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Sustainable Packaging - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts (2026 - 2031)

Market Report | 2026-02-09 | 173 pages | Mordor Intelligence

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Report description:

Sustainable Packaging Market Analysis

The sustainable packaging market was valued at USD 303.80 billion in 2025 and estimated to grow from USD 325.94 billion in 2026 to reach USD 463.41 billion by 2031, at a CAGR of 7.29% during the forecast period (2026-2031). Momentum is anchored in converging Extended Producer Responsibility (EPR) regulations that now span 63 countries, eliminating regulatory arbitrage and unlocking cross-border scale efficiencies. Brand commitments to minimum recycled-content thresholds, rapid progress in chemical recycling technologies, and rising e-commerce volumes that demand packaging right-sizing are accelerating capital deployment toward circular solutions. Venture funding into mycelium and seaweed-based substrates, coupled with AI-enabled sortation that improves material yields, is narrowing the cost gap between recycled and virgin feedstocks. Simultaneously, strategic mergers-such as the Amcor-Berry Global tie-up-are consolidating research and development resources to speed commercialization of next-generation formats.

Global Sustainable Packaging Market Trends and Insights

Extended Producer-Responsibility Laws Create Compliance Convergence

Converging EPR mandates in 63 jurisdictions are dismantling regulatory fragmentation. The European Union's Packaging and Packaging Waste Regulation, effective February 2025, sets 30% recycled-content targets for PET food packaging and bans PFAS, prompting similar frameworks across OECD and BRICS economies. New Kenyan statutes mirror EU fee structures, while Oregon and Colorado require brand-funded Producer Responsibility Organizations from July 2025. Harmonized timelines let global brands deploy single-design solutions at scale, lowering compliance costs and accelerating adoption across the sustainable packaging market.

Brand Commitments Drive PCR Content Standardization Beyond Regulatory Minimums

Major consumer-goods firms now exceed legislation by pledging 25-50% post-consumer recycled (PCR) content portfolio-wide by 2030. Unilever's 2025 goal for all packaging to be recyclable, reusable, or compostable and Amcor's supply of 1,000 tons of recycled plastic for Cadbury wrappers exemplify voluntary targets setting de facto industry baselines. Standardized PCR measurement toolkits from the U.S. Plastics Pact streamline verification, catalyzing procurement clarity and fueling growth in the sustainable packaging market.

PCR Resin Supply Constraints Create Strategic Bottlenecks

Brand pledges now outstrip supply of clear, food-grade PCR. Declining milk volumes shrink the natural HDPE stream, inflating premiums and forcing import reliance that undercuts domestic reclaimers. This imbalance threatens timely fulfillment of regulatory quotas, slowing mass-market expansion of the sustainable packaging market.

Other drivers and restraints analyzed in the detailed report include:

E-commerce Logistics Pilots Scale Reusable Packaging SystemsAI-Enhanced Sortation Technologies Improve Recycling EconomicsCost Premium Persistence Challenges Mass-Market Adoption

For complete list of drivers and restraints, kindly check the Table Of Contents.

Segment Analysis

Recyclable formats retained a 44.88% share in 2025, yet compostable and biodegradable offerings are growing at a 12.32% CAGR, reflecting investor faith in biomaterials such as B'Zeos' seaweed films. The sustainable packaging market size for compostables is riding demand from food-service and personal-care brands seeking solutions free from microplastic fragmentation. However, only 30% of U.S. municipalities have access to industrial composting sites, curbing near-term penetration. In response, the U.S. COMPOST Act proposes USD 2 billion in grants to expand capacity, which would directly lift diversion rates and long-run growth prospects.

Consumer confusion over end-of-life handling still triggers contamination in organic-waste streams, calling for clearer labeling and public-education campaigns. Anaerobic digestion has emerged as an alternate pathway, generating biogas revenue that improves project economics and partially offsets infrastructure shortfalls. With policy and processing gaps gradually closing, compostable formats are set to capture an expanding slice of the sustainable packaging market.

Paper and paperboard represented 39.96% of 2025 revenue owing to mature recycling systems and consumer trust. Plant-based substrates, however, are advancing at 11.21% CAGR, propelled by Stora Enso's dry-forming fiber lines that cut water use by 75% and energy by 30%, boosting circularity credentials. The sustainable packaging market share of polyolefins is expected to contract gradually as PFAS bans and recycled-content rules intensify.

Advanced recycling breakthroughs, including Berkeley's 260 C vaporization process that converts polyethylene into feedstock with 98% recovery, enable food-grade loops and mitigate downcycling. Mycelium foams and wood-based PET replacements are expanding addressable use cases beyond niche segments, signaling a broader materials transition within the sustainable packaging market.

The Sustainable Packaging Market Report is Segmented by Process (Reusable, Recyclable, and More), Material Type (Paper and Paperboard, Plastics, and More), Packaging Format (Rigid, Flexible), Function (Primary, Secondary, Tertiary/Transport), End User (Food and Beverage, Pharmaceutical and Healthcare, Cosmetics and Personal Care, and More), and Geography. The Market Forecasts are Provided in Terms of Value (USD).

Geography Analysis

Europe's 34.18% revenue share in 2025 reflects its first-mover regulatory stance that has birthed mature recycling infrastructure and eco-design norms. EPR fee modulation by circularity performance incentivizes high-recycled-content packaging, reinforcing supplier innovation cycles. Harmonized deposit-return schemes streamline collection, making Europe the reference market for both advanced recycling pilots and bio-based material commercialization. Multinational brand headquarters located in the region further amplify demand density, ensuring the sustainable packaging market continues to test and scale breakthroughs locally.

Asia-Pacific is on track for the fastest 11.05% CAGR thanks to tightening rules in Japan, South Korea, Australia, and pilot EPR frameworks in China and India. Japan's recycled-plastic mandate effective 2024 and its positive list for food-contact recycled resins entering force in June 2025 unlock high-margin applications and spur domestic resin reprocessing investments. China's evolving supervision policy for recycled plastics coupled with strong e-commerce growth accelerates volume uptake. Vietnam's paper-packaging sector, projected at USD 3.5 billion by 2026, exemplifies regional expansion anchored in export-oriented manufacturing.

North America benefits from state-level EPR adoption and aggressive voluntary commitments by consumer-goods leaders. Oregon, Colorado, and California programs fund curbside upgrades, boosting PCR feedstock availability and narrowing cost spreads. Greenwashing litigation-exemplified by Australia's recent Clorox action-raises disclosure rigor, bolstering consumer trust and driving transparent supply chains. Middle East & Africa and South America remain nascent but show rapid policy convergence, opening white-space opportunities for early technology entrants as infrastructure scales.

List of Companies Covered in this Report:

Amcor plc Smurfit WestRock Company Tetra Pak International SA Sonoco Products Company Sealed Air Corporation Mondi plc Huhtamaki Oyj BASF SE Ardagh Group SA Ball Corporation Crown Holdings Inc. Genpak LLC International Paper Company Stora Enso Oyj Graphic Packaging Holding Co. Uflex Ltd. Novolex Holdings Inc. Ecovative LLC

Additional Benefits:

The market estimate (ME) sheet in Excel format
3 months of analyst support

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