

New trend of global technology supply chain: 'Not Made in China'

Launched in the U.S.-China trade war, the global supply chain's trend of leaving China is accelerated as the corona virus emerges and spreads.

Until 3 years ago, China was still a godsend for the production of equipment. But that is changing 180 degrees in an era of trade war and corona virus.

Entering this era, electronics manufacturers around the world are actively seeking other ways to diversify their supply chains and avoid having to depend on any single country, for No matter how attractive it is.

Never before have suppliers around the world been so worried. It is not uncommon for this, because despite all the calculations, the world is facing the biggest production shocks in the world 30 years ago - the time when Taiwanese manufacturers, the who assembles most of the electronic components around the globe, started moving their factories to China.



But a new trend has begun with the U.S.-China trade war that reached its peak last year. Now the Covid-19 pandemic attack has greatly accelerated the plan and encouraged leaders to be more open about their efforts to leave China.

There is an increasing number of conversations between directors of Taiwan technology companies around choosing the best production sites outside of China. They prefer Vietnam, because of its proximity to China,

even though labor costs here are on the rise. Even though Taiwan is their home country, the cost of wages here is increasingly expensive, forcing them to look to other places.

This is different from before, when Trump took office as President of the United States. At that time, executives often dodged analysts' questions about moving production from China, because they did not want to provoke Beijing. But recently, they have become more and more open about these plans when they see that it is inevitable. No one wants to be considered a latecomer in hedging.

Simon Lin, chairman of iPhone assembly company Wistron Corp, even boldly told analysts last week that, by 2021, his company will be 50% of its assembly capacity outside China. Just in the past week, two other Taiwanese assemblers also announced their own plans to increase production capacity outside of China.

Covid-19 is becoming an unexpected driver of these plans. Eric Tseng, CEO of Isaiah Research in Taiwan, said some companies are hesitant to make supply chain transformation decisions, waiting to see if there is a long-term solution to the war. US-China trade or not. " *But then the corona virus brings the chance to make people sick. Now a lot of companies will speed up their departure ."*



Even Apple's suppliers are starting to leave China, though Apple is not in a hurry with this.

Of course, it will not be easy to replicate a complex network of suppliers, qualified workers, efficient distribution systems and a huge domestic market like that of China. Quoc, where local authorities are also looking for ways to keep them from staying.

In Zhengzhou, where the giant "iPhone City" complex is located, the government has specifically appointed officials to help Foxconn, Apple's partner, to address logistics and labor shortages. When corona virus spreads.

But even Apple is in no hurry to find a way to leave China because of virus-related disruptions. " *We're talking about adjusting some tightening points, not fundamental changes, overall ."* CEO Tim Cook said at the end of March.

Even so, Foxconn started producing some older iPhones in India last year, a move that shows Apple is increasingly interested in strengthening its presence in the major smartphone market. most of the world after China. Whether they choose India, Vietnam or any other country - it is clear that electronics manufacturers have reached a point of no return on their journey away from China.

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