

CPG QUARTERLY NEWSLETTER



Editor: Jesse Alterman
Operations & Insights

THE RETURN TO CHINA: 4 TIPS BUSINESS TRAVELERS MUST CONSIDER



By Laura Dow
Business Director

China has reopened its borders and the allure of a business trip beckons. For procurement leaders, venturing to China offers unique advantages: cultural immersion, face-to-face meetings, attending expos, and connecting with your China sourcing team. However, it's essential to weigh these benefits against the potential downsides of a trip, including:

1. China is far away. Beijing is 7k miles from New York, you will spend about 50 hours just going there and coming back.
2. Trips are expensive: If you can find a round trip, non-stop business class flight between the US and China, it will cost at least \$15,000.
3. Your time is precious, China trips are absorbing. Preparations and follow-up of a good China trip takes time. Rule of thumb: A China trip of 3 working days will cost you 9: 3 to prepare, 3 for the trip, and 3 for follow up.
4. Good on-site support will make all the difference.

A WORD FROM OUR CEO

By Michael De Clercq
CPG CEO



Q3 2023 witnessed interesting changes in the geopolitics of China sourcing. China's economy developed slower than expected during Q3. Real estate challenges and demographics suggest that the country may be entering a period of slow growth. But despite doomsday warnings about China lately, its economy remains massive and lively and is likely to keep growing, albeit at a slower pace.

China's reduced Producer Price Index (PPI) was down 3% yoy in August, after a drop of 4.4% in July. By mid-September, USD cost 7.27 RMB, which means it keeps getting cheaper against the dollar. China's exports to the USA continue to decline while at the same time, it is becoming a "car-exporting juggernaut" ([The Economist](#)). Travel to China is getting a little easier: By the end of August, Covid tests were no longer required. But travel is long (More than 20 hours from JFK to PEK) and expensive. Business travel to China is way down.

So, how does all that affect you? Some hidden opportunities:

- Chinese suppliers are hurting. Instead of having too many clients, they have spare production capacity. These manufacturers are very receptive to meeting new buyers and going above and beyond for them.
- The Canton Fair will open in mid-October, and traffic is likely to be slow. The hoped-for Westerners will be much fewer than buyers from Africa and SE Asia.
- Be a contrarian: Since so few people travel to China, maybe now is a good time for you to go. You will get a lot of attention from suppliers -- they will compete hard for your business. This will deliver lower pricing, stronger relationships, and better conditions, such as lower volume MOQ and better payment terms.

We wish you all the best for Q4!

CASE STUDY:
HOW A CHEMICAL MANUFACTURING
COMPANY LEVERAGED CPG AND SAVED
\$700K ANNUALLY



FORTIFY YOUR CHINA SUPPLY CHAIN

By Chris Volz
Client Success Manager

For various reasons, many US companies have recently found themselves having to reduce staff and expenses in their China offices. These difficult decisions can compromise integral functions in your China supply chain.

To ensure continuity and mitigate the sourcing performance risk, many corporations have sought alternative solutions from service providers, at a fraction of the cost. Some of these solutions can improve on previous arrangements by providing qualified USA-based support for real-time communication as well as a presence in China to collaborate with suppliers.

Is your business faced with streamlining its China operations? Identify your essential functions and find the right partner to keep your China Supply Chain robust.

DID YOU KNOW?

The mortar used to bind the Great Wall's stones were made with sticky rice!



Q4 CHINA TRADE SHOWS

- **Oct 15:** Autumn Canton Fair Opens
 - Phase 1: October 15-19
 - Phase 2: October 23-27
 - Phase 3: October 31-November 4
- **Oct 21-24:** China Yiwu International Commodities (Standards) Fair
- **Nov 5-10:** China International Import Expo

USD TO RMB: HOW A DEPRECIATING RMB CAN BENEFIT IMPORTERS

- **Cost Savings:** can lead to more affordable products and an increased profit margin.
- **Competitive Advantage:** Possibility to gain an advantage over competitors that do not source from China and capture a larger market share.
- **Negotiation Leverage:** Opportunity for importers to negotiate better terms, lower prices, and improved payment terms.

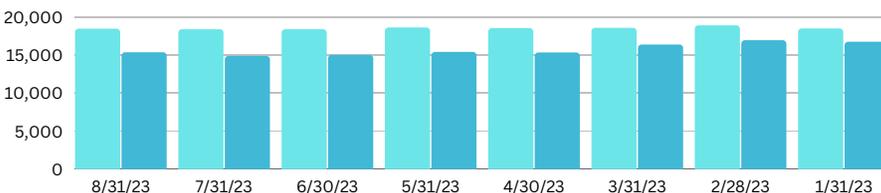
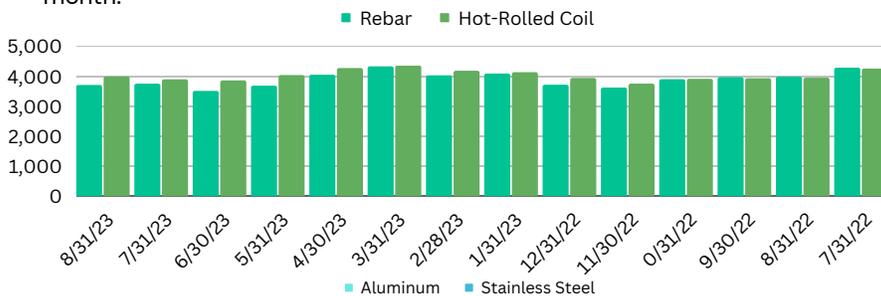
Source: Exchange Rates



MARKET TRENDS: REBAR & HOT-ROLLED COIL

By Lisa Zhang
Sourcing Team Leader

- **Rebar:** Prices are anticipated to increase in the coming six months.
- **Hot-rolled coil:** Prices fell for three consecutive months starting in April but rebounded in July. They are expected to remain relatively stable over the next six months.
- **Aluminum:** Prices fluctuated slightly during the first eight months of the year. A declining trend is foreseen in the next six months, albeit with higher projected prices compared to last month's estimate.
- **Stainless steel:** Prices are expected to remain stable over the next six months, but forecasted prices for the next six months are higher in comparison to last month.



EMPLOYEE SPOTLIGHT: HELEN LI

Position:

Sourcing Team Leader

How long have you been at CPG?

More than 5 years

Fun Fact:

I love riding a scooter! I enjoy the feeling of speed when in a traffic jam!

What do you love most about your job?

I get to provide support and add value to our clients. We become partners.

What are some notable achievements during your time at CPG:

I've helped fulfill clients' vision from concept to physical product.

