions are the main drivers of this growth. Additionally, improvements in material science have improved the performance of compostable packaging, increasing its attractiveness to local manufacturers and consumers.

Key players in the market

Some of the key players in Compostable Packaging Market include Eurocell S.r.l, Amcor PLC, Clearwater Paper Corporation, BioPak, International Paper Company, DS Smith, BASF SE, Mondi Group, NatureWorks LLC, Tetra Pak International SA, Bemis Manufacturing Company, Kaneka Corporation, Smurfit Kappa, WestRock Company and

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Klabin SA.

Key Developments:

In November 2024, Amcor plc and Berry Global Group, Inc. announced they have entered into a definitive merger agreement, pursuant to which Amcor and Berry will combine in an all-stock transaction. Berry shareholders will receive a fixed exchange ratio of 7.25 Amcor shares for each Berry share held upon closing, resulting in Amcor and Berry shareholders owning approximately 63% and 37% of the combined company.

In April 2024, Green packaging company BioPak has acquired Australian-based reusable cup company. The deal hopes to strengthen the two companies' shared vision towards a circular economy and a world without waste, they said in a statement. Huskee will continue to operate with its team, but the new ownership will accelerate the expansion and release of new products.

In April 2024, International Paper and DS Smith Plc announced that they have reached agreement on the terms of a recommended all-share combination, creating a truly global leader in sustainable packaging solutions. The terms of the Combination value each DS Smith share at 415 pence per share1, and will result in IP issuing 0.1285 shares for each DS Smith share, resulting in pro forma ownership of 66.3 percent for IP shareholders and 33.7 percent2 for DS Smith shareholders, implying a transaction value of approximately $9.9 billion3.

Products Covered:

Bags & Sacks

Pouches & Sachets

Trays

Mailer Bags

Cutlery & Tableware

Other Products

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Material Types Covered:

- Polylactic Acid (PLA)
- Wheat Straw Fiber
- Cellulose
- Bamboo
- Paper and Paperboard
- Starch Blends
- Polybutylene Succinate (PBS)
- Polyhydroxyalkanoates (PHA)
- Other Material Types

Packaging Layers Covered:

- Primary Packaging
- Secondary Packaging
- Tertiary Packaging

Distribution Channels Covered:

- B2B (Business-to-Business)
- Supermarkets/Hypermarkets
- Departmental Stores
- Convenience Stores

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- Specialty Stores
- E-commerce Platforms
- Other Distribution Channels

End Users Covered:

- Food and Beverage
- Healthcare and Pharmaceutical
- Cosmetics and Personal Care
- Home Care
- Other End Users

Regions Covered:

- North America
  - US
  - Canada
  - Mexico
- Europe
  - Germany
  - UK
  - Italy

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- France
- Spain
- Rest of Europe

Asia Pacific

- Japan
- China
- India
- Australia
- New Zealand
- South Korea
- Rest of Asia Pacific

South America

- Argentina
- Brazil
- Chile
- Rest of South America

Middle East & Africa

- Saudi Arabia
- UAE
- Qatar

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South Africa

Rest of Middle East & Africa

What our report offers:
- Market share assessments for the regional and country-level segments
- Strategic recommendations for the new entrants
- Covers Market data for the years 2024, 2025, 2026, 2028, and 2032
- 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 Middle East & Africa Regions are also represented in the same manner as above.

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