

Economic Report USA

July 2025



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US food manufacturers expect only slight growth

The economic uncertainties in the USA are also dampening food consumption. For 2025, the industry expects a development between stagnation and minimal growth. Trump's tariff policy is sparking an investment boom in the US pharmaceutical industry. US demand for cosmetics is growing moderately and reliably.

Overall economic outlook (as of April 2025)

In a very short space of time, the US economy has gone from being a powerhouse to a problem child. The weakness could last well into 2026.

Donald Trump's zigzag course on trade policy has shocked foreign countries and has not gone down well with his own people either. It is causing a mixture of helplessness and fear among most market participants. Economists also speak of an "uncertainty tax" that the US president is imposing on the country. According to CNN's "Fear and Greed Index", the signs on the US stock markets have consistently been at the lowest level ("extreme fear") since March 2025. The "Fear and Greed Index" is used by investors to assess stock market sentiment.

According to a survey conducted by CBS News and YouGov in mid-April 2025, almost two thirds of the population disapprove of the tariff policy. There are understandable reasons for this: A majority own shares (mostly through their pension schemes) and have become poorer on paper as a result of falling share prices since Trump took office. As a rule, this so-called wealth effect always has a negative impact on consumption.

Consumer confidence falls rapidly

In March 2025, retail sales were still developing positively. However, this was mainly due to hoarding purchases. Households stocked up for fear of tariff-related price increases. After extensive tariffs came into force at the beginning of April 2025, this consumer trend came to a standstill. The University of Michigan's consumer confidence index fell this month to its second-lowest level since 1952.

The curve could continue downwards, as Americans are increasingly worried about their jobs, according to a survey by the Federal Reserve Bank of New York in April 2025. The investment bank Morgan Stanley expects the unemployment rate, which stood at 4 percent at the start of Trump's term of office, to rise to 5 percent by 2026. That doesn't sound dramatic. However, 4 percent is the economic definition of full employment, while 5 percent is involuntary unemployment.

Rising inflation expectations

Consumers also expect prices to rise sharply. According to the University of Michigan, in April they were expecting inflation of almost 7 percent over the next twelve months. This is the highest figure since the oil crisis of 1981. In fact, a surge in inflation has been evident since the beginning of April. Retailers were the first to cut their discounts. This is particularly noticeable in car purchases, reported the representative of a German automotive group in an interview with Germany Trade & Invest.

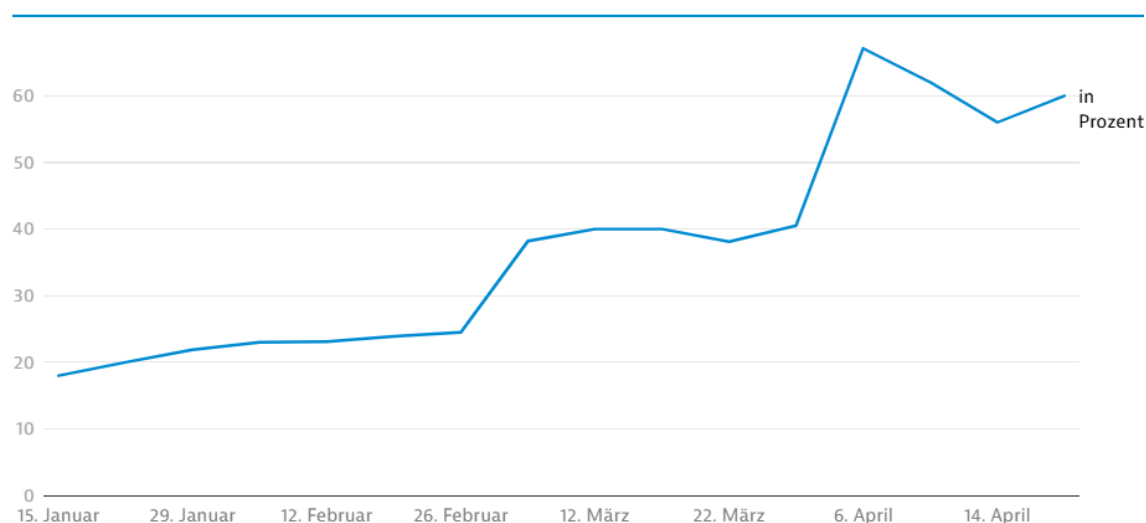
Private consumption accounts for 70 percent of the US gross domestic product (GDP). If it weakens, it drags down the economy as a whole. At the same time, hardly any relief can be expected from the investment side. Most companies are just as uncertain as consumers. On what basis should they base their investment planning if nobody knows what will happen next week, let alone in one or two years' time?

Construction is also in the doldrums. In the first two months of 2025, private construction output rose by just 1 percent in nominal terms compared to the previous year. In real terms, they were therefore in decline. Even in the previously booming factory construction sector, growth was unusually modest at 5 percent. In other words: Trump's tariff policy is stifling investment in the manufacturing sector - contrary to its intention.

Probably no recession in 2025

A recession in the US economy is becoming an increasingly clear possibility. Many analysts and banks put the probability at around 50 percent in mid-April 2025. According to the forecasting market platform Kalshi, the corresponding rate had risen from below 20 percent to two thirds between mid-January and the beginning of April. Following the partial withdrawal of tariffs, it fell again slightly by mid-April 2025.

Recession expectations fall slightly after "partial retreat" on tariffs (Probability of a recession)



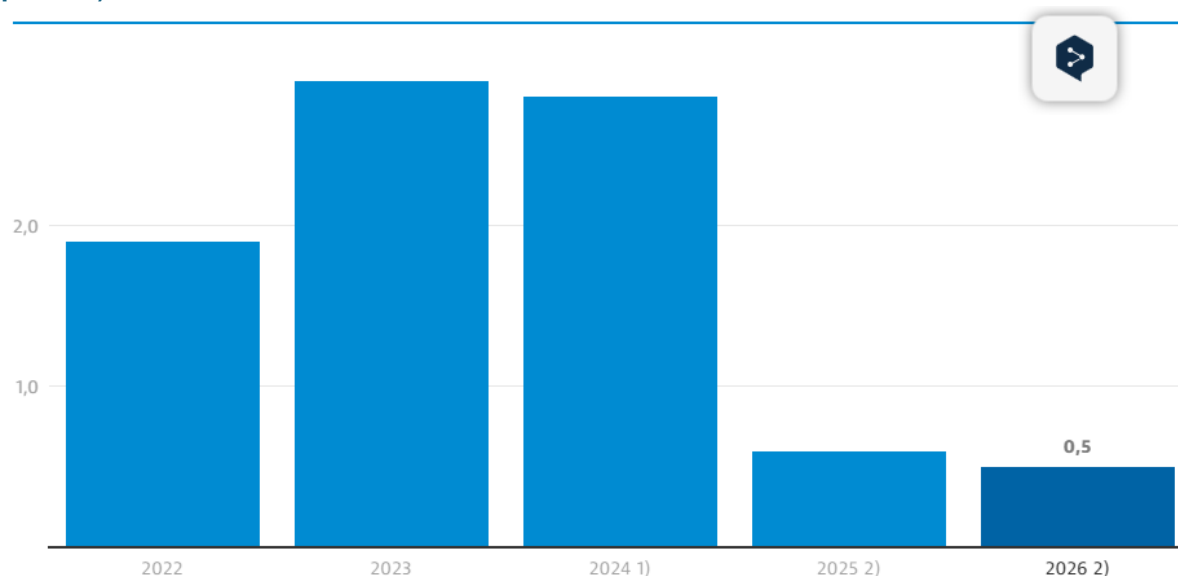
Source: Kalshi 2025

However, according to the American interpretation, a recession only means that economic output shrinks for two consecutive quarters. This means that there could still be a plus for the year as a whole. The vast majority of financial and research institutes are still assuming this, mind you. Nevertheless, the United States is facing a hard landing, as economic output grew by just under 3 percent in both 2023 and 2024, according to the Bureau of Economic Analysis.

Probability of de-escalation in customs conflict only 5 percent

The analysts do not expect any radical improvement in 2026. In their opinion, the loss of confidence caused by trade policy will lead to lasting economic damage. This can hardly be averted even with a quick "deal". Moreover, almost no one assumes that there will be such a de-escalation in the tariff conflict: Morgan Stanley estimates the probability of this at just 5 percent.

This is what a hard landing looks like - growth in the US economy (real year-on-year change, in percent)



1) third official estimate;

2) Forecast.

Source: Bureau of Economic Analysis 2025; Morgan Stanley 2025

Prolonged phase of low growth with high inflation possible

The USA may therefore be entering a phase that economists refer to as stagflation. It is characterized by low growth, while at the same time unemployment and inflation are rising. It is actually triggered by external shocks - such as the oil crises in the 1970s and 1980s. The fact that an erratic customs policy can also initiate stagflation should add to the wealth of experience in economics.

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Market Trends Food Industry

Meat and dairy products are proving to be bright spots. Changing consumer habits, on the other hand, pose challenges for manufacturers of confectionery and snacks.

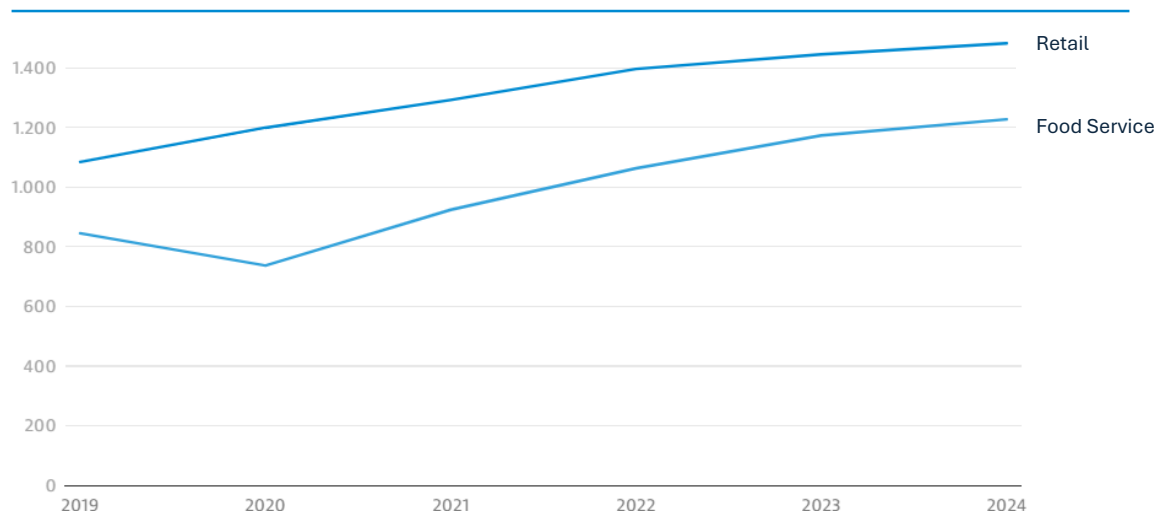
As in previous years, the food industry in the USA is once again likely to increase its sales by raising prices, especially as higher costs are being passed on to consumers as a result of the US government's tariff policy. However, the actual goal of the companies is a different one: higher volume production, because only by increasing sales volumes can market shares be expanded and new customer groups tapped.

The extent to which this will succeed is questionable. After food and beverage manufacturers achieved a volume increase of around 1.1% in the previous year, the market research institute Circana only dares to make an uncertain forecast for 2025 with a range of 0 to 1 percent.

Over 50 percent of daily calorie intake in the US is from highly processed foods.

According to Circana, food prices in the US were 31 percent higher at the end of 2024 than in the pre-coronavirus year of 2019, pushing many consumers to their breaking point. There are fears of a resurgence in inflation due to US President Trump's unpredictable tariff policy. According to the US Department of Agriculture (USDA), the annual average food inflation rate is likely to reach 3.5 percent in 2025, which will probably dampen demand for food.

Consumer spending on food and beverages in the USA (in billions of US dollars)



Source: Federal Reserve Bank 2025

Stronger demand for meat and cheese

Meat production is growing slightly - according to USDA forecasts, an increase of around 0.5 percent to 49.1 million tons is expected for 2025. However, the development will vary depending on the market segment. Beef production is likely to fall to 12.1 million tons (-1.1 percent). Following a drought, farmers in cattle-raising states such as Nebraska, Oklahoma and Texas are having to restock their cattle herds, which is why there is a shortage of cattle for slaughter for local processing.

In contrast, the production of pork and poultry meat increased to 12.7 million tons (+1.0 percent) and 23.9 million tons (+1.1 percent) respectively. The appetite for meat remains intact in the USA. According to USDA forecasts, annual per capita consumption is likely to rise to around 107 kilograms by 2034 - an increase of 2.9 percent compared to 2024.

The dairy industry is also continuing its upward trend. Milk production is estimated at 103 million tons in 2025 - and is expected to increase by an average of around 2.1% per year until 2030, according to the USDA. Although the amount of milk consumed is steadily declining, demand for dairy products such as cheese, butter and yogurt is increasing. US cheese production is expected to reach a record level of around 6.6 million tons (+1.6 percent) in 2025.

In contrast, the euphoria surrounding plant-based alternative products to animal proteins from meat, fish, milk and eggs was dampened for the second time in a row. According to studies by the Good Food Institute, there was a decline in volume of around 5% in 2024. Sales were also down, falling by 4 percent to around 8.1 billion US dollars (US\$).

Manufacturers of baked goods and snacks must face up to new eating habits

Producers of such products face a common challenge: the growing demand for GLP-1-based slimming shots is accelerating a trend towards healthier eating in the USA. According to a study published by Ernst & Young in early 2025, the consumption of confectionery and salty snacks could fall by around 3 percent by 2034, which could cost manufacturers up to USD 12 billion in annual sales. According to the study, GLP-1 users report a 40 to 60 percent drop in the consumption of snacks and confectionery.

Appetite suppressants on the rise: Are weight loss injections turning the food market upside down?

Around 40 percent of the US population is considered overweight. It is therefore not surprising that drugs such as Zepbound and Wegovy are becoming bestsellers. The new miracle weapons against obesity were originally developed to treat diabetes and are based on the active ingredient semaglutide. This mimics the hormone GLP-1, which creates a feeling of satiety.

According to studies by Ernst & Young Parthenon, 0.5 percent of the US population was already using GLP-1-based drugs in 2024. By 2030, this figure could rise to between 13 and 21 percent, which would correspond to between 30 and 50 million people, depending on developments. A direction that promises benefits for public health, but is likely to be accompanied by far-reaching changes in consumer behavior.

Trend 1: Users of such medication eat significantly less. According to a KPMG analysis from 2024, monthly spending on food by GLP-1 users will fall by 31 percent on average. Extrapolated over the year, this corresponds to a potential decline in US-wide expenditure on food and beverages of around USD 48 billion. Impact Analytics also anticipates a decline in food consumption: according to the market research institute, the average daily calorie consumption per adult in the USA could fall to between 2,800 and 3,500 calories by 2030 - down from the current level of around 3,600 calories per day.

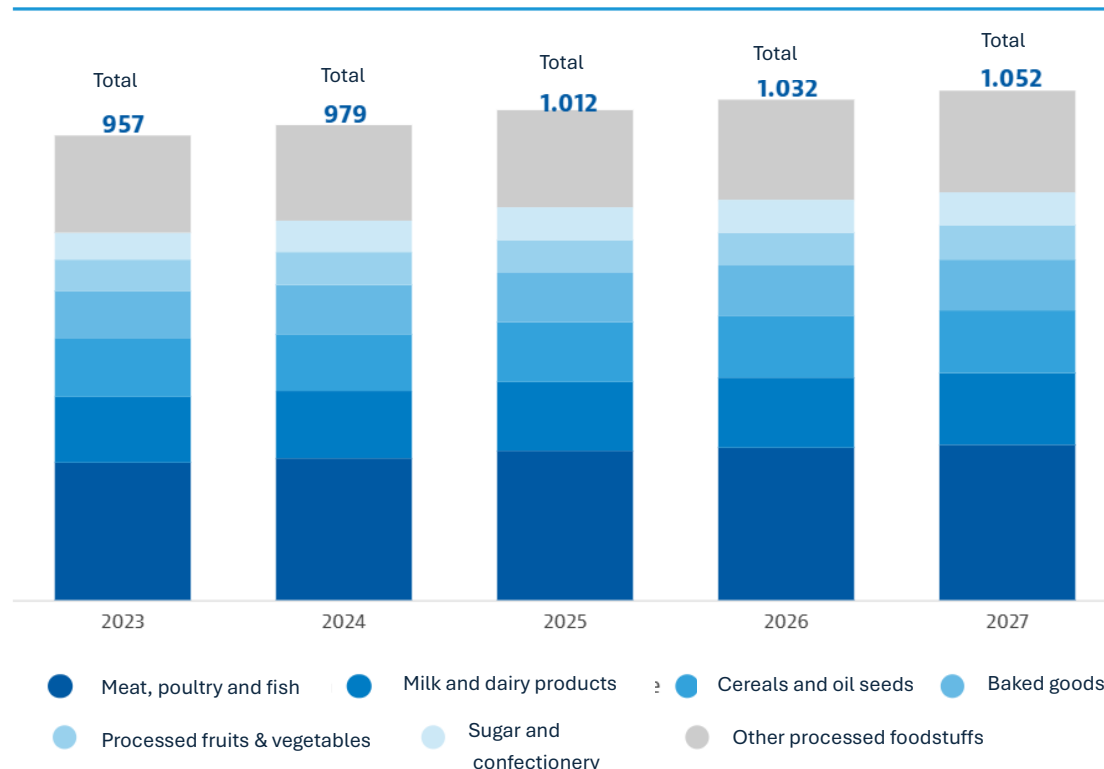
Trend 2: Users of weight loss injections not only eat less - they also eat differently: the appetite for sweets, salty snacks, baked goods or soft drinks is dwindling, while fresh fruit, vegetables, yoghurt, eggs and protein-rich snacks such as nuts are gaining in popularity. According to studies, the consumption of protein products is increasing by up to 65 percent, and the figure for fruit and vegetables could be as high as 80 percent.

How do companies react? Some food manufacturers - above all Conagra Brands - reacted early to the GLP-1 boom and developed their own labels specifically to appeal to users of slimming products. Since January 2025, Conagra Brands has been labeling certain products in its Healthy Choice range as "GLP-1 friendly" - especially those with a high protein content and low calories. General Mills also specifically promotes protein-containing products to GLP-1 consumers. Danone is targeting the marketing of protein-rich products such as Oikos at this new customer group. Nestlé has also launched a special product line, Vital Pursuit.

Against this backdrop, Mars is also aiming to broaden its product range with the planned acquisition of Kellanova - to offer healthier alternatives such as protein-rich snacks alongside traditional confectionery. These are particularly popular with Generation Z and millennials. Observers speak of a veritable "snackification" that is particularly pronounced among younger people. Traditional meals are increasingly being replaced by healthy, convenient snacks.

The trend towards high-protein and functional snacks is also noticeable in baked goods. Per capita consumption of wheat flour was 58.5 kilograms in 2024 - a decrease of 12 percent over the past ten years. This means that growth is only being driven by the increase in population, not by higher individual consumption. Due to changing breakfast habits, the demand for cereals in particular is declining.

Development of demand for processed food (in billion US dollars)



All above figures are total values

Source: The Freedonia Group 2025

Upheaval in the beverage market

Changing consumption habits are also causing movement on the market for alcoholic beverages. Younger people such as Generation Z are drinking less alcohol and, above all, can no longer be categorized as loyal beer or wine drinkers.

By 2024, beer consumption is likely to have reached its lowest level in 40 years. According to forecasts by S&D Insights, there will be a further 2.1 percent decline in volume in 2025. Wine consumption is expected to fall even more sharply by 3.9 percent. While classic spirits are also in decline, young consumers with their desire for variety are driving growth in ready-to-drink cocktails and hard seltzers - this is expected to keep the overall market for spirits stable in 2025 (+0.2 percent).

According to the Beverage Marketing Corporation, the market volume for non-alcoholic beverages is expected to grow by 0.5 percent to 1.5 percent in 2025. However, increasing health awareness is also causing changes here. Products with a high sugar or sweetener content, such as carbonated soft drinks and fruit juices, are becoming less popular. Growth will be driven primarily by higher demand for bottled drinking water (+2 to 3 percent). The energy drink business is also flourishing with expected growth of 3 to 4 percent. Functional drinks with health-promoting additives such as vitamins or fiber also offer potential.

Sector Structure of the Food Industry

Trump's customs policy is weighing on the investment climate, but individual products such as cheese can continue to grow. Many companies are responding to rising costs with automation. Population growth and rising incomes are leading to higher food consumption in the USA in the long term. Despite a slight decline in net immigration, the Congressional Budget Office expects the population to grow to around 359 million by 2030 - from around 341 million in 2024.

Investment climate cools down in 2025

Food manufacturers are therefore continuously investing in their plants, even if the pace is slowing. According to the 2025 Capital Spending Outlook published by the trade magazine Food Processing, the 31 largest listed food and beverage manufacturers in the USA are planning investments totaling 19.3 billion US dollars. "With a drop of 1.1 percent compared to the previous year, this is the first decline in planned investment activity since 2009," explained Dave Fusaro, Editor-in-Chief of Food Processing, at the presentation of the report. This also reflects uncertainties about the Trump administration's tariff policy.

But there are also areas of growth. One area that is attracting investment is cheese production, for example. Over the past ten years, cheese consumption in the USA has risen by almost 20 percent. Manufacturers, particularly in Wisconsin, California, Texas, Minnesota and Idaho, are expanding their facilities to meet the growing demand for cheddar, mozzarella and other specialty cheeses. Companies such as Danone and Chobani are also reporting growing interest in yogurt - which is why Chobani is planning to invest around US\$ 1.7 billion in the USA.

The beverage industry is also expanding. The spirits manufacturer Diageo is investing US\$ 415 million in Montgomery, Alabama. In Elsmere, Kentucky, Niagara Bottling is building a bottling plant for drinking water at a cost of US\$ 130 million by 2026. Capacity utilization in the food industry remains high. At 79.7 percent in 2024, it was slightly above the average of the previous ten years (2013 to 2023: 78.3 percent).

Selected investment projects in the food industry in the USA (in millions of US dollars)

| Player | Total Investment | Project Status | Remarks |
|-----------------|------------------|---|---|
| Chobani | 1,200 | Planned commissioning at the end of 2026 | Construction of a dairy in Rome, New York with a production capacity of more than 450,000 tons per year - the largest site in the company's history |
| Chobani | 500 | Planned commissioning 2026 | Expansion of the dairy in Twin Falls, Idaho. Production increases by 50 percent |
| Daisy Brand | 626 | Planned commissioning 2026 | Construction of a dairy in Boone, Iowa, for the production of sour cream and cottage cheese |
| Reyes Coca-Cola | 500 | Planned commissioning 2026 | Expansion of a beverage bottling plant in Rancho Cucamonga, California |
| Electrolit | 400 | Planned commissioning 2026 | Construction of a highly automated production facility for hydration drinks in Waco, Texas (first plant in the USA) |
| Yakult USA | 305 | Planned commissioning 2026 | Construction of a production facility for probiotic yogurt in White, Georgia |
| Bridor | 250 | Planned commissioning 2026 | Construction of a bakery production facility for specialty breads and Viennoiserie in Brigham City, Utah |
| Bauducco Foods | 200 + | Planned commissioning: Phase 1: 2026 Phase 2: 2028 Phase 3: 2030 | Construction of a bakery production facility for cookies, waffles and panettone in Zephyrhills, Florida |

| Player | Total Investment | Project Status | Remarks |
|--------------------------|------------------|---------------------------------|---|
| Irresistible Foods Group | 180 | Planned commissioning 2026/2027 | Construction of a production facility for King's Hawaiian brand baked goods in Taylorsville, Illinois |
| Keurig Dr. Pepper | 100 | Planned commissioning 2027 | Construction of a coffee roasting plant in Spartanburg, South Carolina |

Source: Research by Germany Trade & Invest

Focus on automation

Sharp increases in input costs and labor shortages mean that many companies are focusing on increasing efficiency and automation. "In our 2025 Manufacturing Outlook Survey, for the first time in 24 years, the top priority is not food safety but cost control," explains Dave Fusaro.

Large slaughterhouses in particular are relying heavily on robotics to reduce costs, for example for deboning. Tyson Food has already spent over US\$1 billion on automation since 2022. Cargill plans to invest around US\$ 700 million in automation by 2026 as part of its Factory-of-the-Future initiative.

Bakeries are also automating. According to a survey by Baking & Snacks, around half of companies want to increase their investment spending in 2025. Around 71 percent of all respondents cite system improvements such as automation as a priority. Packaging machines are at the top of the agenda.

Meat industry is highly concentrated

The four largest suppliers of beef, Tyson Food, JBS USA, Cargill and National Beef, hold a share of around 85 percent. JBS USA announced in 2025 that it would invest around USD 200 million in the expansion of its Cactus plant in Texas and Greeley plant in Colorado in order to strengthen its market position. In pork, the four largest producers, led by Smithfield Foods, dominate around two thirds of the market.

In order to stimulate competition, the U.S. Department of Agriculture (USDA) awarded US\$ 325 million for 74 projects by small and medium-sized meat producers through the Meat and Poultry Processing Expansion Program (MPPEP) during Joe Biden's term of office. In addition, US\$ 56 million was distributed through the Local Meat Capacity Grant Program.

Some of the funded projects will only be implemented over the next few years. The company Producer Owned Beef plans to invest around US\$ 670 million in Amarillo, Texas. The state-of-the-art plant is expected to reach an output of 3,000 cattle per day from 2027. The Cattlemen's Heritage Beef Company in Iowa is planning another major project: construction of its US\$ 520 million plant in Des Moines is scheduled to start in 2025 and process around 2,000 cattle per day.

Customs zigzag increases costs and burdens exports

The American food industry is characterized by strong competition. The USA is the world's third largest food producer after China and India and is largely self-sufficient. Nevertheless, the import share of processed food and beverages rose from 12.4 percent to 17.3 percent between 2008 and 2022. Despite strong export sectors such as meat and dairy products, the USA recorded a trade deficit in the food sector for the third time in a row in 2024 - mainly due to increased fruit and vegetable imports.

What are the consequences of US tariff policy for the American food industry?

The industry has a broad production base in the USA - but this is only a limited protection against Trump's zigzag course. This is because many ingredients and means of production come from abroad and become a cost factor. Counter tariffs in turn make exports more difficult.

1. Higher costs for imported food and ingredients

Although the USA has large agricultural areas, many of the ingredients required for processed foods simply do not grow there: bananas, vanilla, cocoa, pepper or even avocados have to be imported. As customs duties are also levied on products without a local sourcing alternative, rising costs are virtually unavoidable. The American chocolate manufacturer Hershey, for example, fears that tariffs on the import of cocoa will result in additional costs of up to US\$ 100 million in 2025.

2. Higher costs for imported operating resources

Imported operating resources are also becoming more expensive as a result of the customs policy. Many long-life foods - such as fish, meat, fruit and drinks - are canned and are therefore affected by the special tariffs of 25 percent on aluminum and steel. Only around 30 percent of the tinplate required for food cans comes from domestic production. Around two thirds of the primary aluminum used in the USA - which is used for beverage cans, among other things - is imported from Canada. Rising material costs could lead to more beer being filled in glass bottles, while the proportion of PET bottles used for soft drinks is likely to increase. There is also a high demand for imported machinery in the food industry. According to the Association for Packaging and Processing Technologies (PMMI), the import share for packaging machines is around 24 percent.

3. Lower exports due to countervailing duties

In some areas, particularly dairy products and meat, the USA produces surpluses - which are much more difficult to export in times of trade conflicts. The counter-tariffs imposed by China are particularly significant here, as the People's Republic has been a major buyer of American food to date. On May 12, 2025, the United States and China reached a temporary agreement to significantly reduce their mutual tariffs for a period of 90 days: the US government will reduce its tariffs on Chinese imports from 145 percent to 30 percent, while China will reduce its tariffs on US goods from 125 percent to 10 percent.

This gives the American meat industry some much-needed breathing space. Previously, import duties on American meat had reached dramatic levels due to Chinese retaliatory tariffs. According to the US Meat Export Federation, beef was subject to 147 percent tariffs and pork even 172 percent. If such tariffs were to remain in place for a longer period of time, the resulting slump in demand would lead to major financial losses: In the case of beef, a loss of revenue of US\$ 4 billion per year could be expected, and US\$ 1 billion for pork.

With more than 22,000 companies, the domestic food industry has a high degree of diversification. In terms of value added, meat processing is the largest segment with a share of 26 percent, followed by the dairy industry (13 percent), the beverage industry (11 percent) and the grain/oilseed industry (10 percent).

Production of selected food and beverages in the USA (production indices *)

| Division | 2021 | 2022 | 2023 | 2024 |
|--------------------------------|-------|-------|-------|-------|
| Meat and meat products | 102.7 | 104.8 | 103.8 | 103.9 |
| Milk and dairy products | 105.3 | 105.2 | 105.0 | 103.3 |
| Baked goods | 104.1 | 103.3 | 103.1 | 104.8 |
| Processed fruit and vegetables | 100.8 | 101.0 | 95.8 | 95.5 |
| Sugar and confectionery | 105.4 | 106.3 | 102.0 | 102.8 |
| Beverages | 107.9 | 109.2 | 112.0 | 109.9 |
| Beer | 99.6 | 95.8 | 91.3 | 86.9 |
| Softdrinks | 92.8 | 99.2 | 109.4 | 111.2 |

* seasonally adjusted, annual average, 2017 = 100 Source: Federal Reserve 2025

The industry is also broadly based geographically. According to the US Census Bureau, there were a total of 41,080 food and beverage production facilities in 2021 (latest information available at the time of going to press). By far the most important cluster, with around 6,300 facilities, is located in California. The state produces more than 60 percent of the fruit and vegetables grown in the USA. At the same time, California also holds the top position in the dairy industry. Other strongholds are located in Texas (2,800 farms), New York (2,700 farms), Pennsylvania (1,800 farms) and Illinois (1,600 farms).

Important sector companies in North America (sales in billions of US dollars)

| Company | Division | Turnover 2023 ^{*)} |
|-----------------------|--|-----------------------------|
| PepsiCo | Drinks, snacks | 55.6 |
| Tyson Foods | Meat products, snacks | 50.4 |
| Nestlé | Baking ingredients, frozen food, ready meals, drinks | 38.6 |
| JBS USA | Meat products | 31.0 |
| Kraft Heinz | Meat products, ready meals, cheese, potato products, snacks, sauces, frozen food, etc. | 20.3 |
| General Mills | Baked goods, desserts, ready meals, cereals | 17.1 |
| The Coca-Cola Company | Alcoholic and non-alcoholic beverages | 16.7 |
| Anheuser Bush InBev | Beer, alcoholic beverages | 15.1 |
| Cargill | Meat products, food ingredients | 15.0 |
| Mars | Confectionery and chewing gum products | 15.0 |
| Smithfield Foods | Pork products | 14.2 |

* USA and partly Canada. Source: Food Processing 2024

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Pharmaceutical Industry

New tariffs on pharmaceuticals have not even come into force yet, but there are already signs of a relocation boom. Pharmaceutical companies in the USA are outbidding each other with investment plans.

The first salvo of Trump's tariff offensive mainly hit aluminum, steel and the automotive industry - the pharmaceutical industry, on the other hand, was initially spared, with no specific special tariffs. However, Trump made it clear that this would not last. The mere announcement that sector-specific special tariffs of 25 percent are also planned on imported pharmaceuticals has triggered an unprecedented investment boom in the American pharmaceutical industry.

Specialty drugs drive growth in the US pharmaceutical market

The USA is underlining its pioneering role in innovative therapies. As a result, pharmaceutical sales will increase by a total of 29 percent to around 562 billion US dollars by 2028.

Pharmaceutical companies plan to invest billions

Since US President Donald Trump took office on January 20, 2025, pharmaceutical companies in the USA have announced investments of over 180 billion US dollars (US\$). The American company Eli Lilly made the first announcement in February 2025, with plans to invest a total of US\$ 27 billion in the construction of four production lines. Three of the plants will be used to manufacture active pharmaceutical ingredients (APIs), while the fourth plant will focus on the production of injectable drugs.

The plants are to be commissioned within five years. These investments are in addition to the previously announced US\$ 23 billion mainly for the production of GLP-1-based weight loss drugs such as Mounjaro and Zepbound.

In March 2025, Johnson & Johnson followed with a massive investment announcement of US\$55 billion over the next four years. Four manufacturing facilities are planned, including a state-of-the-art biologics production facility in Wilson, North Carolina. Existing research and production sites are also to be expanded.

One big announcement follows the next

In April 2025, the Swiss pharmaceutical manufacturer Novartis presented comprehensive plans to strengthen its presence in the USA. Over the next five years, six new production facilities are to be built and three existing sites expanded. This includes two new production facilities for radiolabeled drugs for cancer therapy. The associated investment volume is estimated at a total of US\$ 23 billion.

Just a few days later, Roche, a second pharmaceutical manufacturer headquartered in Switzerland, caused a stir. Over the next five years, US\$ 50 billion has been earmarked for the expansion of the US sites. This includes research and development centers as well as production facilities in several states, including Indiana, Pennsylvania, Massachusetts and California. For example, a production facility for gene therapies is to be built in Pennsylvania, while glucose monitoring systems are to be produced in Indiana.

The wave did not lose momentum in May 2025 either. Gilead Sciences from California is increasing its planned investments up to 2030 by US\$ 11 billion. The funds will be used to build three new production sites and expand three existing ones. The additional US\$ 11 billion will be added to the previously budgeted US\$ 21 billion, bringing Gilead's US investments to a total of US\$ 32 billion by 2030.

AbbVie is another American pharmaceutical manufacturer that wants to increase its focus on the USA. The planned investments totaling US\$ 10 billion by 2035 include four new production sites, among other things to expand the production of APIs and peptides.

In view of the industry's sometimes gigantic investment plans, smaller projects such as those of Regeneron (US\$ 3 billion for the production of biologics in North Carolina) and Merck (US\$ 1 billion for the production of the cancer drug Keytruda in Delaware) seem almost modest.

US location to become even more attractive with additional incentives

However, if it was up to Donald Trump, these developments will only be the beginning. In addition to tariffs, the Trump administration wants to create further incentives for the relocation of production capacities. In May 2025, President Trump issued an executive order instructing the US Food and Drug Administration (FDA) to relax the regulatory requirements for the construction of pharmaceutical production facilities.

The tax reforms proposed by the Republicans in the US Congress could also create new investment incentives - for example by reducing the corporate tax rate to below 21 percent or by simplifying immediate depreciation.

Detailed information can be found in the GTAI series „[Branche kompakt Pharmaindustrie](#)“.

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Cosmetics Industry

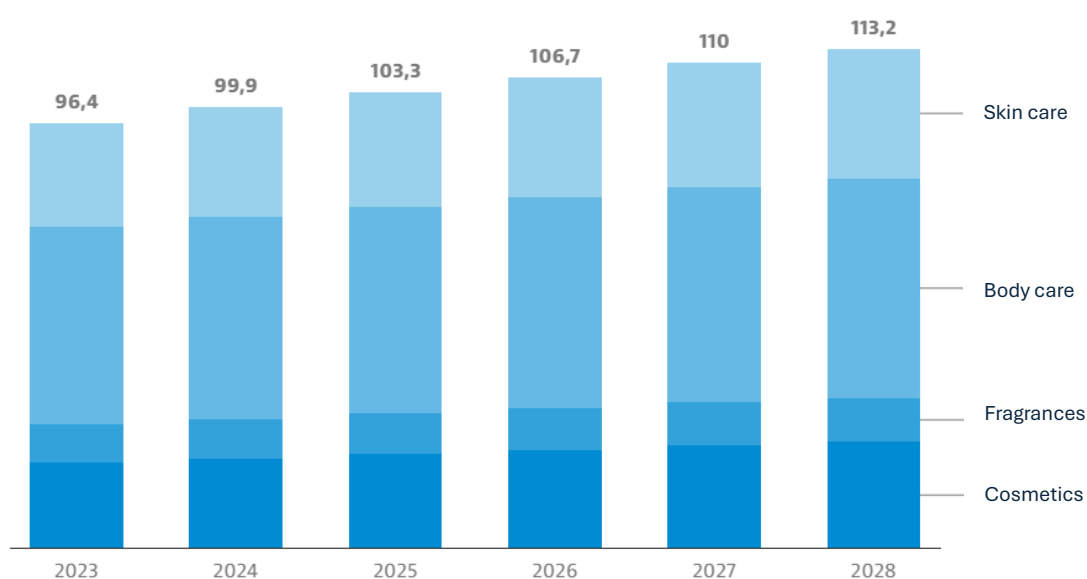
The beauty industry is proving to be economically robust in the USA. The enthusiasm of younger generations and consumer trends sparked by social media are driving growth.

The cosmetics and personal care industry in the USA is optimistic about the future. According to investment bank TD Cowen, industry sales are expected to increase by an average of 5 percent per year between 2025 and 2030. A positive outlook that is shared by leading cosmetics manufacturers. "We see the USA as a country full of opportunities," explained Nicolas Hieronimus, CEO of L'Oreal in February 2025 at the presentation of company figures. Ulta Beauty, the country's largest cosmetics retailer, is also aiming for stable growth of 4 to 6 percent in the coming years.

Despite the uncertain economic outlook, the cosmetics industry continues to rely on its resilience - and the so-called lipstick effect. In view of Donald Trump's unpredictable tariff policy, many observers expect inflation to rise again and consumer confidence has already come under noticeable pressure.

But cosmetics companies remain confident. Especially in economically uncertain times, people tend to spend more on beauty products. These provide an affordable touch of luxury and satisfy the desire for a reward. This phenomenon means that the cosmetics industry often emerges as a winner, even in times of crisis. This was most recently evident in the inflation years 2022 and 2023, when cosmetics sales boomed with increases of 12 percent and 11 percent respectively.

Sales in the beauty and personal care industry in the USA (in billions of US dollars)



Source: Statista Market Insights 2025

Above-average growth for premium products

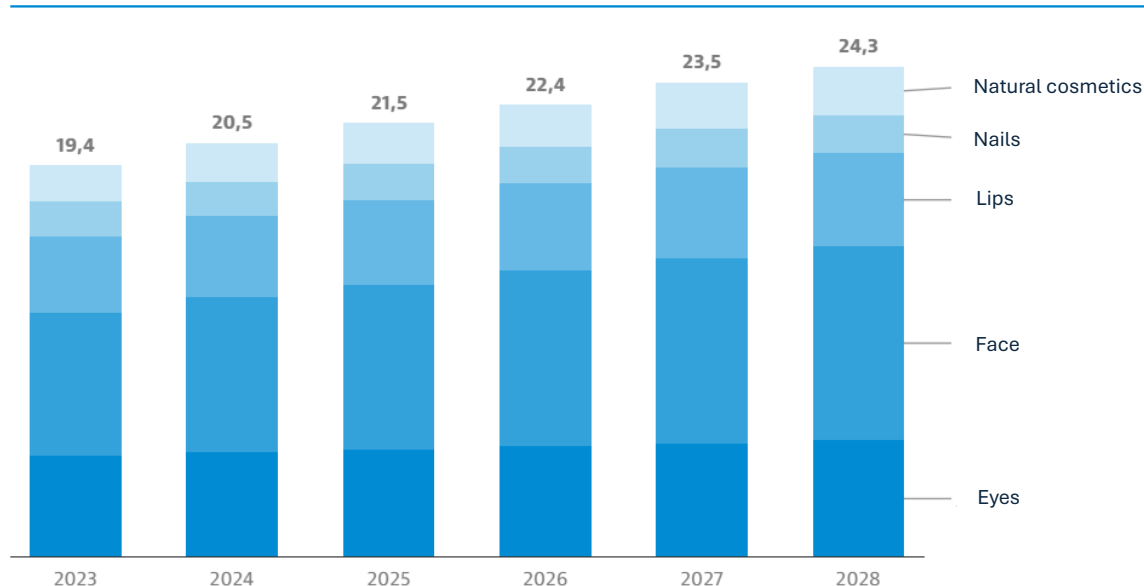
The outlook therefore remains good for high-quality items in particular. By 2024, the prestige beauty segment (make-up, perfume, skin and hair care) was already growing significantly faster at 7 percent than the mass market at just 3 percent. This development is likely to continue due to the trend towards "premiumization", as more expensive, high-quality products with a supposedly higher benefit gain market share.

The online retailer Amazon is making targeted use of this and is increasingly including premium brands for beauty products such as Clinique in its range. According to forecasts by TD Cowen, Amazon is likely to become the top-selling cosmetics retailer in the USA by 2030 and capture a market share of 15 percent (from 10 percent in 2024). Walmart is also increasingly selling higher-quality brands such as Pretty Smart and Curology via its online channels.

This increases the competitive pressure on specialist cosmetics retailers such as Sephora and Ulta Beauty. Sephora is responding by modernizing all its US stores to enhance the shopping experience. Sephora is also cooperating with the Kohl's department store chain to reach a broader customer base.

Ulta Beauty plans to open around 200 new stores by 2027 to expand its existing network of around 1,400 stores. The company has already opened almost 600 shop-in-shop spaces with the department store chain Target in order to offer more prestige products.

Sales in individual cosmetics segments (in billions of US dollars)



Source: Statista Market Insights 2025

Gen Z and Gen Alpha: Young generations as growth drivers

Younger generations in particular - especially Gen Z and Gen Alpha - are proving to be the growth drivers for beauty products in the USA. Industry experts are observing a clear trend: each generation that enters its teenage years shows an even stronger interest in cosmetics and wellness than the previous one.

The trend can be traced from the Millennials to Gen Z and Gen Alpha - the youngest generation to emerge as a buyer group in the last year or so. According to studies, spending on beauty products in households with Gen Alpha children is 13 percent higher than in households without this age group.

Social media such as TikTok and Instagram are an important influencing factor here. Beauty products are advertised up and down there. Gen Alpha is growing up with smartphones, so to speak, which brings them into early and intensive contact with beauty trends and influencer channels. Cosmetics manufacturer Coty, for example, operates its own studios in New York and Miami, where influencer videos are constantly being produced for platforms such as TikTok.

As TikTok is the most important social media platform for the industry, both in terms of online sales and as a trendsetter, a ban on the app in the USA would have a significant impact on many cosmetics manufacturers. TikTok currently has a deadline of June 19, 2025 to find an American buyer.

Social media sets new consumer trends

The extent to which social media trends are influencing the cosmetics industry can be seen in the perfume market. In 2024, perfume became the fastest-growing segment in the entire prestige beauty market with an increase of 12 percent. An important growth driver is Gen Z, which uses perfume more frequently and in more varied ways.

Older people usually stick to one clear favorite fragrance. Gen Z, on the other hand, has a whole range of fragrances that they apply depending on their mood or the occasion. According to Circana, TikTok influences the fragrance purchasing decisions of 66 percent of Gen Z.

The trend towards "clean beauty" products is also driven by social media. This involves consciously avoiding controversial chemicals such as parabens, phthalates, sulphates and synthetic fragrances. Gen Z in particular pays very close attention to ingredients before buying beauty and personal care products. According to Brandessence, the American clean beauty market is expected to reach a volume of around US\$ 18 billion by 2030, which corresponds to an annual growth rate of around 13 percent.

Social Media trägt auch maßgeblich dazu bei, dass sich junge Männer zunehmend als relevante Käufergruppe im Schönheitssegment etablieren – insbesondere im Bereich Parfüm und Hautpflege. Über Plattformen wie TikTok und Instagram kommen sie frühzeitig mit Produktempfehlungen in Kontakt. Laut einer Studie von Mintel nutzten im Jahr 2024 rund 68 Prozent der US-amerikanischen Männer im Alter von 18 bis 27 Jahren regelmäßig Gesichtspflegeprodukte – ein Anstieg von 42 Prozent im Vergleich zu 2022.

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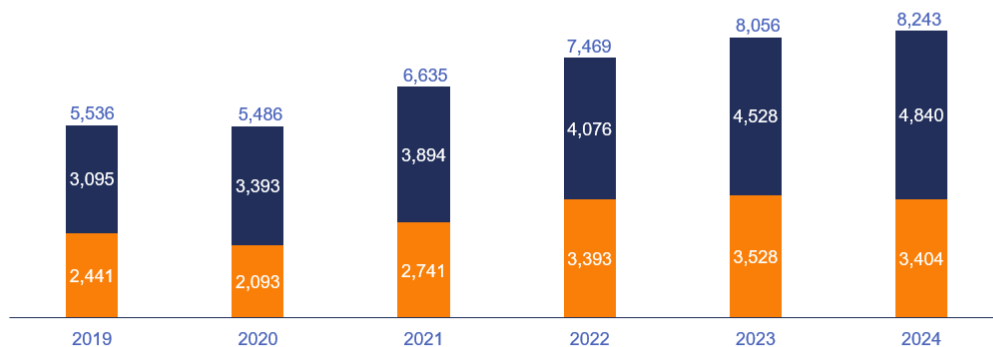
GLOBAL EXPORTS

Food Processing and Packaging Machinery to USA

In million euros

■ Food Processing Machinery ■ Packaging Machinery

2024/2023: +2.3 %



Source: National Statistical Offices, VDMA



Food Processing and Packaging Machinery

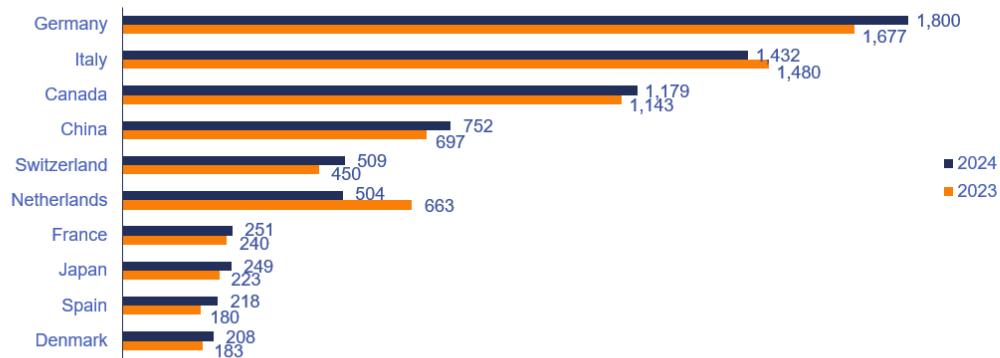
July 2025 2

GLOBAL EXPORTS

Food Processing and Packaging Machinery to USA
TOP 10 Supplier Countries

Export 2024: 8,243 million euros, +2.3 %

In million euros



Source: National Statistical Offices, VDMA



Food Processing and Packaging Machinery

July 2025 3

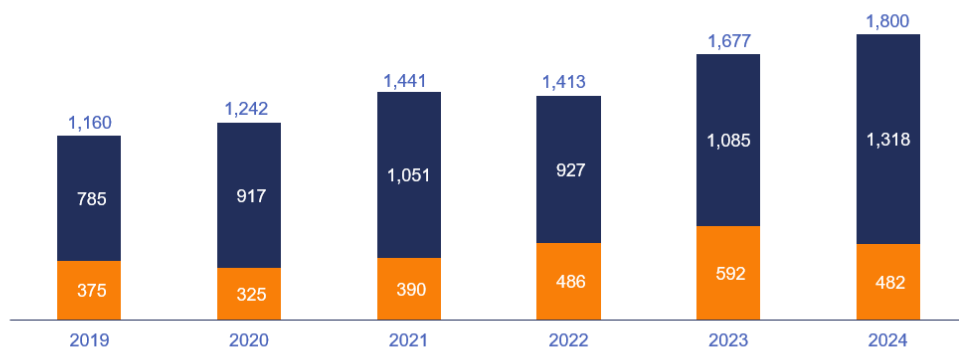
GERMAN EXPORTS

Food Processing and Packaging Machinery to USA

In million euros

■ Food Processing Machinery
 ■ Packaging Machinery

2024/2023: +7.4 %



Source: National Statistical Offices, VDMA



Food Processing and Packaging Machinery

July 2025 4

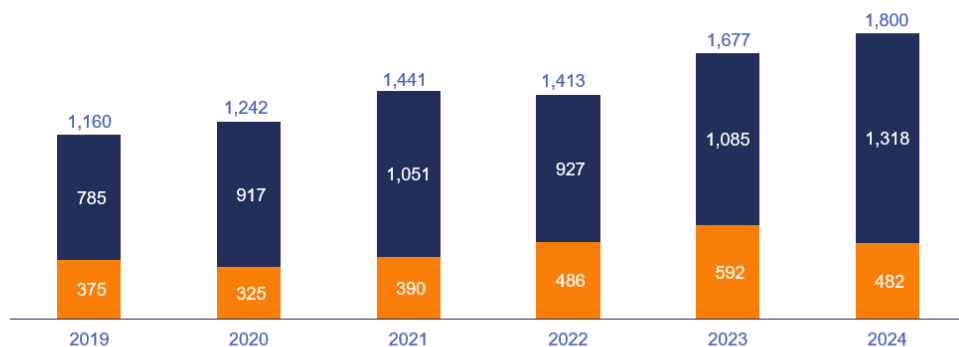
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Food Processing and Packaging Machinery

July 2025 4