

**International Conference  
on  
Industrial Packaging**

**Session 1: Economic and  
Environmental Situation in the U.S.**

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**Presented by Tim O'Bryan, Chair  
Reusable Industrial Packaging Association**

**State of the Reconditioning  
Industry in North America:  
Future Growth Faces  
Headwinds**

# State of North American Reconditioning Industry



## Business Overview of the North American Reconditioning Industry

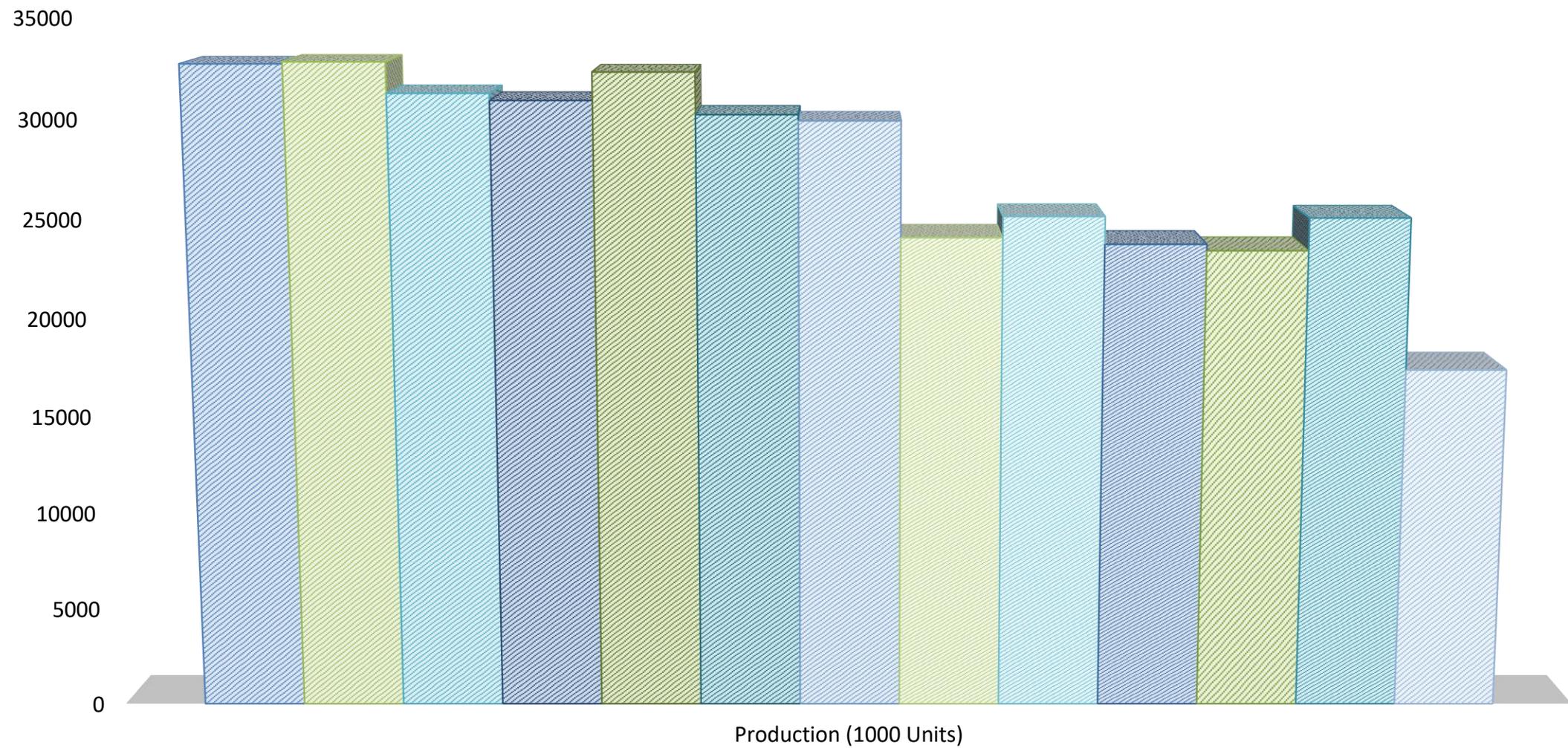
- RIPA Membership
  - 70 reconditioning companies and distributors in the United States who operate a combined 160 plants.
  - 8 manufacturers, 7 international members and 26 Supplier members.
  - Canadian membership consists of 3 members that operate approximately 20 plants.

## Reconditioned and Remanufactured 55-Gallon Steel Drums in 2021

Tight Head	4,520,347
Open Head	<u>12,877,022</u>
Total Steel Recon	17,397,369
Scrapped Drums	<u>2,156,126</u>
Total US Steel	19,553,495

# RECONDITIONED 55-GALLON STEEL DRUM PRODUCTION IN UNITED STATES 1997 – 2021

1997 1999 2001 2003 2005 2007 2009 2011 2013 2015 2017 2019 2021

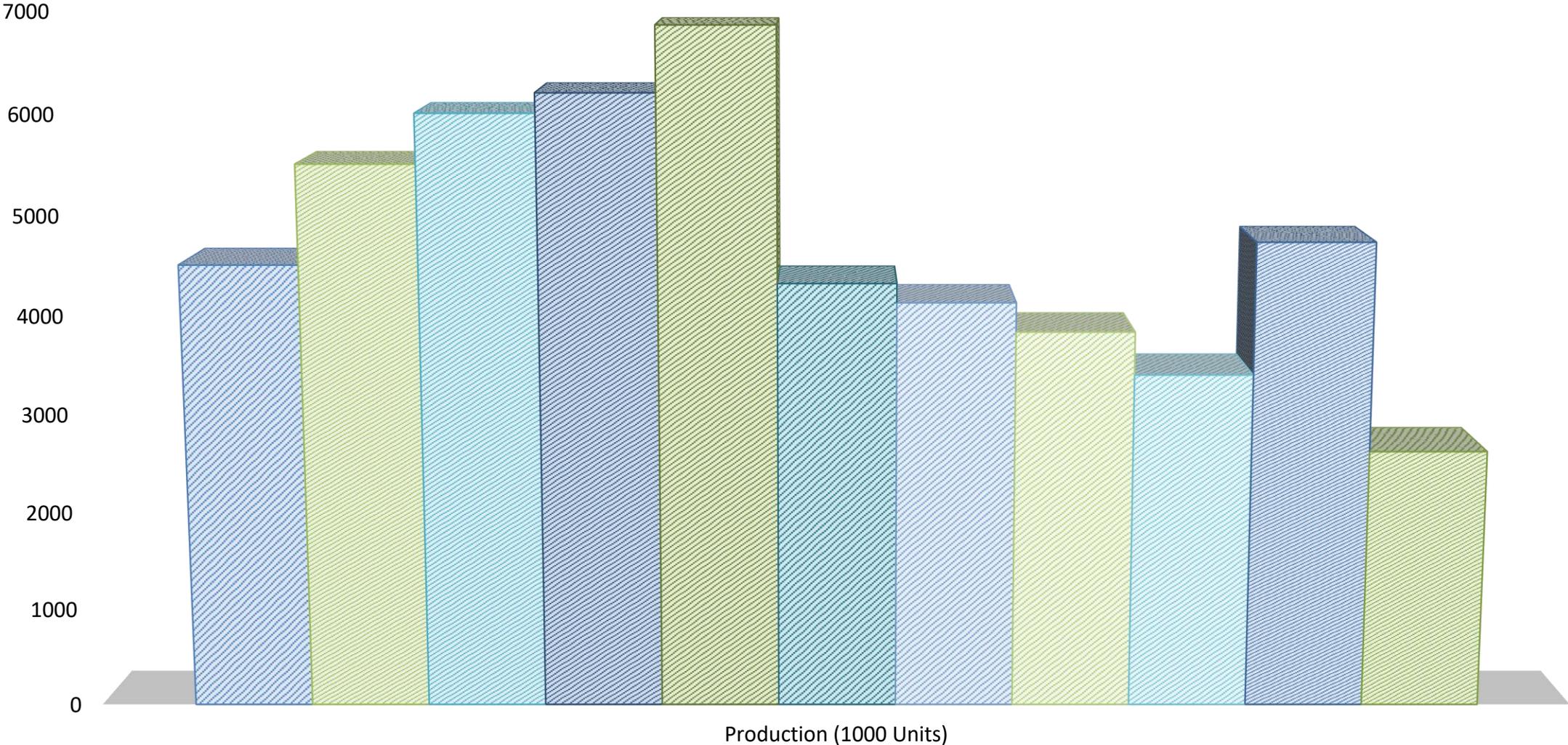


# Reconditioned 55-Gallon Plastic Drums in 2021

Total Recon	2,618,000
Scrapped	1,823,500
Total Plastic	4,441,500

# RECONDITIONED 55-GALLON PLASTIC DRUM PRODUCTION IN UNITED STATES 2001 - 2021

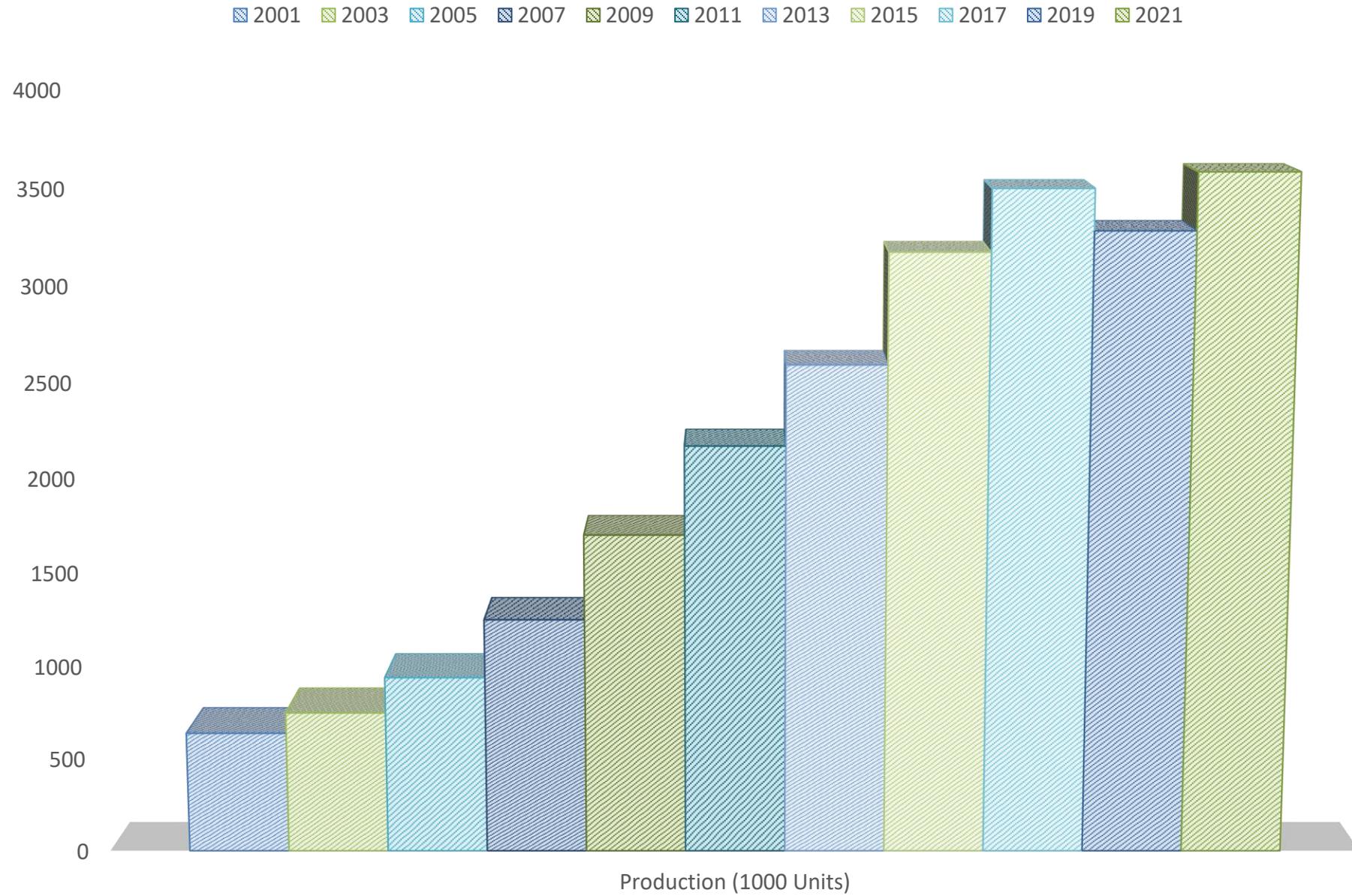
2001 2003 2005 2007 2009 2011 2013 2015 2017 2019 2021



**Reprocessed Composite IBCs in 2021**  
**275- & 330-gallons (*combined*)**

Washed IBCs	1,164,702
Re-Bottled <i>and</i> “Cross Bottled”	2,416,289
	<hr/>
Total Reprocessed	3,580,991
Scrapped Bottles	1,981,573

# RECONDITIONED COMPOSITE IBC PRODUCTION IN UNITED STATES 2001 - 2021



## Overview of N.A. Reconditioning Industry

### General Industry Information

Mauser, EarthMinded (Greif), Schuetz, Quala and Centurion own five or more reconditioning plants;

15 other firms operate 2 to 4 facilities; and the remaining members operate a single facility.

Mauser Packaging Solutions remains the largest U.S. reconditioner.

## Overview of N.A. Reconditioning Industry

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# Industry consolidation

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Consolidation activity slowed significantly during the pandemic.

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Several of the large companies seem to be interested in making significant additional acquisitions; these efforts have not come to fruition.

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Future acquisitions by the large companies will be strategic and will likely include companies that have both reconditioning and container distribution businesses.

# U.S. Economic Outlook



- The non-partisan Congressional Budget Office (“CBO”), published its second quarter baseline projection for the U.S.
- The study projects:
  - U.S. gross domestic product (“GDP”) will slow significantly during the first half of 2023 in response to last year’s sharp rise in interest rates.
  - Total economic output is projected will start growing again during the second half of the year as falling inflation allows the Federal Reserve to hold interest rates at current levels, causing rebounds in sectors of the economy that are sensitive to interest rates, including manufacturing.

NOTE: New economic data suggests that inflation has not begun to fall largely due to the price of oil and fuel

# U.S. Economic Outlook

- Inflation was higher in 2021 and 2022 than in any other years of the previous four decades: 5.7 percent and 5.5 percent, respectively.
- Inflation is expected to remain high throughout 2023 and slowly fall in 2024.
- The unemployment rate is projected to increase from 3.6 percent at the end of last year to 5.1 percent at the end of 2023; then gradually decline to 4.5 percent by the end of 2027.





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## U.S. Economic Outlook

- Wage growth has been significant from 2020 and is a problem for all manufacturing companies.
- Wages for plant workers have increased by at least 30% in the past 18 months or, in the case of unionized facilities, are expected to rise by at least this much when new contracts are negotiated.
- Most reconditioners are finding it very difficult to hire enough workers to maintain production at desired levels.
- In my view, both the labor shortage and wage inflation problems will persist well into the next year.

# EPA vs. U.S. Reconditioning Industry

- There are two significant regulatory threats facing RIPA members, both from the U.S. Environmental Protection Agency.
- The first I view as the most significant threat to the industry in the last 20 years: A proposed rulemaking that includes an option to regulate reconditioners as hazardous waste treatment, storage and disposal (“TSD”) facilities.
- If EPA succeeds in forcing reconditioners to operate as hazardous waste facilities, the reconditioning industry in the U.S. will effectively be eliminated.
- EPA is also working on a national plan to significantly tighten regulation of volatile organic compounds (VOCs) from reconditioning facilities.

# EPA vs. U.S. Reconditioning Industry

- EPA wants to adopt a standardized, national approach to regulating VOCs
- This will mean that facilities operating in states with lenient VOC rules will face significantly higher costs for emission control equipment to meet any new standard.
- RIPA's goal is to create a set of national "emission factors" for VOCs that can be used by the Agency to regulate the industry fairly and at a relatively low cost.

**THANK YOU!**

**ありがとうございました**

**Bedankt**

**Vielen Dank**