



# INDUSTRY UPDATE

## Q1 2025

RESINS & RAW MATERIALS

ECONOMIC INDICATORS

OCEAN FREIGHT

DOMESTIC TRANSPORT



# RESINS & RAW MATERIALS

Berlin Packaging maintains a best-in-class approach to sourcing packaging materials and manufacturing platforms. We are not bound to a specific material, technology, tool, or country of origin, affording us tremendous flexibility to find the most cost-effective packaging solutions for our customers.

**Like their effects on many products, the on-again, off-again U.S. tariff policies create marketplace volatility and instigate price increases in packaging raw materials. In March, the Trump Administration imposed 25% tariffs on imported steel and aluminum (including Canada and Mexico), impacting prices in the metal packaging sector.**

The steel and aluminum tariffs also influence the plastics industry. Molds and tooling for plastic products rely on steel and aluminum, so their costs will likely rise. Weighing the metal tariffs, Coca-Cola noted it could adjust its packaging mix by switching from aluminum containers to PET bottles to lower costs.



## WHOLESALE PRICES

The Producer Price Index (PPI) for final demand goods (e.g., CPG products, raw materials) and services (e.g., transportation, warehousing) was unchanged in February after rising 0.6% in January and 0.5% in December. The February PPI figure surprised economists, who were expecting a 0.3% increase. The PPI reflects wholesale prices and is a leading indicator of future inflation at the retail level.

February marked the fifth consecutive month of gains in final demand goods, which increased 0.3%, fueled by a 1.7% jump in final demand foods. The February index for transportation and warehousing of personal consumption goods was flat, following a 1.4% increase in January and a 1.2% rise in December. Over the past 12 months, this service index has grown 2.6%.

## PLASTIC RESINS

The February PPI index for intermediate demand plastic resins rose 0.5%, following a 0.5% gain in January and a 0.8% advance in December. The February index for intermediate demand plastic packaging products decreased by 0.3%, following a 0.7% increase in January and a 0.2% drop in December. Over the past 12 months, the index for intermediate demand plastic resins increased by 0.2%, and the index for intermediate demand plastic packaging products rose by 0.7%.

**Here's a brief rundown of the current market conditions for various resins:**



### **PET (Polyethylene Terephthalate):**

PET prices rose in the first quarter as buyers began to restock their inventories for summer peak demand and feedstock costs climbed. PET supplies suffered from temporary production cutbacks due to winter storms along the Gulf Coast.



### **HDPE/MDPE/LDPE (Polyethylene):**

Declining inventories and higher energy costs drove PE price increases in the first quarter.



### **PVC (Polyvinyl Chloride):**

PVC prices rose slightly in the first quarter, reflecting export market growth and the seasonal slowdown in housing construction.



### **PP (Polypropylene):**

Strong demand plus feedstock constraints bolstered PP prices in the first quarter.



### **PS (Polystyrene):**

During the first quarter, feedstock cost increases and production interruptions from winter storms along the Gulf Coast buoyed PS prices.

### **Post-consumer recycled (PCR):**

PCR LDPE pellet prices rose in the first quarter as brand owners sought to hit their 2025 packaging commitments for recycled content and meet the requirements of state laws mandating minimum PCR percentages in plastic containers. Further price increases are on the horizon this year.



## GLASS

In January, the U.S. Treasury's Alcohol and Tobacco Tax and Trade Bureau (TTB) authorized 15 additional standards of fill for distilled spirits containers, which allow the use of glass packaging for container sizes that have traditionally used metal cans.

Historically, the 355-ml or 12-oz size for spirits products was limited to metal or aluminum containers. With beer sales declining and craft brewers seemingly preferring aluminum cans to glass bottles, the new regulation allowing spirits-based drinks in glass containers may help to stabilize or boost U.S. glass bottle manufacturing.



## METAL

According to the Can Manufacturers Institute (CMI), the recent 25% tariffs on steel and aluminum will increase prices for canned foods and beverages, and shoppers will feel the inflationary impact at the grocery store.

Since the 2018 tariffs on steel and aluminum (which excluded Canada and Mexico), America's tin mill steel producers shuttered nine tin mill lines, reported CMI. Currently, only three U.S. production lines remain operational. American steel producers cannot meet U.S. demand even with the highest tinsplate steel costs in the world, declared CMI. This cost burden invites cheaper canned foods from China and other foreign competitors into the U.S. market.

## **PULP & PAPER**

According to the American Forest & Paper Association (AF&PA), North American tariffs have the potential to seriously disrupt the pulp and paper industry's complex, cross-border supply chains. These manufacturing processes have been built and refined with the customer in mind around existing mill infrastructure for decades.

"From turning wood chips into pulp, pulp into base stock, and then transforming that raw material into a product that is then packaged for distribution, our industry's manufacturing process involves many stages that can each happen at different facilities on both sides of the border," declared Heidi Brock, AF&PA president & CEO. "Additionally, certain raw material inputs must be sourced from Canada due to specific fiber quality demands and transportation efficiencies."

**Although Berlin Packaging cannot control the price of raw materials, we offer multiple value-added services and income-boosting solutions to help our customers Package More Profit®. Over the past few years, Berlin Packaging has added more than \$200 million in profit to our customers as a unique benefit of doing business with us.**



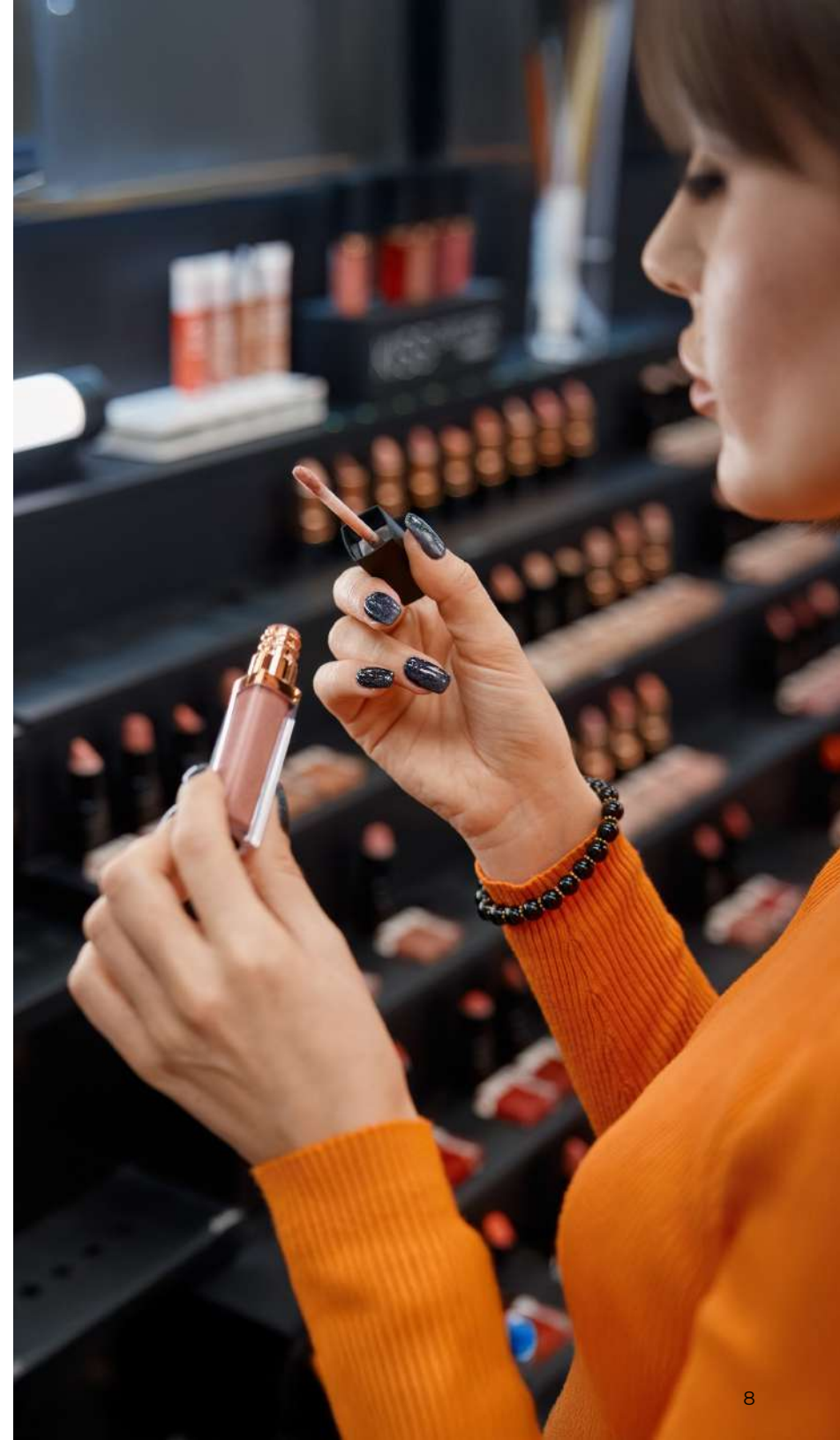


# ECONOMIC INDICATORS

Berlin Packaging's mission is to improve our customers' net income through our packaging products and services. We help to increase their sales, reduce costs, and/or improve productivity. Along with having a positive impact on their income, we are committed to providing accurate and timely information and products.

**As the first quarter fades in the rearview mirror, the prospect of a full-blown global trade war from tit-for-tat tariffs breeds financial uncertainty among businesses and consumers alike. Here's a snapshot of recent economic activity, data, and news influencing the consumer packaged goods (CPG) market and the packaging industry in North America.**

- U.S. consumer spending rose 0.2% in February, following a 1.2% drop in January.
- Consumer sentiment plunged 11% in March, marking three consecutive monthly declines.
- On an annual basis, U.S. and Canadian inflation are 2.8% and 2.6%, respectively.
- The Fed held interest rates steady at 4.25% – 4.50% in March, while Canada lowered its benchmark rate to 2.75%.
- In Q4, U.S. GDP rose 2.3% and Canada's GDP climbed 2.6%.
- Prestige beauty and private label products outshine other CPG categories.





## CONSUMER SPENDING AND SENTIMENT

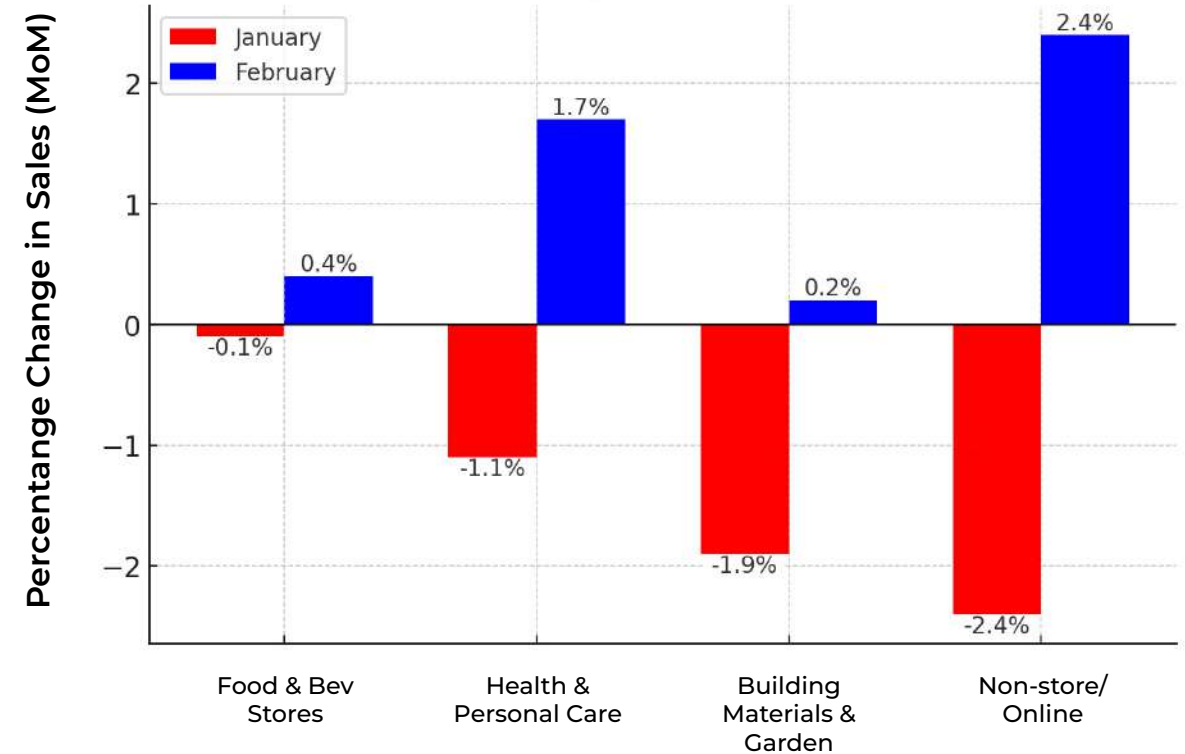
U.S. consumer spending and retail sales rebounded by 0.2% month over month (MOM) in February, following a 1.2% decline in January. The modest February retail sales gain missed the 0.6% projection from economists. Tariffs, inflation, and mass layoffs of federal government workers have consumers on edge.

Food and beverage store sales expanded by 0.4% in February after a 0.1% decrease in January. Health and personal care store sales rose 1.7% in February, following a 1.1% pullback in January, while building materials & garden supplies stores showed a 0.2% sales advance in February and a 1.9% dip in January. Non-store and online shopping sales grew 2.4% in February, following a 2.4% drop in January.

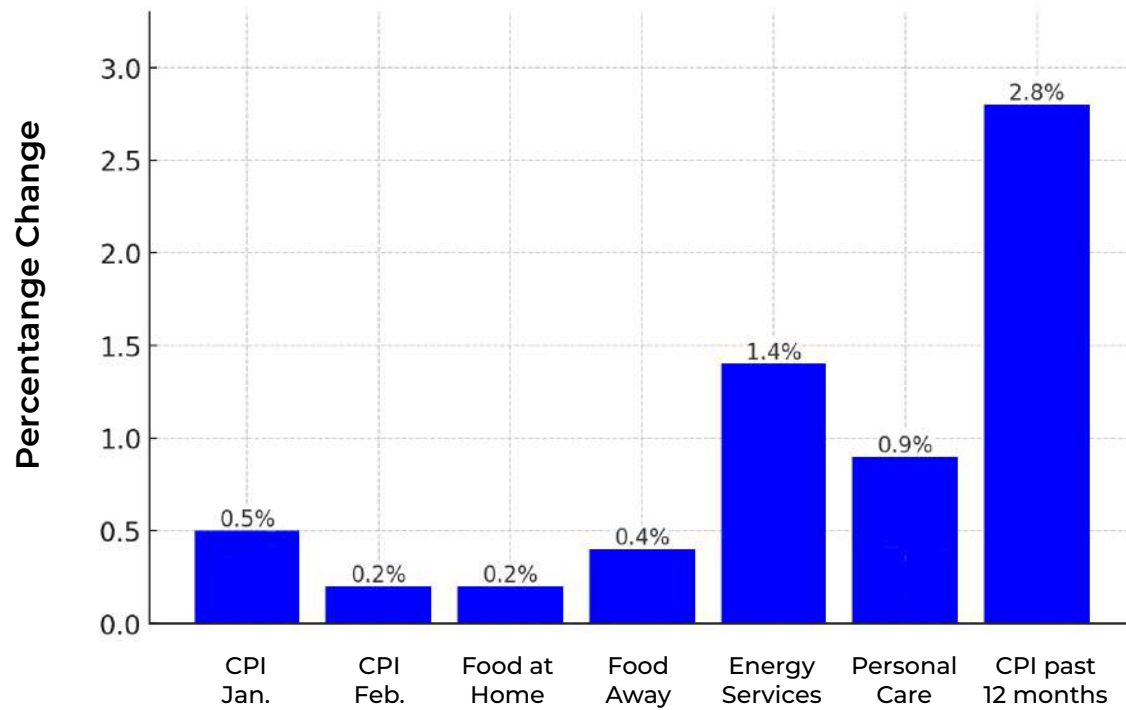
In Canada, consumer spending and retail sales shrank 0.6% in January, following a 2.5% jump in December — the highest increase since May 2022, according to the data from Statistics Canada. Decreases in motor vehicles and auto parts sales contributed to the January contraction. Statistics Canada projects retail sales to fall 0.4% MOM in February.

Consumer sentiment — a measure of how U.S. consumers view their finances and the economy — plunged 11% in March, marking three consecutive monthly declines, according to the University of Michigan consumer sentiment survey. The economic pessimism was broad, overshadowing personal finances, labor markets, inflation, business conditions, and stock markets. Year-ahead inflation expectations increased from 4.3% in February to 4.9% in March, the highest reading since November 2022.

## U.S. Retail Sales Changes January & February 2025



## U.S. Consumer Price Index (CPI) Changes - February 2025



## INFLATION AND INTEREST RATES

The U.S. consumer price index (CPI) rose 0.2% MOM in February after increasing by 0.5% in January, according to the Bureau of Labor Statistics. Food at-home prices rose 0.2% in February, while food away-from-home costs increased 0.4%. Energy services (i.e., electricity, natural gas) prices rose 1.4% in February, while the cost of personal care products grew 0.9%. On an annual basis, the CPI rose 2.8% for the 12 months ending in February.

The annual inflation rate in Canada rose to 2.6% in February, up from 1.9% in January, according to Statistics Canada. The CPI rose 1.1% MOM in February, following a 0.1% gain in January. With the federal tax break ending on February 15, the reapplication of those taxes on goods and services contributed to the monthly CPI increase. Restaurant food prices also propelled the February CPI growth.

At its March meeting, the U.S. Federal Reserve held interest rates steady at 4.25% – 4.50%. The U.S. central bank predicted slightly higher inflation (i.e., 2.8%) by the end of the year than it forecast in December 2024 (i.e., 2.5%) and a weaker economic outlook. However, it still expects to implement two quarter-point rate cuts in 2025.

In Canada, the Bank of Canada cut its benchmark interest rate by 0.25% in March, lowering it to 2.75%. Since June, rates have declined by 2.25%. In addition to the March rate cut, the bank expressed concerns about inflation and economic growth from trade and tariff challenges.

## **U.S. GDP ROSE 2.3% IN Q4**

In the fourth quarter, U.S. gross domestic product (GDP) climbed 2.3%, reflecting increases in consumer spending and federal government expenditures. Decreases in investments and exports subtracted from GDP growth, exceeding 2% for nine of the last 10 quarters.

In Canada, GDP jumped 2.6% in the fourth quarter, following slight gains below 1% in the preceding three quarters. Higher household spending, business investments, residential construction, and exports drove the Q4 GDP growth.

## **PRESTIGE BEAUTY AND PRIVATE LABEL: TWO CPG SHINING STARS**

With their solid growth over the past few years, U.S. prestige beauty and private-label products have become darlings of the CPG world.

Dollar sales for prestige beauty products increased by 7% to reach nearly \$34 billion in 2024, according to Circana. Fragrance was the fastest-growing category last year in prestige beauty, with dollar sales up 12% and unit volumes tallying double-digit growth. As the largest prestige beauty category, makeup grew dollar sales by 5% last year. The prestige hair category expanded sales by 9% in 2024, while scalp care products grew at twice the rate of the overall category.

Private label continues to gain traction in the U.S., with CPG unit share increasing to 24% in 2024, reports Circana. It's also the fastest-growing category in dollar share. Retail food and beverage leads private label expansion, with dollar share up 0.6 percentage points last year. Club and mass channels drive private label growth as key retailers invest in innovation and expand shelf space. Value grocery leaders focused on private labels solidify store brand presence in the U.S. Adoption is widespread across all consumer groups, with younger shoppers particularly eager to explore new products from their favorite retailers.

**As the world's largest Hybrid Packaging Supplier®, Berlin Packaging continually tracks consumer behavior, product trends, macroeconomics, geopolitical events, global trade policies, and packaging innovation to fully understand what is happening in the market so we can best help our customers succeed.**

# OCEAN FREIGHT

As volatility persists in many global trade lanes, Berlin Packaging proactively provides alternate routings and real-time visibility of the international freight market to help our customers minimize any disruptions to their supply chains. Our long-standing carrier partnerships with dynamic pricing and adaptable agreements mitigate market fluctuations.

**Global container volumes grew 7.6% in 2024, with Asia-Pacific exports driving the growth, according to DHL Global Forwarding. Q4 2024 achieved record global container trade volumes. DHL expects global container volumes to increase 4.3% in 2025 and average 3.6% annual growth from 2024 to 2028.**

Last year, blank sailings (i.e., canceling a scheduled sailing or port of call) weighed down schedule reliability, which averaged between 50% and 55%, according to data from Sea-Intelligence. Schedule reliability follows a similar pattern in 2025, with a 51.5% reading for January.



## TARIFFS IMPACT IMPORT VOLUMES

In early March, the Trump Administration doubled tariffs to 20% on imported goods from China, the U.S.'s third-largest trading partner last year with \$582 billion in commerce. This 20% tariff is in addition to the existing 25% tariffs (List 3) levied in 2018. Thus, 45% tariffs now apply on certain items.

In anticipation of the tariffs, a potential dockworkers strike on the East Coast, and the Chinese Lunar New Year Holiday, many shippers began frontloading their orders from China after the U.S. presidential election.

In January, U.S. container imports reached record-high volumes for the month, with China accounting for over 40% of the total container imports, according to Descartes. January imports from China grew over 10% MOM and YOY. February showed mixed results, with Chinese imports falling 12.5% MOM but increasing nearly 8% YOY.

President Trump hiked tariffs 10% on Chinese goods on February 4, followed by another 10% levy on March 4. These actions will likely subdue container imports from China this spring and summer. The National Retail Federation predicts imports at major U.S. container ports will drop 3.2% YOY in June and 13.9% YOY in July.

The tariff policies with China, Canada, and Mexico remain highly fluid. Berlin Packaging is monitoring the developments closely and will provide updates if/when any formal changes are announced.

## PORT ACTIVITY

In February, dockworkers overwhelmingly ratified a new labor contract between the International Longshoremen's Association (ILA - dockworkers' union) and the United States Maritime Alliance (USMX - representing port terminal operators and ocean carriers). Retroactive to Oct. 1, 2024, the agreement covers 24,000 dockworkers at 14 East and Gulf Coast container ports from Boston to Texas.

ILA members received a 62% pay increase over 6 years, while the USMX gets a framework for implementing technologies to modernize ports. Any automation upgrades must include operator or human involvement, hence job creation. Ocean carriers will pay the wage increases to the ports/terminals, who will likely pass the costs on to the importers and U.S. consumers.

In March, bottlenecks at European and Asian ports hindered nearly 10% of global container shipments. Labor actions in Europe created port congestion and longer wait times, with a spillover effect at Mediterranean ports. In Asia, poor weather and scheduling changes increased dwell times for ships at ports in China, South Korea, and Singapore.

Along with the port congestion in Europe, several major carriers have announced that the phase-in of new carrier networks and phase-out of existing alliance vessel plans will disrupt service and cause shipping delays.

## **SUEZ AND PANAMA CANALS**

With conflict continuing in the Middle East, it's doubtful that container ships will return to the Suez Canal anytime soon. The loss of container ships transiting the key waterway between the Mediterranean Sea and the Indian Ocean costs the Egyptian government around \$800 million monthly, resulting in \$7 billion less revenue in 2024.

In February, the Panama Canal Board of Directors approved funding for constructing a new lake to combat drought in the canal and surrounding communities. The \$1.2 billion project will damn the Indio River, creating a new reservoir capable of holding 1.5 billion cubic meters of water. Building a five-mile mountain tunnel will connect the new reservoir to Gatun Lake, which provides water to operate the Panama Canal's locks.

**As a Customs-Trade Partnership Against Terrorism (C-TPAT) certified importer, Berlin Packaging and our customers reap multiple benefits, such as reductions in customs freight examinations, “front of the line” status during inspections/exams, and streamlined processes to prevent delays.**





# DOMESTIC TRANSPORT

Berlin Packaging's Logistics Team bridges the gap between sales, procurement, suppliers, and operations, ensuring seamless shipment execution tailored to customer needs.



## DOMESTIC TRANSPORT

**Following many months of restrained prices, transportation costs in North America have fluctuated recently due to a temporary increase in demand as shippers brought in more goods to avoid the proposed tariffs. However, demand has returned to seasonal levels. The short-term outlook is stable prices. Costs are likely to rise as demand picks up toward peak season.**

The [February Logistics Managers' Index report](#) showed an expansion in inventory levels, leading to increased inventory costs, warehousing prices, warehouse utilization, and transportation prices. Shifting trade policies fueled the expansion as companies rushed to import goods ahead of potential tariffs.



## TARIFFS AND CROSS-BORDER SHIPMENTS

With Mexico and Canada being the U.S.'s top 2 trading partners (\$840 billion with Mexico and \$761 billion with Canada in 2024), millions of cargo trucks traverse the U.S.-Mexico and U.S.-Canada borders annually. However, the on-again, off-again tariffs from the Trump Administration disrupt freight shipments and trucking operations.

When the latest tariffs became effective on March 4, many shippers took a wait-and-see attitude and held their freight loads, hoping there would be a reprieve. When the tariffs were paused again for USMCA-compliant goods until April 2, all those loads went in search of carriers simultaneously, raising spot rates temporarily.

For a brief time, trucking lines reported longer delays and wait times at the U.S.-Canada and U.S.-Mexico borders. Determining which goods comply with the free-trade agreement and those that do not, plus managing cash for duty payments, adds another layer of complexity for shippers.

## TRUCKLOAD RATES & SHIPMENTS

In early March, line-haul costs per mile for the dry van spot market averaged \$1.92, about 7 cents higher than rates 12 months ago, according to data from Uber Freight. Following typical seasonal patterns, costs have fallen gradually since the beginning of the year. In early March, the weekly count of dry van spot shipments rose 4.2% compared to one year ago. Spot rates averaged 34 cents less per mile than contracted rates.

Van load-to-truck ratios, which serve as a measure of demand (the number of loads) and capacity (the number of available trucks to carry those loads), rose sharply at the end of 2024 and into 2025. The ratio was 6.14 in December and 7.18 in January but fell to 4.73 in February, according to DAT Trendlines. In comparison, van load-to-truck ratios were in the 2.8 to 4.8 range one year ago. Higher ratios indicate more demand or competition for available trucks, elevating rates.



## DIESEL FUEL PRICES STABILIZE

In mid-March, U.S. diesel fuel prices stood at \$3.54 per gallon, about 48 cents lower than 12 months ago. Diesel fuel prices have ranged from \$3.54 to \$3.71 during the first quarter. Lower crude oil prices, moderate global demand, and sufficient inventories keep prices under control.

However, the outlook is clouded. On the one hand, tariffs on Canadian crude and refined products will likely raise prices, especially in the Northeast, which relies on Canadian diesel imports more than other U.S. regions. Conversely, global oil prices may decline as OPEC+ begins to reduce restrictions on crude output in April, possibly raising worldwide supplies.

## U.S. MANUFACTURING MAKES SMALL GAINS

Economic activity in the U.S. manufacturing sector expanded in February for the second consecutive month after 26 months of contraction, reported the [February Manufacturing ISM Report On Business](#).

U.S. manufacturing activity expanded marginally for the second month in a row. Demand weakened, output stabilized, and inputs contributed to growth for the first time in several months. However, the looming tariffs have pushed prices higher, contributed to staffing cuts, and created uncertainty among customers and producers.

**Strong local carrier partnerships enable Berlin Packaging to provide top-tier service and competitive costs for our customers.**

**Average price for diesel fuel**  
(per gallon)

**\$4.02**

March 2024

**\$3.49**

December 2024

**\$3.54**

March 2025

## **E-COMMERCE SALES JUMPED 8% IN 2024**

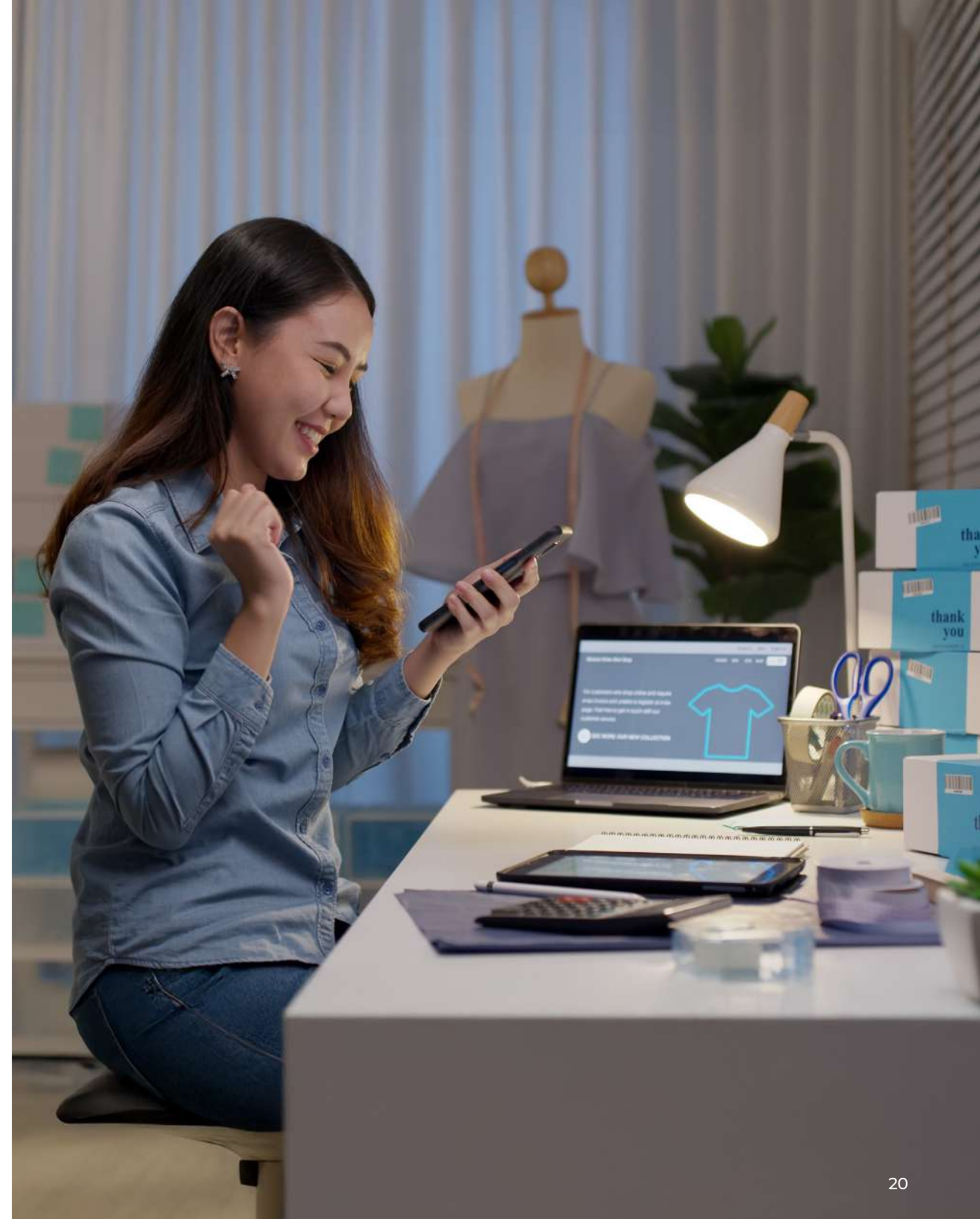
According to recent government data, annual U.S. retail e-commerce sales totaled \$1,192.6 billion in 2024 — an 8.1% increase over the prior year. Retail e-commerce sales accounted for 16.1% of total retail sales last year.

In Q4 2024, U.S. retail e-commerce sales reached \$308.9 billion — a 2.7% increase over the third quarter and a 9.4% jump from the fourth quarter of 2023. Retail e-commerce sales in Q4 accounted for 16.4% of total retail sales.

In early February, the Trump Administration announced the suspension of the de minimis exemption for imported goods from China, Mexico, and Canada. Under the exemption, imported goods (i.e., mainly parcels) less than \$800 are duty-free. Within a few days of the announcement, the Administration lifted the suspension until a system was in place to collect the duties on these goods.

President Trump is considering moving the U.S. Postal Service under the control of the Department of Commerce to improve efficiencies, reduce costs, and increase revenues.

**Berlin Packaging is proud to be a member of the U.S. EPA SmartWay Transport Partnership, a program that helps companies advance supply chain sustainability by measuring, benchmarking, and improving freight transportation efficiency.**





# We Believe Anything Is Possible<sup>®</sup>

With over 100 years in the packaging industry, more than 2,000 packaging professionals and a global network of suppliers and warehouses, we offer 50,000+ SKUs of plastic, glass, and metal containers, closures, and dispensing systems across all markets for customers just like you.

## Our Business Model

Berlin Packaging combines the best elements of manufacturing, distribution and logistics, and value-added service providers to deliver cost-effective packaging solutions to our customers. Our mission is to improve our customers' net income through packaging products and services. We are the world's largest Hybrid Packaging Supplier<sup>®</sup>.



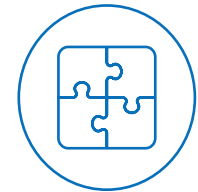
Best Elements of  
a Manufacturer

+



Distribution  
& Logistics

+



Value-Added  
Specialty Services

## Value-Added Specialty Services

Our compelling suite of solutions addresses your needs and unlocks profit.

- Custom Design & Innovation
- Quality Service Management
- Global Sourcing & Services
- Inventory Management Services
- Sustainable Packaging Solutions
- Berlin Financial Services