

# INDUSTRY UPDATE

## Q3 - 2025

- Resins & Raw Materials
- Ocean Freight
- Economic Indicators
- Domestic Transport





# RESINS & RAW MATERIALS

QUARTER 3  
2025

**Despite moderate demand and ample supply, prices for most packaging raw materials, including glass, steel, aluminum, and plastic, are climbing due to tariffs on imported goods.**

**In September, the Trump Administration imposed reciprocal tariffs on virgin PET and recycled PET (rPET) resins from nine Asian countries**, including India, Thailand, Vietnam, Taiwan, Japan, and Indonesia. The tariff percentages may align with country-specific tariffs enacted earlier by the White House.

U.S. PET resin imports are up 8% YOY for the first eight months of 2025, reports ICIS. According to *Plastic News*' resin pricing data, rPET prices have declined during the first half of the year. **Since only 11 countries (including the nine Asian countries) account for about 90% of U.S. PET imports, the new tariffs could prop up resin prices and make domestic PET more competitive.**

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.

## WHOLESALE PRICES

The U.S. Producer Price Index (PPI) for final demand goods (e.g., CPG products, raw materials) and services (e.g., transportation, warehousing) unexpectedly dropped 0.1% in August after rising 0.7% in July and 0.1% in June. For the 12 months ending in August, the PPI rose 2.6%.

The PPI reflects wholesale prices and is a leading indicator of future inflation at the retail level. Since the August PPI shows minor inflation, most economic observers believe it gives the Federal Reserve more impetus to cut interest rates.

## PLASTIC RESINS

Here are the current market conditions for various resins:



**PET (Polyethylene Terephthalate):** With peak summer beverage consumption in the rearview mirror, demand for bottle-grade PET is waning amid elevated inventories.



**HDPE/MDPE/LDPE (Polyethylene):** Increased production, rising days of supply, and lower feedstock costs appear to be stabilizing the PE market in the short term.



**PVC (Polyvinyl Chloride):** A weak housing market and construction activity, which accounts for 60% of PVC demand, are impacting PVC prices.



**PP (Polypropylene):** Healthy production output, adequate inventory levels, and lower feedstock costs are affecting the PP industry.



**PS (Polystyrene):** Higher feedstock costs and steady demand are influencing the PS market.

**Post-consumer recycled (PCR):** Recycled HDPE pellet prices have fallen in the third quarter, following a drop in bale costs. Demand for natural rHDPE is steady, while mixed-colored rPE demand remains weak. Recycled food-grade PET prices have softened recently due to lower bale and flake feedstock costs and flat demand. Prices for recycled PP resins ticked up in the third quarter due to steady demand.

## GLASS

**Glass packaging recycling in the EU improved slightly in 2023, reaching an 80.8% collection for recycling rate**, according to data from Close the Glass Loop. The recycling rate amounted to 12 million tons of glass packaging in 2023. It's estimated that 85% of the collected glass packaging is recycled in a closed loop, meaning it becomes new glass packaging.



**In the U.S., 31% of glass food and beverage containers are recycled**, according to 2018 data (latest) from the EPA. Nearly 40% of beer, wine, and liquor bottles are recycled, compared to only 15% of food and other glass jars.

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## METAL

**In June, the Trump Administration raised tariffs on imported steel and aluminum from 25% to 50%, boosting prices in the U.S. metal packaging sector.** According to research from the American Action Forum, **if the 50% tariffs remain in place, can manufacturers' total costs could increase by up to 12%.** Additionally, the price of canned food may increase further as higher input costs work their way through the supply chain to the end consumer.

**In the EU, steel packaging achieved a recycling milestone in 2023, growing 2% from the prior year and reaching an 82% collection and recycling rate**, according to recent data from Steel for Packaging Europe. Calculated using the EU's harmonized methodology, the high recycling rate for steel containers meets the strictest recyclability criteria as outlined in the [EU's Packaging and Packaging Waste Regulation](#).



## PULP & PAPER

In 2024, about 46 million tons of paper products were recycled in the U.S., according to the American Forest & Paper Association (AF&PA). The tonnage translates to a paper recycling rate of 60%–64% and a cardboard recycling rate of 69%–74%.

U.S. paper mills processed 1.3 million more tons of recycled paper and 1.2 million more tons of recycled cardboard last year than they did in 2023, reports AF&PA.

**Over 45% of the recycled fiber products are turned into new containerboard (e.g., corrugated boxes) while 12% become new boxboard (e.g., paperboard cartons such as cereal boxes).**



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

QUARTER 3  
2025

**As the third quarter winds down, U.S. consumer spending remains resilient in the face of a weak jobs market and tariff-driven price increases.** 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 0.6% in both August and July.**
- **Consumer sentiment slid by nearly 5% in September, marking two months of decline.**
- **On an annual basis, U.S. and Canadian inflation are 2.9% and 1.9%, respectively.**
- **The U.S. Fed cut interest rates by 0.25% in September, the first reduction in 9 months.**
- **In Q2, U.S. GDP rose to 3.3%, while Canada's GDP dropped 0.4%.**
- **A ho ho ho or ho-hum holiday retail season?**

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.



## CONSUMER SPENDING AND SENTIMENT

U.S. consumer spending and retail sales increased by 0.6% month-over-month (MOM) in both August and July. Online shopping (2.0%), clothing store sales (1.0%), sporting goods, hobby, and bookstore sales (0.8%), and food services and drinking places (0.7%) led the August advance. **Purchases of back-to-school supplies and apparel for the new school year lifted August retail spending.**

Food and beverage store sales increased by 0.3% in August, following a 0.5% improvement in July. Health and personal care store sales declined by 0.1% in August, following a 0.4% gain in July. Building materials and garden supplies stores recorded a 0.1% sales rise in August after a 0.9% drop in July.



In Canada, consumer spending and retail sales expanded by 1.5% in June, driven by gains at food and beverage retailers, according to data from Statistics Canada. Retail sales increased by 0.4% in the second quarter. Statistics Canada projects retail sales will decrease by 0.8% in July.

**Consumer sentiment — a measure of how U.S. consumers view their finances and the economy — slid nearly 5% in September, mostly driven by low and middle-income consumers,** according to the University of Michigan consumer sentiment survey. The September pullback marked the second consecutive monthly decrease, pushing sentiment to its lowest level since May.

**Consumers continue to cite multiple weaknesses in the economy, with rising risks to business conditions, labor markets, and inflation.** Views about personal finances receded by 8% in September, while year-ahead inflation expectations held steady at 4.8%, unchanged from August.

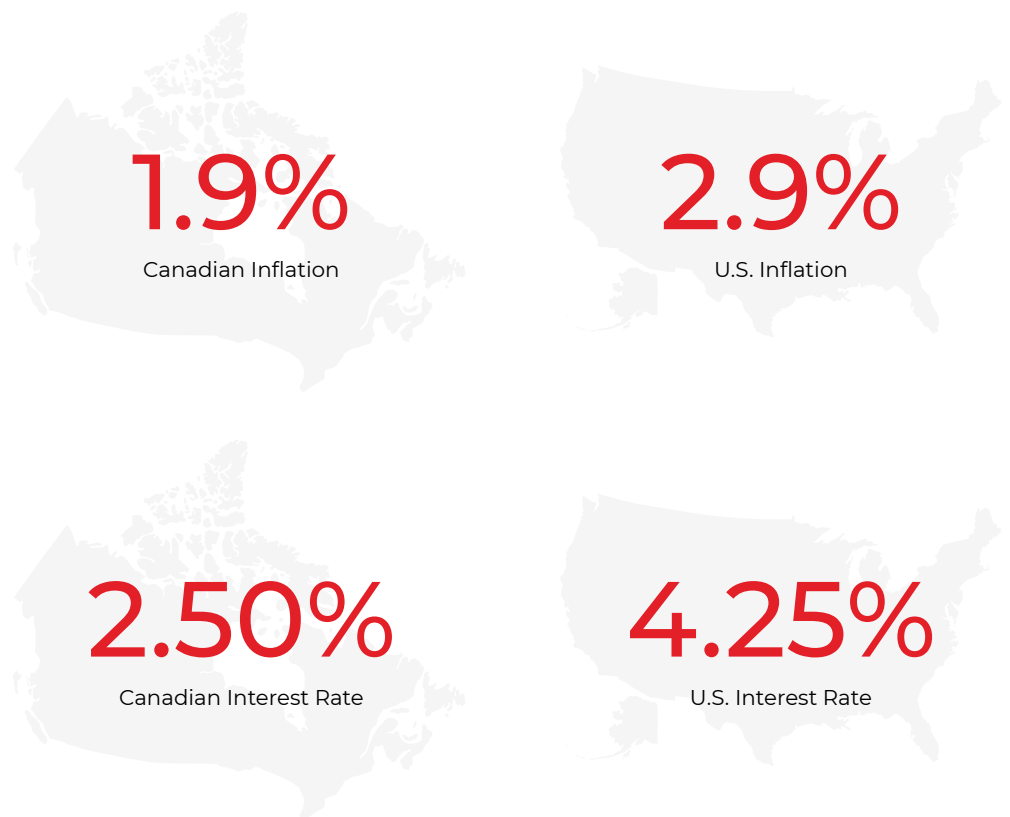
## INFLATION UP, INTEREST RATES DOWN

The U.S. consumer price index (CPI) rose 0.4% MOM in August after increasing by 0.2% in July, according to the Bureau of Labor Statistics. **The August inflation figure was the highest since January, driven by increases in food-at-home (0.6%), gasoline (1.9%), and shelter (0.4%).** On an annual basis, the CPI rose 2.9% for the 12 months ending in August.

The annual inflation rate in Canada climbed to 1.9% in August, up from 1.7% in July, according to Statistics Canada. The CPI declined 0.1% MOM in August, following a 0.3% increase in July. Lower gasoline and fresh fruit prices contributed to the CPI decline in August.

**At its September meeting, the U.S. Federal Reserve reduced interest rates by 0.25% to settle at 4.00% – 4.25%, its first rate cut since December 2024.** The rate reduction was influenced by a soft labor market. The U.S. central bank indicated it expects to cut interest rates two more times this year.

In Canada, the Bank of Canada reduced its benchmark interest rate by 0.25% to 2.5% in September due to a weakening labor market and a slowdown in inflation.



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## U.S. GDP ROSE 3.3% IN Q2

In the second quarter, U.S. real gross domestic product (GDP) increased at an annual rate of 3.3%, reflecting strong consumer spending, business investments in intellectual property such as AI, and a decrease in imports.



In Canada, real GDP decreased by 0.4% in the second quarter. The contraction was driven by significant declines in exports and decreases in business investment in machinery and equipment. These declines were tempered by faster accumulations of business inventories, higher household spending, and lower imports.

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## A HO HO HO OR HO-HUM HOLIDAY SPENDING SEASON?

**Early signs point to a ho-hum holiday retail season, with spending falling to pandemic levels.** Shoppers expect their seasonal spending to decline on average by 5% from 2024—the first notable drop since 2020, according to PwC's 2025 Holiday Outlook survey. **The “tree trimming” is driven by Gen Z, who expect to slash holiday spending by a whopping 23%.** By contrast, millennials, Gen X, and baby boomers expect to maintain or even increase their holiday purchases.

**The one bright spot for holiday spending is travel and entertainment (e.g., food and drinks), expected to increase by 1% compared to last year.**

More broadly, the PwC consumer survey reveals that over 80% expect to cut back in general over the next six months, especially on dining out (52%), clothing (36%), and big-ticket items (32%). During the approaching holiday season, over 50% say that general price increases will likely affect their spending decisions this year.

According to Deloitte's annual holiday retail forecast, sales are likely to increase between 2.9% and 3.4% in 2025. Last year, holiday sales increased by 4.2%. This year's forecast projects holiday retail sales to grow at their slowest pace since 2018.

**Deloitte predicts e-commerce sales to increase between 7% and 9% during the upcoming holiday season, while in-store purchases are projected to rise between 2% and 2.2%, a pullback from the 3.4% growth seen a year ago.**

“We anticipate disposable personal income (DPI), a key driver of retail sales, to grow between 3.1% to 5.4% this holiday season. Our research indicates that DPI is a sound predictor of retail sales and e-commerce sales,” noted Akrur Barua, economist, Deloitte Insights.

**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

QUARTER 3  
2025

**Following peak season this summer, U.S. import cargo volumes at the nation's major container ports are expected to steadily decline for the remainder of the year amid tariff fluctuations, according to data from the National Retail Federation (NRF) and Hackett Associates.**

"Retailers have stocked up as much as they can ahead of tariff increases, but the uncertainty of U.S. trade policy is making it impossible to make the long-term plans that are critical to future business success," stated NRF Vice President for Supply Chain and Customs Policy Jonathan Gold. "These tariffs and disruptions to the supply chain are adding costs that will ultimately lead to higher prices for American consumers."

**Ocean carrier schedule reliability dipped by 2.2% in July to 65.2%, the first decline since January, according to data from Sea-Intelligence.** The average delay for late vessel arrivals increased to 4.68 days in July.

With China's Golden Week holiday (October 1–8) right around the corner, blank sailings (i.e., voyage cancellations or changes to ports of call) on most trade lanes are expected to increase as Chinese factories and logistics businesses close for an extended time. **From mid-September through mid-October, carriers plan to cancel 12% of their scheduled sailings, with nearly half on Asia-North America eastbound routes, reports Drewry Container Capacity Insights.**

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, which include dynamic pricing and adaptable agreements, help mitigate market fluctuations.

## IMPORT VOLUMES FOLLOW TARIFF ACTIVITY

**In August, U.S. container import volumes recorded the second-highest monthly total this year, according to data from Descartes.** August imports increased 1.6% compared to August 2024. Despite elevated throughput, port transit delays moved only modestly, indicating that U.S. infrastructure continues to handle heavy volumes more efficiently than in past periods of comparable demand.

“A second consecutive month of elevated container imports continues to call attention to the combined impact of U.S. tariff policy and seasonality on maritime trade, even as volumes from China declined,” declared Jackson Wood, Director of Industry Strategy at Descartes. “While overall demand has remained resilient in the face of ongoing tariff volatility and geopolitical disruption, key tariff measures are now under legal challenge and headed to the Supreme Court, leaving U.S. importers to grapple with continued uncertainty as they weigh supply chain risks and mitigation efforts.”

**For the first half of the year, import volumes at major U.S. ports rose 3.6% over last year, reports the NRF. Projections for the second half of the year show monthly YOY declines from August through December.** With the year-end pullback, NRF forecasts 2025 total import volumes will fall by 3.4% compared to last year.

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## PORT ACTIVITY

**In July, container import volumes at the Port of Los Angeles surged 8% YOY and were the most imports ever in a month at the 117-year-old port.** For the first seven months of the year, the Port of LA handled 5% more imports and exports than in the same period in 2024.

At the nearby Port of Long Beach (LB), the 114-year-old port recorded its busiest July ever and the third busiest month in its history. Port activity remained strong the following month, with the second-busiest August on record. Through the first eight months of 2025, the LB port processed 8.3% more containers than during the same period last year.

**In Europe, labor strikes and shortages, the recent summer holiday season, and a surge in imports from Asia have resulted in congestion at several ports in Belgium, France, Germany, and the Netherlands.** These port bottlenecks have also stressed other transportation systems, including trucking, rail networks, and barge traffic.

**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

QUARTER 3  
2025

**Despite sluggish freight demand, transportation costs in North America have continued to rise by small monthly increments this year.** For example, in July, freight shipments fell 6.9% YOY and dipped 1.8% MOM, while freight expenditures rose 0.4% YOY, according to the Cass Transportation Indexes.

July's YOY increase marks the fourth straight month of expenditure improvements following over two years of declines. Meanwhile, the MOM drop in shipments reflects rebalancing from the tariff-driven stock buildup earlier in the year.

The [August Logistics Managers' Index](#) report revealed upward pressure on inventory, warehousing, and transportation prices. Inventory levels are increasing while warehouse capacity is slowing, resulting in higher costs. **Logistics professionals anticipate transportation prices to increase over the next 12 months, placing additional pressure on shippers' budgets.**

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

## TRUCKLOAD RATES & SHIPMENTS

In early September, line-haul costs per mile for the dry van spot market averaged \$1.97, about 6 cents higher than rates 12 months ago, according to data from Uber Freight. Costs have followed typical summertime patterns, with average rates mostly hovering below \$2.00 since the Fourth of July holiday. In early September, spot rates averaged 25 cents less per mile than contracted rates.

Van load-to-truck ratios serve as a measure of demand (the number of loads) and capacity (the number of available trucks to carry those loads). Ratios are higher this year compared to the past two years, signifying tighter capacity and potential line-haul rate increases for shippers like Berlin. **Rising diesel fuel costs bolster freight rates.**



## DIESEL FUEL PRICES RISE

Following a four-year low (i.e., \$3.45 per gallon) in early June, U.S. diesel fuel prices have risen steadily over the summer and stood at \$3.73 per gallon in mid-September—a 21-cent increase compared to last year. During the third quarter, Middle East conflicts and lower global diesel inventories elevated fuel prices.

**Diesel's steady climb signals continued cost pressure for freight shipments and budgets.**

**\$3.45**

Early June, 2025

**\$3.73**

Mid September, 2025

Average Price for Diesel Fuel (Per Gallon)

## WEAKNESS IN U.S. MANUFACTURING

Economic activity in the U.S. manufacturing sector contracted in August for the fifth consecutive month, according to the [August Manufacturing ISM Report On Business](#). The Manufacturing Purchasing Managers Index (PMI) registered 48.7% in August, a slight 0.7% increase over July. **Soft manufacturing output offers some relief on shipment volumes, but may not translate to freight rates.**

The New Orders Index grew in August, contributing to the uptick. However, three of the five indexes that factor into the Manufacturing PMI were in contraction territory, including Production (output), Employment, and Inventories. **Tariffs foster economic uncertainty, raise prices, and restrain manufacturing operations.**

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

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## E-COMMERCE SALES GREW 1.4% IN Q2

According to recent government data, U.S. retail e-commerce sales reached \$304.2 billion in the second quarter of 2025, representing a 1.4% increase over the first quarter and a 5.3% rise from the same quarter in 2024. Retail e-commerce sales in Q2 accounted for 16.3% of total retail sales. **Expanding e-commerce sales underscore the growing significance of last-mile delivery costs in supply chain planning.**



Online buying continues to expand, but many consumers are frustrated with their purchasing experience, according to [DHL's E-commerce Trends Report 2025](#) on insights from 24,000 U.S. and global online shoppers.



**Top-level findings from the research reveal:**

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**76%**

of U.S. shoppers abandon their carts when preferred delivery options are missing.

**51%**

of U.S. shoppers are upset by high delivery costs, long delivery times (46%), and paying for returns (32%).

**61%**

of U.S. consumers expect to shop primarily through social media by 2030.

**45%**

of U.S. shoppers want to know the environmental impact of their delivery.

**60%**

of U.S. shoppers want AI-enabled shopping tools—from virtual try-ons to voice search—to help guide their decisions.

**34%**

of U.S. shoppers abandon their baskets over sustainability concerns, which go beyond packaging or shipping.

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.

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## OUR MISSION

To increase your net income through packaging products & services.

## HOW DO WE DO IT?

We increase your sales, reduce your costs & improve your productivity.

We Believe  
**ANYTHING IS POSSIBLE®**

## We Are The World's Largest **Hybrid Packaging Supplier®**

### MANUFACTURING SERVICES

Large scale and broad scope deliver low cost and flexibility.



Custom Design & Innovation



Inventory Management Services



Sustainable Packaging Solutions



Quality Services Management



Global Sourcing & Services



Berlin Financial Services



Customer Portal & Omni-channel Efficiency

## What We Offer

We offer 50,000+ SKUs of plastic, glass, and metal containers, closures, and dispensing systems across all markets for customers just like you. We also create hundreds of custom primary and secondary packages from concept to commercialization each year.



## Our Global Reach

With 100+ business operations on four continents, 2,000+ employees, and a network of suppliers around the world, we leverage our global scale and capabilities to further our mission.



AMERICAS



EMEA



APAC

## Quantifiable Results

**\$240MM** Net income our customers earned over the last 3 years as a unique benefit of working with Berlin Packaging.



YOUR SALES



YOUR COSTS



YOUR PRODUCTIVITY

## Our P.O.K.E.R. Mentality

We are industry leaders in customer loyalty. Our team plays POKER to thrill our customers. We are consistently Proactive, On-time, Knowledgeable, Easy & Responsive!

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