

CPG QUARTERLY NEWSLETTER



Editor: Jesse Alterman
Operations & Insights

A WORD FROM OUR CEO



By Michael De Clercq
CPG CEO

As we are moving deeper into 2024, our plans for the year are being tested by market forces and current events.

While some of us have been blessed with the astral and social joy of witnessing the total eclipse of the sun, we have also been sobered by a logistic drama: the severing of the Francis Scott Key Bridge in Baltimore, an important supply chain artery for the US market. This brings to mind the vulnerability as well as the resilience of our systems and our economy.

During Q1 we noted that the economy of China has improved and that the PRC government continues its charm offensive to attract businesses to the China market. Big brands such as Apple, Tesla, and Nike remain bullish about the China market. This is important since geopolitics calls for a direct correlation between the value of the China market to Western companies and the perception of China as a valuable supplier. If no one wants to sell to China, eventually no one will want to buy from there either.

Interestingly, Vietnam, which was perceived as a solid alternative to China, has come under a cloud due to concerns about stability, high-level corruption, and fraud issues within its secretive communist government.

Inflation is turning out to be stickier than most anticipated and it now looks like it will continue into 2025. One proven way to reduce inflation, of course, is to eliminate [tariffs on China imports](#). But that is out of our control and unlikely to happen in an election year. What we can control is our costs and our supply chain: buying smart. A closer look at China sourcing will uncover low-cost opportunities for quality goods there.

Buyers have noticed and the Spring Canton Fair is expected to be much better attended this year. China is hoping to increase the momentum of its exports, making an especially big global splash in "green" technology such as solar panels, electric cars, and batteries. The RMB exchange rate is helping: it is reaching an all-time low above ¥7.2 to US\$1 and that level is expected to last for the balance of 2024.

We hope the first three months of your year went according to plan and we wish you an excellent Q2!

DID YOU KNOW?

The Canton Fair, also known as the China Import and Export Fair, has a rich history dating back to 1957. The first session of the Canton Fair was held on 25th April 1957, at the China-Soviet Friendship Building, Guangzhou.

We at CPG have been attending the Canton Fair since 1978 when it really started to open up to the West.



3 STEPS TO SUSTAINABLE SOURCING:

By Laura Dow
Business Director

In today's globalized business landscape, sourcing is critical in driving economic growth. However, consumer demand for sustainable products is reshaping sourcing practices, and businesses failing to meet environmental expectations risk losing market share.

While discussing sustainability is easy, implementation is hard. It requires adherence to international standards, in-person audits, and supply chain transparency.

Achieve sustainable sourcing with the following steps:

- 1) Know the International Standards: ASPCA, BSCI, ISO, RBA, SA8000, SEDEX, WCA, WRAP, etc.
- 2) Work with a trusted local team who can provide direct access to your suppliers, handle communication, implement audits, and assist with post-audit improvement processes.
- 3) Leverage tools and services that evaluate and improve suppliers' sustainability practices. These are particularly effective when combined with a local team.

3 WAYS TO FORTIFY YOUR GLOBAL SUPPLY CHAIN

By Chris Volz
Client Success Manager

The recent accident that caused the destruction of the Francis Scott Key Bridge reminded us that the global supply chain faces constant challenges. To best position your company, employ proactive management systems for your overseas supply chain that adhere to the following tenets:

1. **Prevention vs Cure:** Implement rigorous Quality Assurance procedures, agreed to by your suppliers before order placement, to ensure your goods conform.
2. **Know your suppliers:** Engagement with suppliers fosters trust, builds rapport, and ensures the best price, quality, and on-time delivery
3. **Have a backup plan:** Regular price benchmarking of products and logistics providers provides alternatives during unexpected disruptions

Do you have sufficient resources and knowledge to achieve these goals internally? If not, explore an in-country team to deliver the best chance for success.

UPCOMING CHINA TRADE SHOWS

- April 6-9: [Hong Kong International Lighting Fair](#)
- April 10-12: [Sino Folding Carton](#)
- April 11-14: [The China International Medical Equipment Fair \(CMEF\)](#)
- April 13-16: [Hong Kong Electronics Fair](#)
- April 15-19: [Canton Fair Phase 1](#)
- April 20-23: [Hong Kong Home InStyle](#)
- April 23-27: [Canton Fair Phase 2](#)
- April 27-30: [Hong Kong Gifts & Premium Fair](#)
- May 1-5: [Canton Fair Phase 3](#)
- May 23-26: [Prolight & Sound Guangzhou](#)
- June 5-7: [Intertextile Shenzhen Apparel Fabrics](#)
- June 20-23: [Hong Kong Jewellery Gem Fair](#)

5 THINGS IMPORTERS MUST KNOW ABOUT THE CANTON FAIR



1. **Pre-registration:** All overseas buyers who will attend onsite must pre-register in advance. To get an entry badge, you need to register an account at cantonfair.org.cn/en-US to get a free badge and a China visa invitation letter.
2. **China Entry Requirements:** You must have a valid passport and China visa unless you are eligible for a visa-free entry or visa-on-arrival.
3. **Hotel Reservation:** It is recommended that you book ahead of time.
4. **Prepare Business Cards:** Use two hands to give and receive cards and ensure the card faces up.
5. **Products Range on Exhibition:** Know the exhibition areas in advance so you're more efficient with your time. [Click here](#) for a map of the exhibition areas.

SEA FREIGHT ANALYSIS FOR Q1 2024

By Christina Zhao
Sourcing Team Leader

- **Jan 2024:** Due to conflict in the Red Sea by the end of 2023, sea freight skyrocketed. The European line, for example, was three times the price in January 2024 than it was at the beginning of December 2023.
- **Feb 2024:** Starting from late Feb 2024, shipping rates started to fall due to insufficient capacity close to the Chinese New Year.
- **Mar 2024:** Both American and European freight rates continued to fall, but they are still more than twice the price of last year's rates.

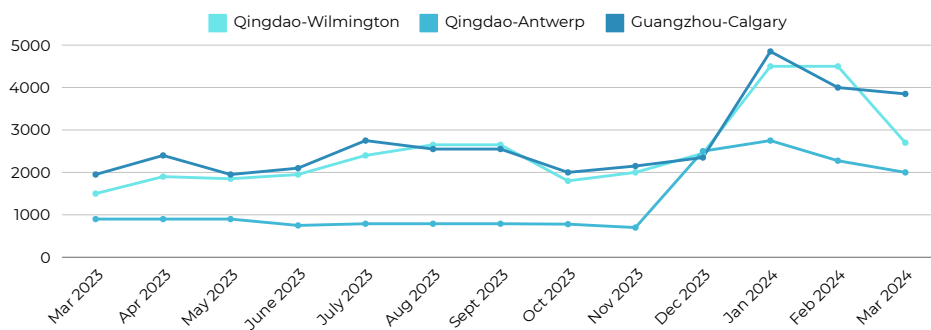
Forwarders expect:

- **American line:**

The rate will increase by about \$1,000 to \$2,000 due to the shortage of vessels. It's off-season, and the market demand is not big. Carriers have decided to downsize the spaces and decrease the vessel numbers.

- **European line:**

The rate of European line will be up due to the slow return of vessels. The increase is currently expected to be about \$300.



EMPLOYEE SPOTLIGHT: MIA CHAI

Position:

Sourcing Assistant

How long have you been at CPG?

1 year

Fun Fact: I am 30 years old now. I began to like to grow some flowers and plants, even vegetables. Before that, I thought it was a hobby for the middle-aged and the elderly.

What do you love most about your job?

I like to get the lowest quote from the supplier in a comfortable way during the communication process. I like to fight for our clients' profit.

What are some notable achievements during your time at CPG?

Save costs for customers. My highest record is that during the Spring Festival in 2024, 14 containers saved a total of more than \$10,000.

