

CPG QUARTERLY NEWSLETTER



Editor: Jesse Alterman
Operations & Insights

A WORD FROM OUR CEO

By Michael De Clercq
CPG CEO



Here we are in 2025, a quarter into the century. It's shaping up to be an intriguing year, with many companies anticipating strong growth.

But what about tariffs, you say? The Trump administration just announced it was going ahead with tariffs on Mexico, Canada, and China. We know that tariffs do not benefit the US economy despite superficial appearances. They are disruptive and cause inflation. Countries are negotiating, costs are rising, uncertainty beckons, and most importers are trying to figure out how to maneuver under these circumstances.

Each moment is unique, and therefore, the next one is unpredictable. This was equally true during Henri Bergson's time, before the First World War, as it is today. The future is inherently unforeseeable. As Laura points out, tariffs affect everybody, including your competitors. Disruption will be a fact of life in 2025. Just remember that this tends to be a source of opportunities for those who are ready. The best we can do is to stick to fundamentals, concentrate on the product, and remain agile in the market.

Strangely, China remains very competitive and continues to surprise us. Take two major trends for reference: Artificial Intelligence (AI) and macroeconomics. China has delivered new and unexpected developments in AI at much lower costs to deliver similar results. We know this will affect a broad range of products in the supply chain. As for macroeconomics, as Chris points out, the RMB continues to depreciate, which lowers the costs of China-based supplies. Not only that, China's exports increased by more than 10% in Q4 2024, partially because China has developed a big competitive lead in electrical products ranging from electric vehicles to batteries and photovoltaic cells.

On the other hand, global freight remains a concern with geopolitical and environmental problems at both the Suez and the Panama Canal.

Most importantly, the U.S. economy is robust. It is fueled, as usual, by healthy consumer spending, and this is expected to continue—unless inflation comes back to bite us.

It is the Year of the Snake—a year that astrologists predict will bring significant change, renewal, intellectual growth, and rejuvenation. Sounds good to me, and I hope that 2025 will create opportunities for you.

DID YOU KNOW?

2025 is the Year of the Snake. People born in the Year of the Snake are often seen as wise, enigmatic, and analytical. The year of the Snake recurs every 12 years, with each year associated with one of the five elements (Wood, Fire, Earth, Metal, and Water). 2025 is the year of the Wood Snake. Abraham Lincoln, Audrey Hepburn, and J.K. Rowling were all born in the Year of the Snake.



WORRIED ABOUT TRUMP TARIFFS? SO ARE YOUR COMPETITORS

By Laura Dow
Business Director

With potential 60% tariffs on Chinese imports, US businesses are bracing for supply chain disruptions.

Tariff Misconceptions:

- Tariffs are temporary: They often persist for years.
- Sourcing outside China avoids tariffs: Geopolitics are unpredictable—new regions come with challenges.
- Domestic manufacturing fills the gap: Tariffs raise costs & divert resources from US strengths (tech & services).
- Southeast Asia can replace China: Diversification is wise but brings risks: limited infrastructure, higher costs, & political instability.

How to Outsmart Competitors:

- Negotiate Better Costs: Leverage China's deflationary trends to renegotiate terms.
- Diversify Without Compromising: Maintain China ties while exploring alternatives.
- Build Resilience: Use inventory buffers, contingency plans, & dual production to reduce risks.

Don't abandon China—adapt, innovate, & thrive.

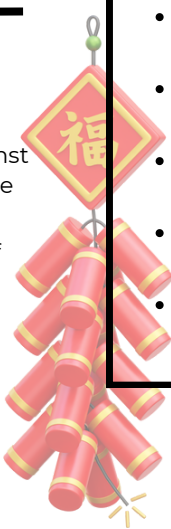
RMB DEPRECIATION PRESENTS AN OPPORTUNITY FOR IMPORTERS

By Chris Volz
Client Success Manager

Even as China's Central Bank emphasizes its focus on stabilizing the exchange rate for the Yuan, the dollar is expected to remain strong against its Chinese counterpart with the new Trump administration. Consider the following:

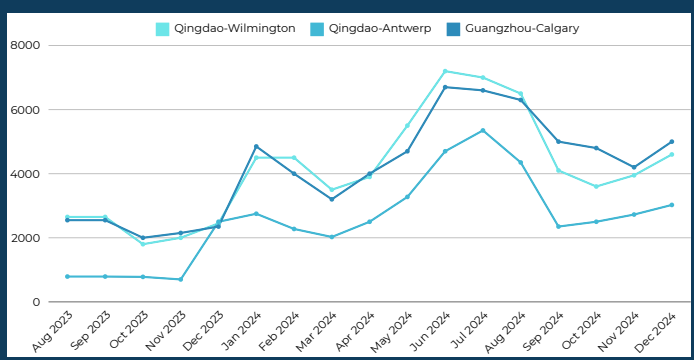
- Analysts project an exchange rate as high as (7.6/ USD) by the end of 2025
- The RMB was already at its weakest point (7.33/USD) in 5 years as of January 11, 2025

While potential tariff increases are uncertain, they are also not expected to increase immediately after Trump's inauguration. Keen importers will be wise to maximize this advantage and optimize first costs in the first half of 2025.



UPCOMING CHINA TRADE SHOWS

- March 1-4: The 33th East China Fair 2025 SHANGHAI
- March 6-9: China Home Furnishing Expo 2025
- March 4-8: Hong Kong International Jewellery Show
- March 11-13: Intertextile SHANGHAI apparel fabrics
- March 18-20: China Cross-Border E-commerce Trade Fair



SEA FREIGHT TREND

- European Route: Freight rates may remain high or increase if cargo volumes are stable, supply remains unchanged, long-term contracts are smooth, and port efficiency sees no major improvement. However, competition or global economic changes could cause fluctuations.
- US East Coast Route: Freight rates may stabilize or slightly increase with strong ship loading rates and pre-Spring Festival shipment surges. However, factors like the U.S. economic environment, trade policies, and market competition introduce uncertainty.

REBAR & HOT-ROLLED COIL TRENDS

By Yolo Huang
Sourcing Associate

Rebar:
In Q4 2024, rebar demand declined due to reduced construction activity, despite government infrastructure investments supporting large projects. Environmental production restrictions limited supply, stabilizing prices between 3,264–3,309 RMB/ton. Looking to Q1 2025, slight price increases are possible, driven by infrastructure demand and macroeconomic policies. However, high inventory levels and environmental policies may cap growth, with market volatility and uncertainty remaining high.

Hot-Rolled Coil:
Q4 2024 saw weaker demand for hot-rolled coils due to slowdowns in construction and automotive sectors, partially offset by infrastructure investments. Supply constraints from environmental restrictions supported prices, which ranged between 3,399–3,454 RMB/ton. In Q1 2025, slight price rises are expected, but high inventories and global economic uncertainty could limit growth. Demand is predicted to stay stable, with minor fluctuations.



EMPLOYEE SPOTLIGHT: JANE XIONG

Position:
Sourcing Assistant

How long have you been at CPG?
I joined CPG in July 2024.

What do you do in your role?
I improve communication between clients and Chinese vendors, process RFQs, provide quotes, and provide reviews on suppliers' communications and cooperation levels for clients. I also place orders with suppliers, monitor and manage client orders, and assist vendors in checking sea freight and shipping arrangements.

What do you love most about your job?
I am organized and thoughtful, enabling me to provide customers with accurate and clear information.

What are some notable achievements during your time at CPG?
During the past six months, I have assisted suppliers and helped clients manage their sea freight options. More than 40 containers have already been shipped.

Fun Fact
I like traveling with family or friends.

