

# China aims to remove foreign PCs from the government and state-backed businesses

Article

**The news:** Staff of China's government have been asked to trade in foreign PCs for local alternatives that run on domestically developed operating systems. The plan could replace 50

million PCs on a central-government level, [per](#) Bloomberg.

**Why it's worth watching:** The latest edict by Beijing is another step in China's separation from foreign influence, not unlike efforts to [establish a Great Firewall of China](#) and [tighten its grip](#) on Big Tech companies.

- The decision is the latest in China's decade-long campaign to eliminate dependence on foreign technology and replace it with local alternatives that could be easier to influence and control.
- Similar movements are happening in smartphones, with Chinese-made brands like **Xiaomi**, **Huawei**, **Vivo**, **Honor**, and **Oppe** highly favored over **Apple** and **Samsung** devices.
- US companies like **Dell** and **HP**, the largest PC brands behind China-based **Lenovo**, will be most affected by the change. In context, shares of HP and Dell took a 2.5% hit yesterday.
- Beyond PC hardware, the news that China is looking to source local operating systems could be a huge blow to **Windows-maker Microsoft**, whose OS runs on most of the 50 million PCs being outlawed. Bloomberg says China is looking at open-source **Linux** distributions as an option.
- Some sectors could see Beijing's order as retaliation for the [blacklisting](#) of Chinese products in various countries.
- Smartphone-maker Huawei was [on track](#) to becoming No. 1 in 2020, but its market share has been whittled down by [US-led sanctions](#).

**The bigger picture:** China's departure from using foreign tech, hardware, and software reflects Beijing's worries about compromised information security. It also serves as a vote of confidence in homegrown hardware and software from the likes of Lenovo, Huawei, and **Inspur**.

- Beijing's shift away from foreign tech will spread outward from key cities and government hubs to provincial governments.
- The transition will hardly be seamless: Lenovo relies on US-made chips from **Intel** and **AMD**. The company has invested in 15 semiconductor firms and has set up its own chip-making unit. However, it's likely years away from yielding a competitive chip architecture.
- While currently limited to state and government offices, Beijing could eventually seek wider adoption of locally made hardware and software and even incentivize citizens to make the switch.

**Why this could backfire:** Taking China's cue, many countries that use Chinese-made components could similarly wean off their dependence and look elsewhere for solutions.

- Chinese companies like Lenovo, Huawei, **DJI**, and others could see their international sales dip significantly as enthusiasm for their products wanes.
- Beijing's decision could alter expectations from companies like Apple, which sees China as a necessary growth market for future success.

**Desktop/Laptop Shipments Worldwide, by Brand, 2020 & 2021**

millions, % of total, and % change

	2020	% of total	2021	% of total	% change
Lenovo	72.6	24.4%	82.1	24.1%	13.1%
HP	67.7	22.7%	74.1	21.7%	9.5%
Dell	50.3	16.9%	59.3	17.4%	18.0%
Apple	22.6	7.6%	29.0	8.5%	28.3%
Acer	20.0	6.7%	24.4	7.1%	21.8%
Other	64.4	21.6%	72.2	21.2%	12.1%
<b>Total</b>	<b>297.6</b>	<b>100.0%</b>	<b>341.1</b>	<b>100.0%</b>	<b>14.6%</b>

Note: Includes desktops, notebooks, and workstations; excludes tablets (slates and detachables)

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