

Apple looks to India as manufacturing option to problematic China

Article

The news: Apple confirmed that it started making its new iPhone 14 in India as it looks to diversify its supply chain and reduce reliance on China, [per](#) CNN.

A shift in global strategy: Apple famously manufactures the bulk of its products in China, but the company has started producing the iPhone 14—its most important product—in India.

- Apple's announcement comes at a time of [increasing economic tension](#) between the US and China that has left US tech companies seeking supply chain alternatives.
- Economic uncertainty, COVID-19-related [factory closures](#), and a worsening political relationship between the US and China are existential threats to Apple's bottom line.
- A report from JP Morgan reveals **Apple is likely to [move](#) about 5% of iPhone 14 production to India** from late 2022 and reach 25% by 2025.
- It is also forecast that **nearly 25% of all Apple products will be manufactured outside China by 2025** as compared to 5% at present.

Scrambling for alternatives: Apple may be the biggest company shifting production away from China, but it's not alone. **More US companies are following suit and factory hubs in Malaysia, Vietnam, and India are drawing the most interest.**

- Apple already moved iPad and AirPods production from China to northern Vietnam, [per](#) The Verge.
- **Microsoft** manufactures Xbox consoles from Ho Chi Minh City in Vietnam. Google has similarly [taken over an old Nokia factory in Vietnam](#) to make its **Pixel** smartphones.
- **Amazon** is now making its **Fire TV** devices in Chennai, India.
- "The empire of manufacturing in China is being shaken," said **Lior Susan**, founder of Eclipse Venture Capital which covers hardware and manufacturing start-ups. "More and more capital is going to pull manufacturing out of China and find an alternative."

The bigger picture: India has the biggest potential to scale its production facilities to match up with China.

- For context, Apple suppliers **Foxconn**, **Winstron**, and **Pegatron** are all making iPhones in India and plan on applying for [Production-Linked Incentive \(PLI\)](#), which offers incentives for mobile manufacturers investing in India.
- The big challenge will be for Indian factories to replicate the tight operational controls and secrecy by which China's manufacturing hubs operate.

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