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BABY FOOD PACKAGING IN THE US - CATEGORY ANALYSIS

KEY DATA FINDINGS

- COVID-19 drove strong growth in demand for baby food packaging during 2020, as parents stockpiled baby food due to the perceived threat of supply-chain disruption – leading to bare store shelves during the spring.

- Retail/off-trade unit volume grew by 5% to 2.6 billion units during 2020.

- Gerber Products launched 100% recyclable single-material plastic pouches for its Organic Banana Mango Puree during 2020, part of a wider trend by manufacturers to make their products more recyclable.

- Aluminium/plastic pouches continue to grow in popularity in prepared baby food, as more consumers embrace the idea of food as a utility – ‘food as fuel’.

- Retail/off-trade unit volume will exhibit a CAGR of 1% in the forecast period to reach 2.7 billion units by 2025.

2020 IMPACT

COVID-19 leads to panic buying and empty shelves, driving increased demand for baby food packaging.

COVID-19 led to panic buying of baby food, particularly milk formula, during the early stages of the pandemic. Worried about the potential for supply-chain disruption, the parents of...
As parents become more environmentally conscious, baby food manufacturers step up their recycling efforts

Sustainability concerns continue to drive innovation in baby food. Parents are increasingly concerned about their environmental footprint and the amount of packaging waste in baby food,

RECOVERY AND OPPORTUNITIES

Baby food packaging will see a post-pandemic dip, but demand will recover later in the forecast period, supported by stable population growth

With daily life set to normalise during 2021, as more Americans are vaccinated against COVID-19, the stockpiling of baby food that happened in 2020 is very unlikely to reoccur…
Contamination scares will lead to a heightened focus on packaging safety

During the review period, there were multiple recalls of milk formula products from major brands due to concerns regarding contaminated packaging. Whether proportionate or not, this

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PACKAGING IN THE US - INDUSTRY OVERVIEW

EXECUTIVE SUMMARY

COVID-19 impact on packaging

Overall unit volumes of packaging increased during the COVID-19 pandemic. Consumers were prioritising packaged products, particularly in food, with previously unpackaged produce being wrapped and sealed. Demand for larger pack sizes and multipacks saw a sharp increase as people stocked up with greater volumes, made fewer shopping trips to physical stores to limit potential exposure to the virus, and the generally favourable price per g/ml of such bigger pack types attracted them, offering an economical purchase option during such times of economic uncertainty. Impulse and on-the-go purchases in food and beverages went into decline due to closed offices, massively reduced consumer mobility and the reduced frequency of shopping trips.

Bigger formats in self-stable staples such as rice, pasta and noodles, canned/preserved food and sauces saw a sharp uptake, with increased demand for flexible plastic formats, metal food cans and glass thanks to consumers spending more time cooking and eating at home. Frozen food in flexible formats and cartons also saw stronger sales. Metal cans, PET bottles and flexible plastic packaging were seen as good pack types for their stability during transportation and storage at home. The trend towards multipack sales in bottled water, already underway in the review period as consumers shifted away from other soft drinks for health reasons, impacted both on-the-go and larger pack sizes. The trend was accelerated by the pandemic, and will continue to boost sales in both metal and plastic formats, which are comparatively cheap to produce and ship.

Single-use pack types were back on the table, temporarily, with several states and local authorities lifting bans on single-use plastic bags for retailers. Foodservice outlets' increased dependence on takeout food has also meant a sudden shift back to single-use plastics, paper and Styrofoam to package and transport orders. Some coffee shops and cafés asked customers to stop bringing their own reusable mugs and went back to selling their drinks in disposable cups.

The pandemic drove the already expanding share of e-commerce with people out and about less and more inclined to order products for home delivery. This was prompting further developments in packaging. As well as supporting increased sales of bigger pack formats, e-commerce was also helping to drive demand for protective packaging, with people in need of reassurance that groceries in particular were fully sealed throughout storage, transportation and final delivery. Online shopping for groceries in the US was growing fast, with consumers more concerned than ever that their orders were tightly wrapped and protected from any threat of contamination.

With virus containment measures having resulted in closures of horeca outlets, there was a rise in demand for convenient packaging options for the off-trade during 2020. This resulted in increased consumption of packaging more suitable for off-trade consumption. This was most prominent in hot drinks, where the closure of offices and administrative buildings also led to reduced consumption of coffee through institutional machines. Consumers instead shifted much of their consumption into their homes, boosting demand for coffee pods, in turn driving sales of folding cartons.

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The COVID-19 pandemic hampered packaging recycling initiatives, such as the bottle bill (beverage container deposit regulations), in the majority of states in the US. This increased the consumption of virgin plastic and metal in PET bottles and beverage cans, respectively. Private waste management companies, such as Waste Management, shut down their redemption centres in states such as California, in a bid to mitigate the contamination spread among their workers. In addition, the shelter-in-place restrictions mandated by state governments in 2020 prohibited consumers from venturing out for deposit redemption. This disruption was expected to put a strain on the supply chain of rPET bottles and recycled metal beverage cans in the post-pandemic period.

Nevertheless, in the future plastic containers and plastic films that are fully recyclable or compostable are set to rise in popularity in food packaging, with consumers expecting plastics to contain high levels of recycled plastic. Sustainability will remain a driving force in packaging development over the forecast period. The importance of effective barriers has fuelled demand for glass and metal packs, with glass in particular seen as especially environmentally friendly due to its ease of reuse and as especially safe because of its impermeability.

Pandemic reverses long-term decline in fresh and shelf stable milk sales, boosting demand for rigid plastic and liquid cartons

Rigid plastic remained the leading pack type in fresh milk. This pack type is usually available in large sizes of one litre and above. Unit demand had been in long-term decline until 2019…

Pandemic disrupts soft drinks packaging recycling initiatives, but trend towards PET expected over the forecast period

Although the COVID-19 pandemic hampered packaging recycling initiatives, such as the bottle bill (beverage container deposit regulations), in the majority of states in the…
Metal beverage cans continue to take share from glass bottles in alcoholic drinks

Metal beverage cans continued gaining share from glass bottles in 2020, with cans seen as being more sustainable, easy to transport and cheaper to manufacture than glass bottles.
Consumers’ concern for the planet rises in beauty and personal care during the pandemic

The worldwide pandemic saw the importance of caring for the planet increase among consumers as concerns about the environment bubbled up again quickly when COVID-19…

Soaring e-commerce sales shape product and pack type preferences in home care

The fact that many consumers were advised to stay at home where possible during the pandemic resulted in a spike in e-commerce shopping across most industries in the US, with…
PACKAGING LEGISLATION

US government reintroduces packaging bills in early 2021

With visible signs of emerging from the COVID-19 pandemic, plus the vaccination programme coming into full swing across the country, the US Government, in early 2021, reintroduced four...
EPR, if brought into federal law, would require producers to be responsible for end-of-life management for their products' packaging. Although the draft does not outline the types of packaging to be included or excluded, it does refer to food containers, packets and wrappers, beverage containers, cups and lids and lightweight plastic bags, among other things. Producers would be prohibited from using Styrofoam in food packaging, disposable coolers and shipping packaging. Consumers would be charged a fee for single-use plastic and paper bags, and labels would have to indicate the presence of plastic and the best disposal methods. The proposed legislation would also include requirements that plastic packaging, bottles and some other products are 100% recyclable and contain minimum levels of recycled materials.

To date, 19 states have introduced mandatory EPR programmes and some manufacturers are involved in voluntary schemes. However, prior to Maine, no US state had imposed EPR obligations on packaging producers, with most such programmes focused on the disposal of electronic waste and products containing mercury.

California Department of Resources Recycling and Recovery (CalRecycle) is behind several components of companion bills California Circular Economy and Plastic Pollution Reduction Act, including the proposed imposition of a comprehensive regulatory scheme on producers, retailers and wholesalers of single-use packaging and priority single-use products, which must be recyclable and compostable by 2030. Under the act, manufacturers must also work to reduce single-use packaging and products. State-wide, the bills aim for reduction in waste generation of 75% by 2030, and CalRecycle would be authorised to determine the means to this end.

CalRecycle would be permitted to impose fines of up to USD50,000 a day for non-compliance. The proposed legislation is the most ambitious the US has seen in response to plastic pollution. The potentially history-making bills have so far got stuck in legislature for two years in a row – 2019 and 2020 – in the face of strong opposition from a whole host of critics, including the Consumer Brands Association (formerly the Grocery Manufacturers Association), players in agriculture and glass manufacturing, and waste management industries such as California Refuse Recycling Council and Athens Services. There is widespread concern that CalRecycle would be granted too much authority, as well as worries over how the bill would be implemented. Critics have also claimed the proposals are redundant as many large producers are already committed to the reduction of packaging waste, including Unilever, Pepsi, Proctor & Gamble and Nestlé, among others. Plastics groups have also lobbied heavily against the bills.

RECYCLING AND THE ENVIRONMENT

Recycling Partnership and WWF team up on the US Plastics Pact

In 2021, The US Plastics Pact was launched, which is a collaborative project led by The Recycling Partnership and the World Wildlife Fund. The pact was launched as part of the Ellen McArthur Foundation's Global Plastics Network. The US Plastics Pact focuses on collaboration between government, manufacturers and other stakeholders for industry-led innovation in redesigning the plastics value chain, in order to achieve certain recycling targets by 2025. The targets are as follows: manufactured plastic packaging to be 100% reusable, recyclable or compostable; ensuring 50% of plastic packaging to be recycled or composted; having an average of 30% of recycled or responsibly-sourced bio-based content in plastics packaging by weight.

In the latter half of 2020, the US Environmental Protection Agency (EPA) announced the National Recycling Goal during the America Recycles Summit, which aims to increase the recycling rate in the country to 50% by 2030. Furthermore, the EPA also developed a draft National Recycling Strategy in a bid to clarify objectives, create standardised definitions and formulate action plans to improve the recycling system in the country. The National Recycling Goal bases its metrics on four key categories of the National Recycling Strategy:
MRFF announces success of pilot project in flexible plastic recovery and recycling

Challenges remain for the sustainability movement, with the costs of processing recyclable packaging more acute in the light of the recession. Plastic films in particular present a…

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China’s ban on waste imports leaves the US struggling with mixed plastics

The sudden shutdown of a massive market for US plastic waste when China halted waste imports in 2018 has forced the US to re-evaluate its generation and disposal of packaging…
disproportionately large amount of waste and recycles a disproportionately small amount of plastic domestically—a lot less than many European countries. While the country is home to circular economy initiatives such as TerraCycle, the high costs and low profit margins of recycling are compounded by cheap virgin plastic and too few domestic recyclers to cope with the flood of petrochemical plastics pushed by expanding oil and gas production. Ardent recyclers have pointed to the US’s history of outsourcing much of its waste management to China and other Asian countries as a reason for a weak recycling industry within its own borders, as well as to major companies’ and brands’ continuous investment in plastic packaging, with new formats cropping up all the time. Rapid development puts more pressure on recycling infrastructure, and environmental groups regularly remind producers that just because their waste is technically recyclable and can be fed back into a circular system, it does not mean it will be. Moreover, reliance on recyclability as a means to improve ecological credentials increases the amount of plastic waste in circulation and the burden on others to clean up the mess. Although significant moves have been made in terms of producers’ shift towards recycled plastic, thus providing more incentive for recyclers to invest in their facilities, the American Chemistry Council (which represents manufacturers including plastics producers) has predicted exponential growth for the plastics industry for the forecast period, and expects investments of around USD25 billion to expand production capacity by 2025. Similarly, the World Economic Forum has predicted that plastic production will double over the next two decades.

At a local level, China’s refusal to take rubbish has left many waste-management companies across the US with no market for their recycling services. Municipalities are stuck with the choice to pay much higher prices to clear their recycling or to simply trash it, with most going for the cheaper option. Many local authorities are well aware that residents have little spare cash and are thus reluctant to ask them to foot the higher bill for recycling, although some, such as Columbia County in New York, now charge residents to take their recycling to drop-off depots. Community recycling centres have been closing as operators find they have to pay people to take what they once could sell.

Recycling operations in the US which have successfully survived China’s rejection are ones which have always focused on providing domestic markets with clean and high-quality paper and plastics. Berkeley’s Ecology Center programme is still up and running, having never adopted a single-stream collection system, but instead insists residents sort recyclable waste themselves. Contamination from leftover foods and liquids is minimised and paper remains dry. Other recycling businesses have expanded to diversify their services. For example, Baclones Resources, which operates in Austin, Dallas and Little Rock (Arkansas), has introduced optical scanners to its system to separate plastics for less contamination, and has upgraded its facilities to market more than 15 grades of recycled paper rather than the usual two on offer from most recyclers.

### Summary

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<th>% of material recycled</th>
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<tr>
<td>Plastic</td>
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<td></td>
<td></td>
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<tr>
<td>Aluminium</td>
<td></td>
<td></td>
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<tr>
<td>Paper</td>
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<td></td>
<td>88.8 (achieved)</td>
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<tr>
<td>Steel</td>
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</tbody>
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https://www.epa.gov/americarecycles/us-national-recycling-goal

Note: US EPA publishes data of T-2 years, for example, in 2020, 2018 data would be displayed. Data for 2021 has not been published yet.