

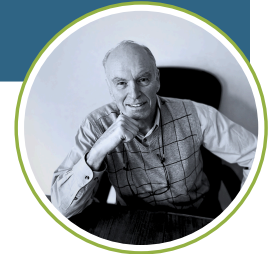


CPG QUARTERLY NEWSLETTER

Editor: Jesse Alterman
Operations & Insights

A WORD FROM OUR CEO

By Michael De Clercq
CPG CEO



What a roller coaster! We just learned that Trump has agreed to cut China tariffs by 115%, reducing them (presumably) to around 30%—but only for 90 days.

This is a welcome break for U.S. importers who've been hit hard. One client, for example, ordered \$1 million worth of goods under the old rates. While the shipment was en route, tariffs suddenly jumped to 145%, leaving them on the hook for an extra \$1 million just to clear customs—forcing them to sell at a loss. These kinds of shocks can bankrupt small businesses.

The tariff pause could also help save Christmas, since 80% of toys come from China. April and May are key production months, but many orders were frozen. Rebuilding momentum won't be easy: factories furloughed staff or shut down, and buyers are now scrambling to restart production or switch to expensive airfreight.

At the American Supply Chain Summit in Dallas on May 1–2, CPG found that the big themes were AI and cutting supply chain costs—some vendors claimed savings of 2% to 7%. Seasoned buyers remained confident the tariffs couldn't last—too much damage to the U.S. economy. Still, optimism was dampened by tariff concerns. Attendees focused heavily on how to reduce tariff exposure, including using bonded warehouses despite rising costs.

Warren Buffett recently said, "Trade should not be a weapon. The United States should be looking to trade with the rest of the world. We should do what we do best, and they should do what they do best." He's right: free trade and competition have been good for the U.S. While we hope for better policies, we must be pragmatic and face the current reality.

As Laura noted, the silver lining of this disruption is that companies are now re-examining their supply chain vulnerabilities. Many will emerge more resilient and competitive. Wishing you that and more for the next 3 months.

DID YOU KNOW?

The first known tariff dates back to 3000 BCE in ancient Mesopotamia. In the U.S., the Tariff Act of 1789 was passed just weeks after Washington took office — not to protect industries, but to fund the government (there was no income tax yet).

By contrast, the 1930 Smoot-Hawley tariffs, enacted during the Depression, did not work as planned, and in 2024, tariffs make up less than 2% of federal revenue.— a far cry from its foundational role.



ELEVATING SUPPLY CHAIN STRATEGY AMID TRADE DISRUPTIONS

By Laura Dow
Business Director

Are there any positive effects from recent global trade disruptions?

Surprisingly, yes. Challenges lead to changes, and the recent tariff policies are no exception. Suddenly, business leadership has shifted its views: supply chain management is no longer a routine taken for granted but a strategic focus to be carefully analyzed.

The impact of unpredictable tariffs ranges from market share shifts to existential threats. Companies must find ways to make their supply chains resilient amidst uncertainty. And planning during unpredictable times requires expertise, agility, and creativity.

Robust solutions demand careful, objective analysis of the known (e.g., component and assembly costs, transport, bonded warehouses) and the unknown (e.g., future tariffs on various products in different countries). It requires not just Plan B but also Plans C, D, E, and F.

To achieve this, management must evaluate supply chain alternatives and estimate the risk/reward ratio to diversify. This new, in-depth approach requires effort and expertise—but it reduces risks and opens the door to significant competitive advantage.

ADAPTING TO THE NEW NORMAL OF TARIFF UNCERTAINTY

By Chris Volz
Client Success Manager

If the current administration has taught us anything about supply chain it is to expect disruptions.

While strategizing the future of your supply chain, you must also mitigate your current supply chain. Are you using all the tools at your disposal?

- **De Minimis rule** — Can you still use this to your advantage?
- **Off-shoring** — Can you utilize different country ports and manufacturers to mitigate tariffs with merchandise from your current supplier?
- **In-Bond** — Can you take advantage of bonded warehouses on and off-shore? Can you ship in-bond?

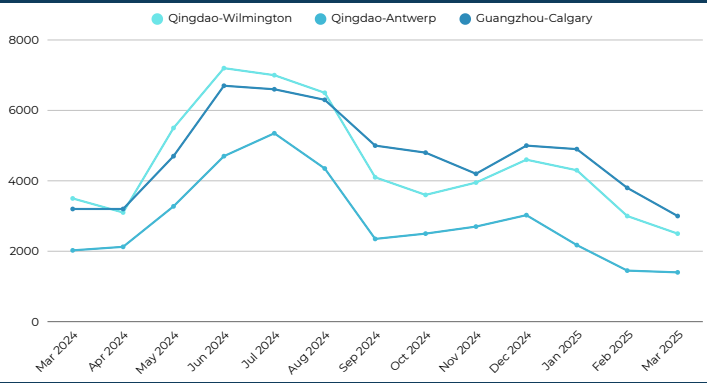
These are just a few of the solutions we are working on for our clients. Find out what the best solution is for you.

UPCOMING CHINA TRADE SHOWS

- June 11-13: [The Intertextile Shenzhen Apparel Fabrics](#)
- June 19-22: [Hong Kong Jewellery Gem Fair](#)

CPG IN THE MEDIA

- MSN: [Mark Cuban Has Some Blunt Words on the Real Impact of Tariffs](#)
- Star Carrier Magazine: [Spotlight on CPG's Role in Global Sourcing & Trade](#)
- Inbound Logistics: [The Tariff Tangle: How New Trade Barriers Are Reshaping Global Business](#)



SEA FREIGHT TREND

US East Coast Route: Some carriers have suspended voyages to reduce capacity. With the Q2 peak season overlapping with tariff-related rush shipments, freight rates may rise. Post-June, improved supply-demand balance is expected to ease overcapacity and support steady rate increases. However, shifting trade policies continue to add uncertainty to the global shipping outlook.

European Route: While some carriers plan to raise rates in April, ample shipping capacity and sluggish demand in Europe may hinder increases—potentially benefiting importers in the short term.

REBAR & HOT-ROLLED COIL TRENDS

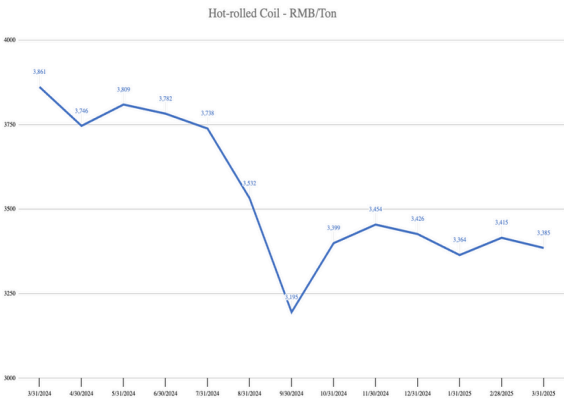
By Jane Xiong
Sourcing Associate

- **Rebar:**
Rebar prices in China declined in March, driven primarily by weak demand in the housing construction sector. Additionally, the release of a new policy targeting low-price tax evasion in steel exports contributed to a build-up of rebar inventories, further exacerbating the oversupply and weakening demand.

Market Outlook: Prices are expected to remain volatile, with future trends heavily dependent on the implementation and impact of government policies.

- **Hot-Rolled Coil:**
Since early 2025, the hot-rolled coil market has experienced significant fluctuations.

In March, prices continued their overall downward trend, extending a period of sustained decline. As of April, the market shows no clear signs of recovery and remains relatively sluggish.



EMPLOYEE SPOTLIGHT: PENNY WANG

Position:
Sourcing Specialist

How long have you been at CPG?
One year

What do you do in your role?
I am in charge of executing clients' procurement projects in China.

What do you love most about your job?
According to the market situation and customer needs, find satisfactory suppliers for customers and promote deeper cooperation.

What are some notable achievements during your time at CPG?

- 1.Support customer projects and deliver accurate quotes by effectively coordinating with suppliers.
- 2.Maintain high product quality with rigorous inspections to meet standards and reduce costs from defects.

