

# CPG QUARTERLY NEWSLETTER



Editor: Jesse Alterman  
Operations & Insights



## A WORD FROM OUR CEO

By Michael De Clercq  
CPG CEO

Halfway through 2024, we note the following main trends: Travel, Freight, Pricing, and Geopolitics.

Travel to China continues to increase. The Canton Fair was reported to have attracted 246,000 overseas buyers, which is a record. American and European buyers, however, were still not back in full force. Freight costs remain high, especially for European destinations. Factory gate pricing remains low with China's economy still flirting with deflation. Geopolitical trends worry buyers and will likely continue to do so. Europe is hardening its position against China: it has decided to levy tariffs on electric cars, one of China's biggest exports.

In this issue, Laura addresses an interesting conundrum: how to officially leave China but still remain actively engaged. Chris focuses on crisis prevention, which often has to do with quality issues. His point is clear: with a good system, you can avoid supply chain crises entirely.

One trend deserves our attention: the "de minimis" law. I had mentioned this tariff loophole in the past and a [recent article by The Economist](#) shines more light on it. \$66bn worth of goods are entering the USA duty-free thanks to this. A huge increase. This is great for America's poorest consumers, but, strangely, it is mostly Chinese companies like Shein that benefit from it. Better control of the China side of the supply chain would enable more US importers to benefit as well.

The second half of the year is when shipments come in for the Christmas season. Beware of air freight costs this year: they are likely to go up because of the above. Plan in advance and ship as much as possible by sea.

Exciting news! CPG will attend [ASD Market Week in August](#) and interact in person with hundreds of importers. We hope to see many of you there.

We wish you an excellent and profitable Q3!



## GETTING OUT OF CHINA? HAVE YOUR CAKE & EAT IT TOO

By Laura Dow  
Business Director

In the early 1980s, China's vast workforce, low costs, and heavy investment in infrastructure made it attractive for foreign companies, which started opening offices throughout the country.

Today, China is still an unbeatable source for most products, helped by the [deflationary trend](#) and weakening RMB. But, geopolitics is making long-term China sourcing prospects unclear, and many businesses think they should "get out of China." At the same time, these companies still want to secure a China advantage.

Luckily, CPG can assist. For years, we've been helping our clients reduce their China exposure while maintaining their China edge. Physically extricating from China is a complicated process with many moving parts, the transition to CPG has always proven to be a more cost-effective and efficient solution for our clients.

## DID YOU KNOW?

### Mid-Autumn Festival Dates Change Every Year

Mid-Autumn Festival always falls on the 15th day of the 8th lunar month when the moon is the roundest and brightest in the year. Usually, the Mid-Autumn Festival dates are distributed between early September and early October on the Gregorian calendar. In 2024, the Moon Festival falls on September 17, Tuesday.



# RECOGNIZING SAVINGS IN CHINA THROUGH QA

By Chris Volz

Client Success Manager

Despite major supply chain disruptions in recent years, China remains the number one marketplace for US importers by a wide margin. To get real cost savings by sourcing overseas, it is critical to have a rigorous quality assurance (QA) program in place to avoid a bad shipment, which could cost thousands of dollars.

A robust QA program should include the following:

- Excellent communication with your supplier network
- Factory audit – A full examination of the supplier's facility and resources
- Product Specification Sheet (PSS) – A detailed list of your product's requirements
- Inspection Specification Sheet (ISS) – A list of the steps required to ensure proper inspection during and after the manufacturing process
- Pre-shipment inspections

These steps can be challenging but they are essential. With CPG, you tick all the boxes and avoid any supply chain crises. You remove the anxiety associated with each overseas shipment.

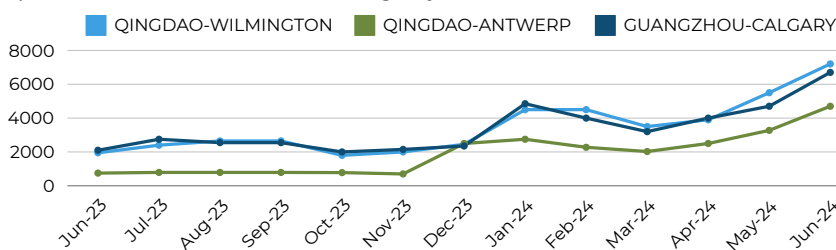
# SEA FREIGHT ANALYSIS FOR Q3 2024

By Mia Chai

Sourcing Specialist

**American line:** Due to vessels' need to circumnavigate the Cape of Good Hope and the increasingly congested main port, the United States East terminal labor negotiations were suspended in June. The third quarter is the peak export season, meaning importers should expect US ocean freight rates to continue rising.

**European line:** Whether the freight rate can continue to grow in Q3 depends on the actual export booking situation. At the beginning of July, CMA added a new European route, with seven ships of 7,000 TEU or more. In addition, three alliances will add a combined capacity of approximately 18,000 TEUs per week. The sea freight rate in the third quarter will remain stable or slightly lower than in June.



# UPCOMING CHINA TRADE SHOWS

- July 13-15: The 25th China International Electric Motor Expo And Forum
- July 17-19: The 8th Guangzhou International Medical Device Design And Manufacture Technology Exhibition
- July 26-28: 2024 Guangzhou International Gift Fair
- August 23-25: 2024 Zhejiang Printing and Packaging Industry Exhibition
- August 27-28: 2024 CHIC
- September 11-14: The 54nd China (Shanghai) International Furniture Expo

# EMPLOYEE SPOTLIGHT: AURORA ZHAI

**Position:**

Sourcing Specialist

**How long have you been at CPG?**

3 years

**What do you love most about your job?**

We support clients by connecting them with reliable, right-size suppliers, facilitating communication and helping to build a professional, close, transparent and long-lasting relationship.

**What are some notable achievements during your time at CPG?**

Assisting clients to develop new products, from the client concept to identifying a suitable manufacturer to make samples, to gearing up production of bulk orders. When the client is satisfied with our work, when CPG adds real value to them, my work is very fulfilling.

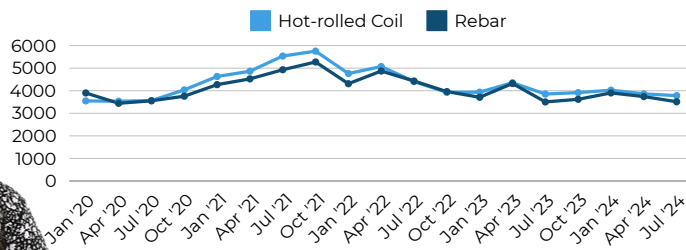


# REBAR & HOT-ROLLED COIL COST TRENDS

We use rebar and hot-rolled coil to evaluate pricing trends for steel products in general

**Rebar:** Rebar is a commonly used steel in construction. The price fluctuation of rebar is significant to the macroeconomy, the construction industry, and related industries. Since 2024, steel prices have continued to fall. The current lowest price of rebar 2024 is 3,368 RMB/ton (\$463.26 USD). The trend of steel prices is still not optimistic.

**Hot-rolled Coil:** Hot-rolled coil is used in machinery, building steel structures, etc. Weather affects the industry, and its performance has strong seasonal characteristics. In 2024, the prices rose in the peak seasons of March-April, August, and December. During the low seasons of June and October, the prices fell. However, costs may also be affected by supply and demand and market mentality, which could lead to the opposite of the rule in individual months.



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AUGUST 4-7, 2024  
LAS VEGAS CONVENTION CENTER

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