

CPG QUARTERLY NEWSLETTER



Editor: Jesse Alterman
Operations & Insights

A WORD FROM OUR CEO

By Michael De Clercq
CPG CEO

This time of year naturally invites reflection. What did 2025 actually teach us? What carried real impact? And most importantly — how should importers position themselves for 2026?

The answers vary by company, sector, and scale, but several patterns have become unmistakably clear.

2025 was marked by disruption, uncertainty, and persistent geopolitical tension. Many companies felt strong pressure to diversify supply chains and reduce reliance on China. Yet when strategy met operational reality, China again proved difficult to replace. Alternatives such as Vietnam and India offer promise, but capacity limits, quality variability, infrastructure gaps, and hidden operational costs often offset perceived advantages. The lowest quote rarely translated into the lowest total cost.

At the same time, ESG compliance moved from reporting obligation to operational requirement. Speed to market became critical, and supply-chain agility shifted from tactical advantage to strategic necessity. Technology adoption accelerated — visibility platforms, digital quality reporting, AI-assisted forecasting — but execution remained the real differentiator. Cash discipline, inventory control, and working-capital management also returned to center stage.

Companies that navigated 2025 most successfully shared one common strength: relationship capital. Long-standing supplier partnerships in China, experienced local teams, trusted intermediaries, and deep cultural understanding provided resilience when markets became volatile. The lesson is not that China is simple — far from it — but that informed engagement consistently outperforms reactive diversification.

Looking toward 2026, geopolitical tension will persist, but increasingly in predictable, structural ways. Strategic competition between the U.S. and China will continue, yet full economic decoupling remains unlikely. China will stay the primary manufacturing base for most importers, complemented by selective “China+1” strategies rather than wholesale relocation.

Cost pressures should stabilize. Freight volatility has moderated, labor costs are elevated but more predictable, energy prices remain variable yet manageable, and currency fluctuations require monitoring rather than alarm.

Compliance, however, is becoming a clear competitive differentiator. ESG traceability, labor-standard verification, and environmental transparency are increasingly prerequisites for premium markets and stable supply chains. Early investment here will pay dividends.

China sourcing is not declining — it is maturing. Importers who treat China as a strategic partner, investing in knowledge, relationships, and disciplined execution, will continue to outperform those reacting primarily to geopolitical noise.

The conclusion remains straightforward: in a complex global sourcing environment, experienced guidance matters. Knowledge, trusted relationships, and consistent execution remain the true sources of competitive advantage.

DID YOU KNOW?

The Lunar New Year ushers in the Year of the Fire Horse for the first time since 1966, symbolizing courage, decisive action, and breakthrough energy after the slower, strategic Wood Snake year.



AN ADVANCED GUIDE TO CHINA SOURCING AND PROCUREMENT

By Laura Dow
Business Director

CPG is pleased to announce the upcoming release of our book, *An Advanced Guide to China Sourcing and Procurement*, written by the CPG leadership team. Drawing on decades of hands-on experience, the book is designed for companies sourcing directly from Chinese manufacturers who must balance cost, quality, compliance, and risk.

Written as a practical handbook, the guide covers five core pillars of successful China sourcing: managing on-site sourcing operations; verified sustainability and ESG compliance; quality assurance systems; contract structure and negotiation; and communication discipline. Each chapter emphasizes execution over theory and reflects real challenges we see daily in active supply chains.

If you're navigating China sourcing in 2026 and beyond, this guide is built for you. Follow updates on our website for release and purchasing details!

TARIFF THREATS AS A TRADE STRATEGY

By Jesse Alterman
Operations & Insights

Tariff threats are no longer rare policy shocks. They are increasingly used as negotiation tools. The recent Greenland-related tariff episode is a clear example: proposed levies created market and sourcing uncertainty even though they were quickly walked back.

For importers, the lesson is straightforward: risk begins at the announcement stage, not enforcement. Supplier pricing, freight markets, currency movement, and negotiating leverage can all shift before a single duty is collected.

Companies that only react to confirmed tariffs often absorb avoidable costs. More resilient importers build flexibility into their sourcing strategies through scenario modeling, diversified supplier footprints, tariff clauses in contracts, and adaptable shipping terms. Trade volatility is now a baseline operating condition, not an exception. This case highlights what signals matter, what mistakes to avoid, and how to prepare.

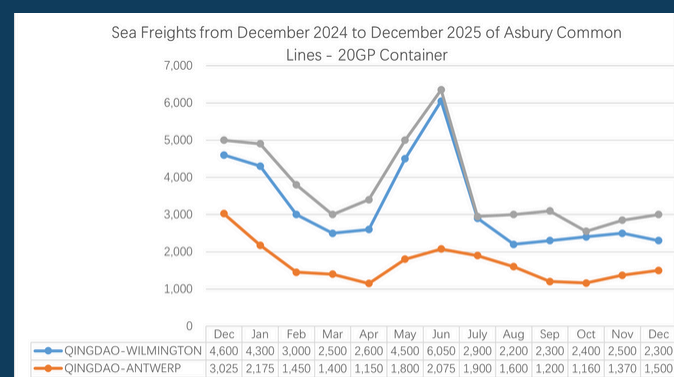
[Read the full blog for practical strategy guidance and sourcing risk controls.](#) [Watch it here!](#)

UPCOMING CHINA TRADE SHOWS

- March 1-4: [The 34th East China Fair \(ECF\)](#).
- March 24-26: [The 39th China International Hardware Fair \(CIHF\)](#).
- March 18-21 and 28-31: [The 57th China International Furniture Fair \(Guangzhou\)](#).
- March 25-27: [Productronica China 2026](#)
- April 9-12: [The 93rd China International Medical Equipment Fair \(CMEF\)](#).

What matters more in your supply chain: the strength to survive disruption or the speed to adapt?

With decades of experience in global sourcing, Michael De Clercq and Laura Dow break down the crucial difference between resilience and agility in Episode 4 of the Supply Chain of Thought.



SEA FREIGHT TREND

US Route
Freight rates rose in December due to carrier increases, but demand stayed weak after Christmas. Spot rates are USD 1,400–1,500/40HC (West Coast) and USD 2,200–2,300/40HC (East Coast), about USD 300/40HC below carrier rates. January rates may edge up slightly, but a major increase is unlikely.

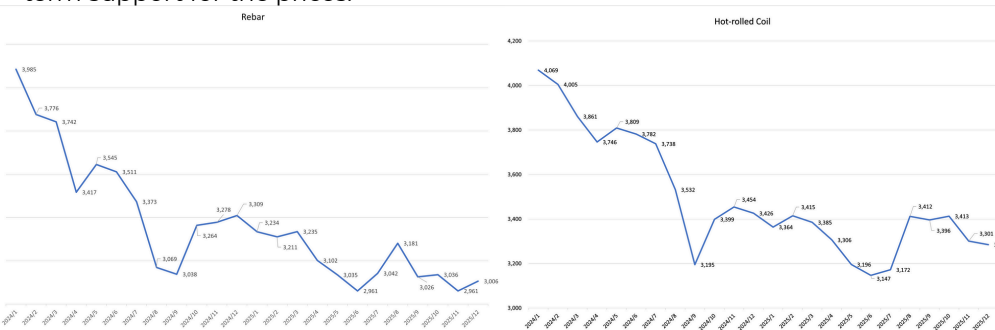
European routes
European freight rates stayed high in December, reaching about USD 2,500 per 40HC from South China. January rate hikes are expected, but weak demand may limit final rates to around USD 2,800 per 40HC. New charges like GFS and carbon surcharges (CLS/CRS) will apply from January.

REBAR & HOT-ROLLED COIL TRENDS

By Jane Xiong
Sourcing Associate

Rebar:
In Q1 2026, rebar prices in China are expected to show a moderate upward trend. However, due to the influence of supply-demand rebalancing and cost pressure, the volatility will be relatively high. The overall trend is expected to be characterized by "moderate oscillation", with the price center slightly rising compared to Q4 2025. The main supporting factors include cost restructuring and phased recovery of demand. However, the upward space is limited by the sustainability of the demand recovery.

Hot-Rolled Coil (HRC):
The price of hot-rolled coil in Q1 2026 are likely to remain at a low level throughout the year. This is due to the combined effects of increased supply, slow recovery in demand, and decreased costs. However, if there are unexpected policy stimuli or a rebound in demand, it may provide short-term support for the prices.



EMPLOYEE SPOTLIGHT: CORAL LI

Position: Sourcing Manager
How long have you been at CPG? 14+ years (since March 2011)
What do you do in your role? Lead end-to-end sourcing and procurement, develop global suppliers, ensure quality systems, and deliver tailored solutions that support international growth aligned with CPG Sourcing's core focus.
What do you love most about your job? Turning unclear needs into clear results reducing defects, securing cost savings, and building trusted supplier relationships that help clients manage risk and grow.
What are some notable achievements during your time at CPG? Authored key chapters of CPG's sourcing guide, helped standardize global procurement processes, improved supplier management to cut costs and strengthen resilience, and built hands-on expertise across diverse sourcing and manufacturing sectors.

