

# China eases COVID-19 policies, but factories are struggling to ramp up production

Article

**Recalibrating China's zero-COVID mandate:** In the wake of waves of resistance and social unrest, Beijing lifted some restrictions late last week while it redoubled its police presence to

subdue protests, per [Nikkei Asia](#).

- **Local authorities say they will scale back mass testing and allow some infected citizens to isolate at home** instead of hauling them to makeshift hospitals.
- **Major cities have dropped testing requirements to enter public places**, authorities are playing down the severity of infections, and even state-controlled media outlets have shifted away from [scaring viewers](#) to running hopeful stories of COVID-19 survivors.

**How we got here:** China's strict COVID-19 policy has led to the most significant challenges for the Communist Party since the Tiananmen crisis 30 years ago.

- Two weeks ago, workers at **Foxconn's** largest **iPhone** factory [clashed violently with police](#) over pay delays, poor working conditions, and "closed-loop" factory lockdowns.
- Chinese residents in every major city across China protested against monthslong lockdowns and mass-testing campaigns and called for **President Xi Jinping** to step down.
- Apple, which is accelerating to [move production out of China](#), has said it's working closely with Foxconn to restore operations. Mounting protests, however, are well beyond Foxconn's control.

**What's next?** The Chinese government now has the unenviable task of managing expectations of the virus threat and walking back its zero-COVID stance. All that while maintaining focus on safeguarding public health.

**Manufacturing hubs continue to struggle:** China's restrictions and "closed-loop" mandate that kept workers confined to factories have exacted a heavy toll on manufacturing hubs and campuses, but other problems are starting to surface.

- Pandemic factory shutdowns in China have resulted in [record-low manufacturing output](#), and now we're seeing its compounded effects on factories and their workers.
- "The closed-loop model is clearly unsustainable, as Foxconn's case has shown that workers are no longer ready to accept such inhuman conditions," said **Alicia Garcia Herrero**, chief Asia Pacific economist at **Natixis**.
- Foxconn said it doesn't expect production to resume until late December or early January.
- The virus isn't the only problem. Guangzhou's manufacturing hub is experiencing an unprecedented [migrant worker shortage](#). In the Haizhu manufacturing village, over 80% of

migrant workers have left, leaving manufacturers in the lurch.

**The problem:** Beijing's uneven and unclear strategy on how it plans to shift away from zero-COVID could prolong nationwide economic recovery. With companies already planning partial exits from China, this could have long-term economic repercussions.

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