Automotive Green Tires Market Assessment, By Vehicle Type [Passenger Cars, Heavy Commercial Vehicles, Two-Wheelers, Light Commercial Vehicles, Buses], By Material Type [Natural Rubber-based Tires, Silica-based Tires, Synthetic Rubber-based Tires, Bio-based Tires], By Rim Size [13-15", 16-18", 19-21" and >21"], By Tread Pattern [Summer Tires, Winter Tires, All-Season Tires, All-Terrain Tires], By Region, Opportunities and Forecast, 2017-2031F

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Report description:

Global automotive green tires market is projected to observe a CAGR of 10.89% during the forecast period 2024-2031, rising from USD 17.45 billion in 2023 to USD 39.89 billion in 2031. Rising electric car sales, growing environmental concerns, increasing government support and incentives, and accelerating fuel prices coupled with fuel efficiency requirements are driving the global automotive green tires market growth in the forecast period. Rising consciousness concerning sustainability issues is propelling the demand for green tires across the globe. In the automotive industry, governments, consumers, and businesses are working on decreasing carbon footprints, encouraging sustainable practices, and reducing environmental impact. Automotive green tires are the foremost solution for achieving sustainability goals because they are manufactured with eco-friendly raw materials and energy-efficient designs.
In addition, continuous innovations in the manufacturing process and tire technology, comprising tread designs, innovations in tire compounds, and manufacturing technology, are influencing the production of more sustainable and efficient green tires. Manufacturers of tires are investing significantly in different research and development activities to enhance the durability, performance, and compatibility of tires, which is further helpful for environmental sustainability. Furthermore, the government has implemented different standards and regulations concerning reducing carbon footprint, propelling the requirement for green tires

in the automotive industry. Therefore, tire manufacturers are compelled by regulatory mandates to produce green tires. Also, they are producing more green tires and launching new products to expand their customer base.

For instance, in November 2023, Michelin Group announced it would make more green tires in Shanghai to address the rising demand for electric vehicles and expand its manufacturing facility.

Rise in Demand for Electric Vehicles Influences the Market Growth

Rising awareness of eco-friendly environmental concerns and government regulations on reducing carbon footprint are two important factors driving the demand for electric vehicles. In 2023, the total sales of electric vehicles reached 1.53 million, up from 1.02 million in 2022, representing a strong growth in the adoption of electric vehicles. With the rising sales of electric vehicles, the requirement for green tires is projected to rise in the forecast period. Electric vehicles have unique requirements for tires, demanding patterns, and designs that decrease weight, lessen the rolling resistance, and increase energy effectiveness. Electric vehicle manufacturers and tire manufacturers are collaborating to enhance the performance of tire technology and provide future mobility solutions.

For instance, in January 2024, Goodyear Tire and Rubber Co. announced the launch of a new higher-performance EV tire. These tires are manufactured with more sustainable materials and have long-lasting tread life and rolling resistance.

Low Rolling Resistance of Tires Pushes the Demand for Green Tires

Rolling resistance is an effort demanded to keep a tire rolling. It helps optimize the vehicle's fuel efficiency because they are engineered with specially formulated tread compounds. An increase in demand for low-rolling resistance tires drives the global automotive green tires market demand in the forecast period. Green tires have a lower rolling resistance than conventional tires because green tires are made with the help of the Silica system. Low rolling resistance helps to reduce the vehicle's weight and aids in consuming less fuel. Manufacturers are effectively developing their manufacturing process to maintain the wear performance while enhancing the rolling resistance of green tires. In addition, companies are designing eco-friendly all-season tire choices that do not negotiate on ride comfort and tire performance.

For instance, in January 2023, Goodyear Tire & Rubber Company announced a demonstration of tires embracing 90% eco-friendly materials. This demonstration tire was also tested to have lower rolling resistance and passed all applicable regulations and Goodyear's internal testing.

Government Compliance and Safety Standards Acting as Growth Driver

Different carbon emission standards and stringent regulatory requirements imposed by regulatory bodies across the globe are propelling the integration of green tires. Government standards focus on enhancing fuel efficiency, decreasing vehicle emissions, and encouraging sustainable practices in manufacturing processes, incentivizing tire manufacturers to incorporate green tire technology into their automobiles. For instance, in December 2023, the Government of India announced the extension of the Production Linked Incentive (PLI) Scheme for auto components and automobiles. In addition, growing awareness of climate change and rising regulations to decrease carbon emissions drive demand for green tires. Green tires are efficiently manufactured to address sustainability goals, government norms, and rising fuel efficiency. Governments across the globe are imposing different regulations on the production of automobiles to decrease carbon emissions, propelling the demand for green tires across the globe.

For instance, in March 2024, the United States Environmental Protection Agency announced protective standards to decrease the emission of dangerous air pollutants from light-duty and medium-duty automobiles beginning with the model year 2027.

Light Commercial Vehicle Segment Dominates the Market Growth

The light commercial vehicle segment registers the largest market growth because it helps decrease commercial vehicle operating costs. Light commercial vehicles have a capacity of more than eight individuals. Integrating green tires in commercial vehicles helps decrease operating costs by reducing emissions and enhancing fuel efficiency. In light commercial vehicles, green tires also help improve the safety of commercial vehicles by offering better handling grip on icy and wet road conditions. Safety and environmental standards on tire labeling and emissions, coupled with the rising sales of light commercial vehicles, will influence the green tire demand in the forecast period. In addition, manufacturers of light commercial vehicles have significantly developed green tires due to the government's stringent regulations and expanding their customer base. For instance, in April 2023, JK Tyre & Industries Ltd announced the development of tires comprising nearly 80% renewable, recycled, and sustainable materials. This development addresses the rising demand for green tires from light commercial vehicle owners and others.

Asia-Pacific Holds the Largest Market Revenue Share in the Market

Asia-Pacific dominates the market growth due to increased population, a rise in middle-class income, and a high presence of vehicle manufacturers. The APAC holds supremacy in the market for green tires due to increased strict government regulations to lessen carbon emissions. In emerging countries of APAC, green tires help lower rolling resistance and provide good fuel efficiency. Also, the rising number of infrastructure projects and the rising need for replacement tires drive the global automotive green tires market growth. Manufacturers in China have a wider market space for the green tire business due to the cheap availability of labor and the huge production capacity of polyester products. Furthermore, companies are announcing investments across APAC to expand product portfolio and increase production capacity.

For instance, in February 2023, Bridgestone Corporation announced an investment of USD 72.4 million by 2025 to upgrade technology and expand the tire production capacity at its Pune-based plant. This investment meets the growing demand for quality passenger tires and aids in sustainable mobility solutions.

Future Market Scenario (2024-2031F)

- Rapid trend of automation and personalization drives the demand for automotive green tires across the globe in the forecast period.
- Rising demand for electric vehicles and luxury vehicles is propelling the growth of the global automotive green tire market.
- Increasing fuel prices and environmental concerns drive the global automotive green tire market growth.
- Innovations in tire technology and rapid urbanization fostering market growth in the forecast period.

Key Players Landscape and Outlook

Global automotive green tire market companies invest in different research and development activities to introduce new products and enhance product quality. A few giant market players hold a major global market share and collaborate with other partners to develop sustainable tire materials. Key players in the market are significantly adopting growth strategies such as new product development, joint ventures, partnerships, and collaborations to attain a competitive edge in the global market. In addition, below mentioned companies are introducing custom-designed tires to enhance vehicle performance.

In February 2024, Antin, Michelin, and Enviro JV announced the building of an end-of-life tire recycling plant in Sweden to increase the recycling capacity by approximately 35,000 tons of used tires annually.

In January 2024, Goodyear Tire and Rubber Co. announced a partnership with Chinese automakers and passenger transportation platforms to offer different opportunities and embrace new technologies.

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*Companies mentioned above DO NOT hold any order as per market share and can be changed as per information available during research work.

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