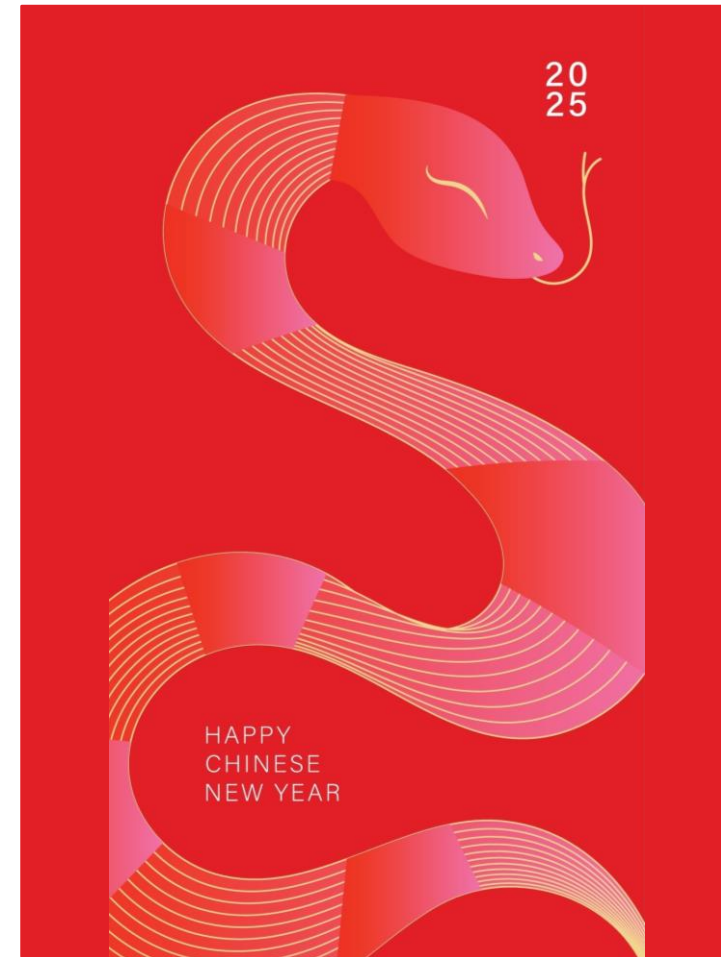


Special Supply Chain Report | January 2025

Chinese New Year (CNY) 2025: Supply Chain Disruptions and Challenges

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Resilinc, a leading supply chain risk intelligence solution, helps companies predict, mitigate, and respond to disruptions. Our AI-powered platform, backed by supplier-validated data, provides real-time monitoring, sub-tier visibility, and predictive analytics. Resilinc enables businesses to manage risks like compliance, supplier performance, extreme weather, and geopolitics, ensuring resilience and a competitive edge.

Executive Summary

Chinese New Year 2025 brings predictable yet significant supply chain disruptions, as factory closures, labor shortages, and port backlogs ripple through global industries. While these challenges are recurring, they require proactive strategies to mitigate risks and ensure resilience.

This report examines how businesses can leverage supply chain risk management to turn disruptions into opportunities. By optimizing inventories, diversifying suppliers, and utilizing real-time visibility tools, leaders can navigate the holiday's complexities and emerge stronger. Through actionable insights, this report equips companies to address potential delays and disruptions with confidence and preparedness.

Key Insights

- Freight rates from Asia to the U.S. West Coast typically increase by 8% to \$4,825 per Forty-Foot Equivalent Unit (FEU) during the pre-CNY rush.
- Post-CNY backlogs and extended lead times expose global supply chain vulnerabilities. Lead times can extend up to 6 weeks and port congestions can add 2-3 weeks.
- Industries heavily reliant on time-sensitive supply chains, like electronics and automotive, face heightened risks.



01 Background

Chinese New Year 2025

Background and Timeline

CNY 2025 Tentative Timeline



CNY, Also Known as the Spring Festival and Lunar New Year

On January 29, 2025, marking the transition to the 'Year of the Snake'.

Days Off in Participating China

The official public holiday runs from January 28 to February 4.

- Festivities for CNY 2025 kick off on January 22 and continue through February 9. Normal business operations are generally restored by the second or third week of February, following the Lantern Festival on February 12.

Preparations and Disruptions

Preparations for the New Year begin weeks in advance, with factories gradually slowing down or ceasing operations starting mid-January, as workers travel to reunite with family and celebrate.

- Increased demand for freight and logistical services occurs in early January, as businesses expedite shipments to avoid delays caused by the holiday¹.
- Return to Business Factory and port operations typically take four to six weeks to return to normal after the holiday. As a result, operations in China are expected to stabilize by mid-March 2025².

Participating Countries

Key Challenges and Industries Affected

Key Challenges

- **Production Slowdowns:** Reduced operational capacity leads to backlogs in order processing until mid-February.
- **Logistics Delays:** Shipping volumes drop during the holiday, causing congestion at ports before and after the holiday, delaying imports and exports.
- **Increased Freight Costs:** High demand before the holiday drives up freight rates for air and sea shipping, as businesses rush to clear goods.

Key Industries Affected³

- **Automotive:** Delays in raw materials, parts, and vehicle production.
- **Electronics:** Shortages of components and production delays.
- **Textiles and Apparel:** Disruptions in garment manufacturing and shipping.

Countries with Official Public Holidays for Chinese New Year ⁴	
China	Spanning from January 28 to February 4, 2025, totaling eight days.
Taiwan	The holiday period extends from January 25 to February 2, 2025.
Hong Kong and Macau	Holiday observed on January 29-31, 2025.
Singapore	Two-day holiday on January 29-30, 2025.
Malaysia	Two-day holiday on January 29-30, 2025.
Indonesia	Known as "Imlek," is a public holiday on January 29, 2025.
Vietnam	"Tết" celebrated with public holidays typically spanning from January 29 to February 1, 2025.
South Korea	"Seollal" with three days off, January 28- 30, 2025.
Brunei	Public holiday for the Chinese community, observed on January 29, 2025.
Philippines	Special non-working holiday in certain areas.



02 Supply Chain Impacts

Supply Chain Challenges

Low Inventory, Logistics Constraints, and Just-in-Time Models

Low Inventory and Logistics Constraints

Many businesses have yet to increase inventory levels ahead of CNY, with the ISM Imports Index showing a decline in November⁵.

- This lack of preparation could lead to severe capacity constraints after the holiday, as companies rush to restock inventory all at once.
- The post-CNY surge in demand could overwhelm logistics networks, causing bottlenecks, port congestion, and increased costs.

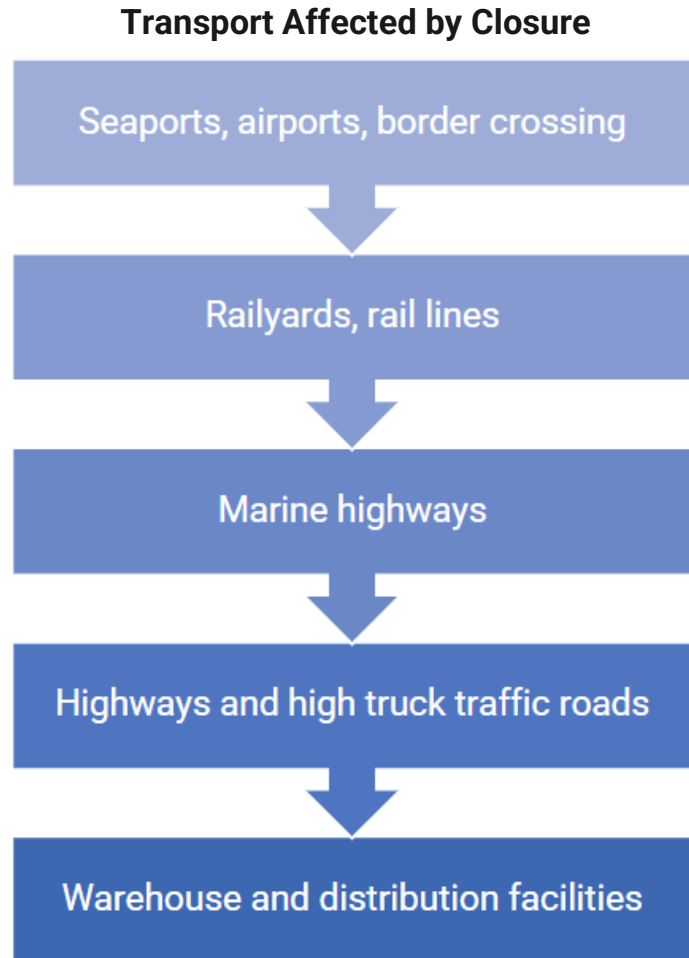
Impact on Just-in-Time Models

Businesses using just-in-time inventory models may face critical shortages of parts and materials during and after CNY⁶.

- This can disrupt production, force delays, and intensify the strain on shipping networks.
- With no buffer stock, businesses relying on JIT models may experience immediate shortages in components, raw materials, or finished goods. This disrupts production schedules and creates delays in delivering products to end customers.



Port Congestion and Shipping Delays



China's Role as a Global Trade Center

China is the world's primary trade hub, essential for ocean freight shipping, with 8 out of the world's 10 busiest ports located along its coastline, including Shanghai, Ningbo-Zhoushan, and Shenzhen.

- Transportation services during the CNY holiday operate with limited personnel, leading to significant backlogs in shipping.
- The 2024 data from Freightos suggests this trend will continue, with increased congestion at Chinese ports expected from mid-January to early March 2025⁷.

Transportation and Port Backlogs

Chinese ports often experience congestion before and after CNY due to a rush of shipments.

- This results in container shortages, longer wait times, and a domino effect of delays across supply chains.
- The backlog of orders during the holiday period further exacerbates shipping delays, complicating freight scheduling and customer deliveries
- Factory shutdowns typically last about two weeks, leading to subsequent high demand from businesses trying to recover delayed production.
- This annual shutdown is crucial for those in shipping and manufacturing to plan for, as unpreparedness can cause significant disruptions. Notably, the 2025 Chinese New Year is 12 days earlier than in 2024, which should be accounted for in planning.

Top Ports in China

Ports Will Operate with Minimal Staff During CNY

Port of Shanghai

The Port of Shanghai is the busiest seaport in the world, managing a diverse range of goods including coal, metal ores, petroleum products, steel, and containers.

Annual Throughput (2024): 50M TEUs⁸

- Shanghai port has become the world's first port to achieve an annual container throughput of 50M TEUs in 2024.

Key Role: As the largest global container port, it is a critical hub for global manufacturing supply chains. Disruptions here have widespread ripple effects.

Port of Ningbo-Zhoushan

Known for handling bulk and containerized cargo, including machinery, electrical appliances, grains, iron ore, coal, and chemical liquids.

Annual Throughput (H1 2024): 23.9M TEUs, a 7.8% YoY increase⁹

Key Role: Handles both high-volume bulk goods and specialty cargo, making it a vital point for global trade.

Port of Shenzhen

Located in Guangdong province, the Port of Shenzhen is one of China's most significant container ports and a major player in global trade, connecting key markets across Europe, North America, and Asia.

Annual Throughput (H1 2024): 12.6M TEUs¹⁰

Key Role: Its strategic location in the Pearl River Delta allows it to serve as a vital gateway for China's manufacturing exports, particularly electronics, textiles, and machinery.

Port of Xiamen

Recognized for its role in handling bulk commodities like coal, grains, sugar, salt, tea, and graphite powder.

- Often referred to as a "celebrity" port for its high efficiency in dealing with specialty goods.

Annual Throughput (2023): 12.2M TEUs¹¹

Key Role: Though smaller than Shanghai or Ningbo-Zhoushan, Xiamen is crucial for regional trade, especially bulk goods.

Current Freight Rates from China to the U.S.

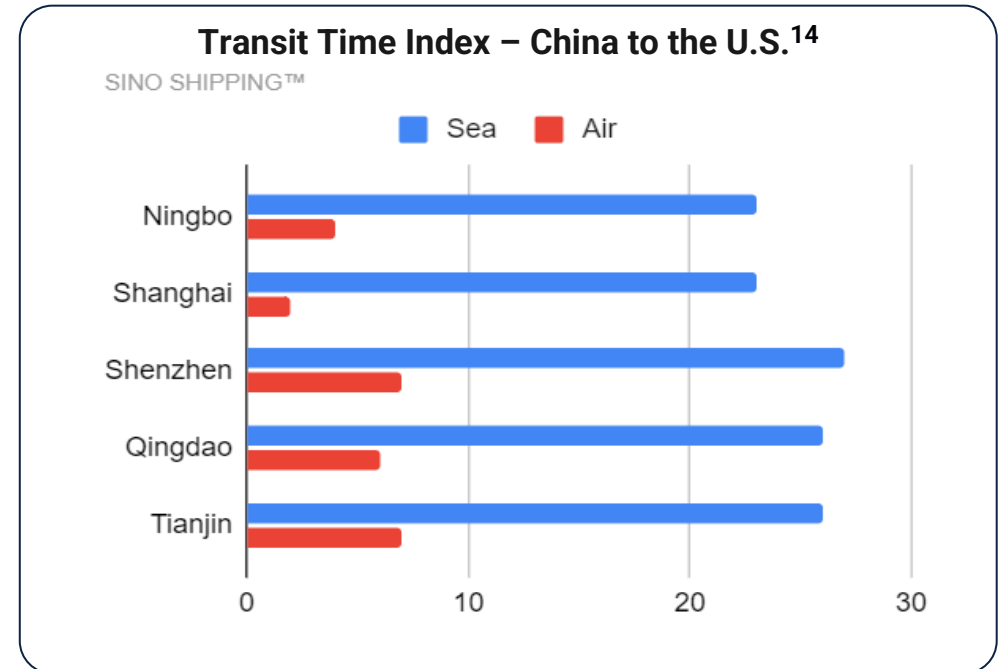
Ocean and Air Freight Rates

Ocean Freight (as of January 7, 2025)¹²

- Asia-US West Coast prices (FBX01 Weekly) increased 23% to \$5,929/FEU.
- Asia-US East Coast prices (FBX03 Weekly) increased 13% to \$6,934/FEU.
- Asia-N. Europe prices (FBX11 Weekly) increased 8% to \$5,558/FEU.
- Asia-Mediterranean prices (FBX13 Weekly) increased 3% to \$5,630/FEU.

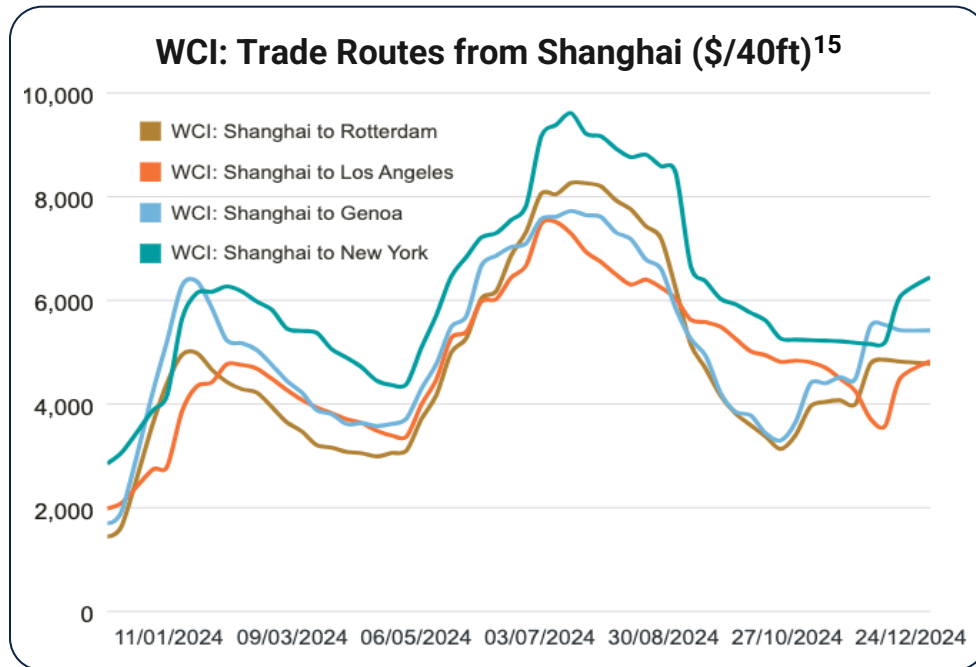
Air Freight (as of January 7, 2025)¹³

- China – N. America weekly prices increased 8% to \$6.15/kg.
- China – N. Europe weekly prices fell 20% to \$3.44/kg.
- N. Europe – N. America weekly prices fell 8% to \$2.12/kg.



Freight Rate Trends and Key Considerations

Trade Routes and Factors Impacting Shipping Costs



Additional Considerations

- **Surcharges:** Be aware of additional costs such as fuel surcharges, peak season surcharges, security surcharges, and port fees, which can increase overall shipping expenses¹⁶.
- **Current Events:** Factors like geopolitical tensions, tariffs, and global demand can influence freight rates and transit times. For instance, recent disruptions in the Red Sea have led to increased shipping times and elevated freight rates¹⁷.
- **Seasonality:** Peak seasons, such as the period leading up to Chinese New Year, can lead to higher rates and longer transit times due to increased demand and potential port congestion.

Given the dynamic nature of global shipping, it's advisable to consult with freight forwarders or logistics providers for the most current and tailored rates to your specific shipping needs.



03 Next Steps

Next steps

How to Prepare

Plan Ahead

The sooner you start – the better. Expect delays.

Book ocean freight early – disruptions could go into spring.

By planning, get the most of your air and ocean freight, and logistics schedules and costs.

Have Alternatives

Establish alternate routes and methods of transportation, especially for any urgent/emergency deliveries.

Shipping from ports with lower congestion and longer routes can be faster during high-traffic seasons.

Can use air or rail transportation. Air transportation is good for smaller shipments.

Utilize different size containers. 20ft containers are most commonly booked. Alternatives include 40ft, high cube, or side-door containers.

Check if your manufacturers have alternatives in countries like Vietnam – other countries nearby do not completely shut down, or for as long.

Organize Inventory

To avoid shortages, guarantee your company has enough inventory before and during the CNY holiday.

Communicate with your suppliers on timelines.

Timeliness

Use a reliable logistics partner to reduce seasonal shipping stress and timeliness with arrivals.

Plan and book shipments early – well in advance if possible.

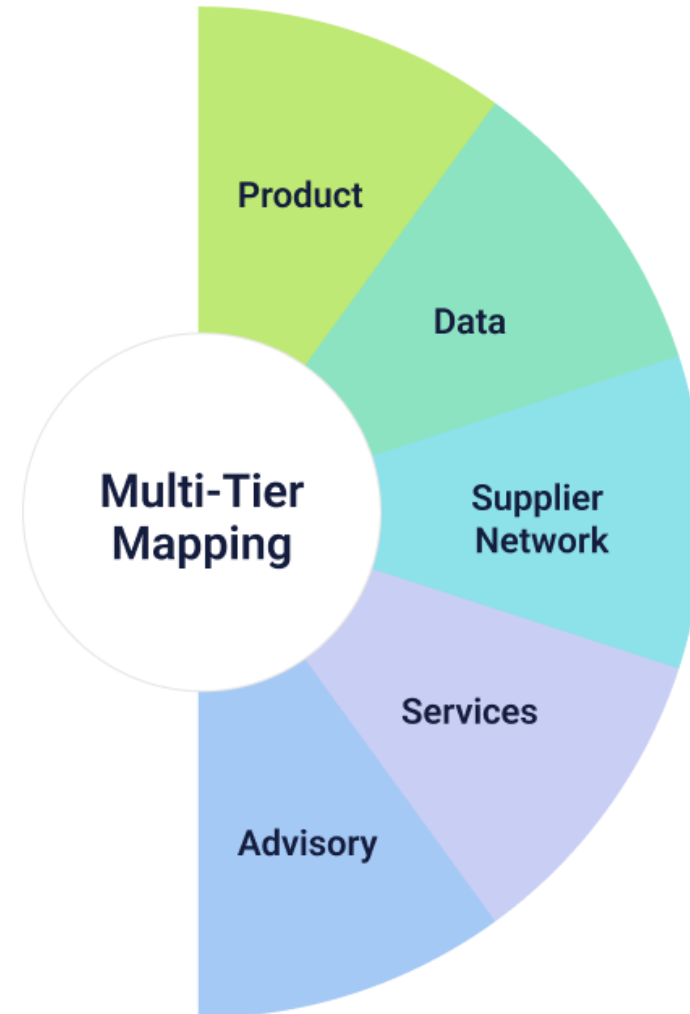
Check your carrier's sailing schedules – most carriers publish them four to eight weeks in advance.

Manufacturers may shut down production a month before the government holiday.

Multi-Tier Mapping

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- Risk Scoring
- Spend & Revenue Analytics
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- Part-Site Mapping
- Supplier Assessment Library
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- Supplier Support
- Data Normalization



Resilinc Supplier Assessment Library

All-In-One Platform



Don't waste time creating assessments, collecting data, or compiling and analyzing responses.
Use Our Library of Assessments or Create your Own → Automatically Score Suppliers' Responses.

Do you need help navigating the risk?

1. Contact your Resilinc representative or fill out the [Contact Us](#) form
2. Once contacted, someone from Resilinc will assist you within 24-hours
3. Resilinc Experts will set up a 30-minute discovery call to help you navigate the risk

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Thank you!



