Q4 2025 Supply Chain Snapshot

Why USMCA Could Matter More Than You Think

Agrowgate Q4 2025 Bulletin

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Trade Policy Watch: Why USMCA Could Matter More Than You Think

Q4 2025 Supply Chain Summary

The United States-Mexico-Canada Agreement (USMCA) faces its first major review in mid-2026, and the outcome could reshape trade rules and sourcing costs across the beverage supply chain.

Agricultural commodities like barley and wheat remain duty-free under USMCA, providing stability for North American sourcing. In contrast, materials such as steel and aluminum fall outside those protections and are subject to separate tariffs and trade remedies. Any change to these frameworks could directly affect input costs, lead times, and competitiveness.

At the same time, energy inputs such as fuel, electricity, and natural gas continue to influence costs for aluminum, glass, paper, and freight. Even with some stabilization, prices remain well above pre-pandemic levels.

Together, these trade and energy dynamics will shape the cost landscape heading into 2026. Staying proactive - tracking regulatory changes, validating USMCA compliance on inputs, and locking in contracts when markets stabilize -will be key to managing volatility.

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Paper Packaging: Riding the Shift from Plastic to Fiber

Q4 2025 Supply Chain Snapshot: Paper Packaging

North American paper packaging continues to reshape itself. Several mills have reduced or idled capacity this year, removing roughly 10% of total U.S. output, while others are investing heavily in modern recycled-fiber facilities designed to serve growing demand for sustainable materials.

At the same time, regulatory and market forces are pushing the industry toward efficiency and transparency. Tighter emissions standards, expanded sustainability reporting, and Extended Producer Responsibility (EPR) legislation are influencing capital spending and production decisions.

While cost pressure from energy and freight remains, overall pricing for boxboard and corrugated materials has stabilized heading into 2026. The continued shift away from plastics and single-use materials is expected to keep fiber-based packaging demand healthy, particularly in food, beverage, and e-commerce applications.

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Grain Expectations: Barley & Oats on Solid Footing

Q4 2025 Supply Chain Snapshot: Grains

The 2025 barley harvest is wrapped up across Canada and the U.S., and by nearly all accounts, it's been an exceptional year. Despite slightly lower planted acreage, favorable weather drove above-average yields and strong overall quality. Agriculture and Agri-Food Canada estimates total production between 8 and 9 million metric tons, consistent with last year's strong performance and supported by well-timed rains and efficient harvest conditions.

Oats followed a similar pattern - steady acreage but stronger yields - helping maintain a stable supply heading into 2026, according to Statistics Canada and USDA estimates. U.S. barley acreage continues to trend lower, but improved yields have largely offset the reduction, keeping total output consistent with recent years.

Feed grain markets, including wheat and sorghum, remain well supplied (USDA Grain and Feed Outlook), helping contain barley values and maintain predictable input costs. Early malting assessments from CMBTC and the Canadian Grain Commission indicate excellent kernel size, low protein, and clean moisture profiles, supporting better extract potential and consistent malt performance.

Overall, barley and oats are exiting the 2025 harvest season in great shape. With strong yields, solid quality, and balanced feed markets, the outlook for 2026 sourcing remains stable.

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Moving Parts: Freight Trends That Matter

Q4 2025 Supply Chain Snapshot: Freight

In trucking, demand remains elevated, with the national van load-to-truck ratio holding around 5-7 loads per truck (per DAT data) - a sign of tighter capacity than usual. Spot rates are nudging higher, though overall cost pressure remains manageable.

According to the U.S. Energy Information Administration (EIA), diesel prices remain above pre-pandemic levels but relatively stable, helping to contain freight inflation. Still, any sustained uptick in energy markets could quickly shift that balance.

On the ocean side, container freight from China to the U.S. has eased after earlier surges, with several indices showing 20–25% year-over-year declines on key routes. Even so, new port fees and trade-policy friction keep the outlook fluid.

For beverage producers, the takeaway is clear: while trucking costs may see modest upward pressure (around 5%), steady fuel prices and improving global capacity create a window to lock in favorable freight terms before markets tighten again.

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Can’t Ignore It: Aluminum & Can-Sheet Realities

Q4 2025 Supply Chain Snapshot: Aluminum

Aluminum pricing remains historically high and volatile. Combined U.S. market costs - including the London Metal Exchange (LME) base and the Platts Midwest Premium (MWP) - now total just over $2.00 per pound, among the highest levels seen in decades.

According to Platts and Fastmarkets data, the LME price alone has trended in the $1.15–$1.25/lb range through Q4, while regional premiums have surged to $0.70/lb or more amid sticky tariffs, reduced imports, and supply disruptions. U.S. Census Bureau trade data shows aluminum sheet imports down roughly 3-4% year-over-year from February through August 2025, further tightening availability.

The U.S. remains a net importer of aluminum, meaning global production shifts, energy costs, and trade policy all feed directly into domestic pricing. For the beverage can market, that translates to elevated input costs across sheet, ends, and coil - with little near-term relief expected.

The takeaway: aluminum costs are unlikely to drop meaningfully without a significant supply or policy shift. In the meantime, contract timing, diversified sourcing, and limited forward purchases or inventory builds remain the most effective levers for managing volatility and protecting margin exposure.

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Sweet Relief: Key Trends in Sugar & Sweeteners

Q4 2025 Supply Chain Snapshot: Sweeteners & Fruit

Global sugar markets have softened as strong harvests from Brazil and India have boosted supply and eased earlier price pressure. Production levels are exceeding expectations, leading to improved global inventories and calmer trading conditions compared to the volatility seen last year.

In North America, corn-based sweeteners such as high-fructose corn syrup are also expected to remain steady. A record U.S. corn crop and favorable growing conditions are supporting ample availability and predictable pricing across the sweetener spectrum.

Overall, both sugar and corn-derived sweeteners are positioned for stability in the near term. While policy shifts - such as export restrictions, ethanol blending mandates, or subsidy changes - could still influence the market, the broader outlook points to a period of relative balance and price consistency heading into 2026.

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Grain Giants: Corn & Wheat in Focus

Q4 2025 Supply Chain Snapshot: Corn and Wheat

Corn and wheat markets are entering a dynamic phase. USDA forecasts U.S. corn production at near-record levels for the 2025-26 cycle, supported by higher harvested acreage and strong yields. Even with this strength, global corn stocks remain relatively tight compared to use (USDA WASDE), meaning any demand uptick or weather disruption could quickly firm pricing.

Global wheat production is also projected to reach a new high (USDA & International Grains Council), led by major exporters posting stronger crops. However, U.S. wheat supplies remain slightly tighter due to lower domestic output and firmer export demand (USDA ERS), keeping basis levels supported in certain regions.

For beverage and ingredient supply chains, the takeaway is straightforward: corn and wheat underpin sweeteners, distillates, and adjacent malt/feed grain structures. With supply strong but global balance sheets still sensitive to demand or weather shifts, this is a good window to lock in favorable terms, ladder coverage, and monitor policy or climate signals that could quickly change the cost picture.

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Clear Vision: Glass Packaging in the Mix

Q4 2025 Supply Chain Snapshot: Glass

The North American glass packaging market may have entered a period of relative stability following years of capacity contraction and shifting demand. However oversupply in certain segments has maintained pricing pressure, creating potential opportunities for more favorable contract terms in upcoming cycles.

Trade and regulatory factors remain important to watch - especially the ongoing USMCA review, given the strong flow of glass supply from both Eastern Canada and Mexico. At the same time, sustainability goals and premium positioning continue to support steady demand across beverage categories, from craft to spirits.

With the market calm and conditions balanced, it's a good environment for producers to evaluate long-term supply agreements and lock in stable costs before the next demand cycle builds.

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Hops - A Season of Confidence Amid Oversupply

Q4 2025 Supply Chain Snapshot: Hops

Hop harvests in the U.S. are largely complete, with reports indicating strong yields and good quality across many growing regions. While acreage is down significantly - reflecting previous supply gluts - yield improvements and crop health remain positive. The global hop market continues to carry excess stock, and demand-side shifts (especially in lighter-hopped beverages) are putting pressure on pricing and contract terms. Still, the combination of improved harvest conditions and a clearer varietal playbook gives sourcing teams a chance to secure advantageous terms and build quality hedging. For beverage producers and suppliers, this is a moment to review hop contracts, lock in preferred varieties where possible, and stay ready for the next phase of supply-demand normalization.

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Agrowgate is the leading expert of input material knowledge for beverage production across North America. They work closely across the whole ecosystem with manufacturers and suppliers to generate insights, opportunities, and results they can't achieve alone. Their knowledge of the business, network, data, process, and scale drive a significant competitive advantage. Critical to achieving and maintaining continuously superior results is a deep and unbiased understanding of core categories and the embedded commodities.
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