

‘Dire and complicated’ COVID-19 outbreaks take toll on China’s factory workers

Article

The news: COVID-19 outbreaks have intensified in China, and **Foxconn** factory workers fearing contagion have resorted to fleeing **iPhone** factories for safety reasons.

Hundreds of millions locked down: The recent coronavirus surges have led to various lockdown measures as part of China's zero-COVID policies. More than 232 million Chinese residents in various cities are currently restricted from going outdoors, per [Deadline](#).

Authorities in Guangzhou [said](#) they faced a “dire and complicated” outbreak as cases rose sharply in the southern Chinese city Tuesday.

- **Workers in Zhengzhou have been locked in for days** at Foxconn's biggest iPhone factory, which employs 200,000 people and produces 60% of all iPhones.
- Employees reportedly climbed fences and fled on foot after reports of COVID-19 spikes in the facility.
- Foxconn refuted widespread reports that 20,000 of its staff had been diagnosed with COVID-19, per [Reuters](#).
- Nikkei Asia reported that Foxconn is sharply increasing attendance bonuses for workers in the Zhengzhou facility **from 100 yuan (\$13.75) to 400 yuan (\$54.96)**.
- Foxconn workers who complete “full attendance”—meaning no days off, no tardiness, and working at least eight hours a day—will get a 15,000 yuan bonus, per [Nikkei Asia](#).

The zero-COVID policy is fraying: Coronavirus-related shutdowns have been a major reason for China's economic downturn and could also lead to civic unrest.

- **The lockdowns are likely [costing the country at least 335 million yuan](#) (\$46 million) a month, or 3.1% of GDP**, in lost economic output according to economists at the **Chinese University of Hong Kong**.
- As of October 27, 31 cities are under some form of lockdown, accounting for one in six people in China and 24.5% of its gross domestic product, per [Bloomberg](#).
- Factory workers are also starting to defy the lockdown rules as evidenced by the escape of Foxconn workers.
- **Apple** has already [moved some of its production](#) to India. JP Morgan forecasts that **nearly 25% of all Apple products will be [manufactured outside of China](#) by 2025**, compared with 5% at present.

The struggle to meet iPhone demand: Foxconn is struggling to overcome coronavirus outbreaks and government-mandated lockdown measures to keep iPhone production

numbers up. While it may be the highest-profile manufacturer getting the attention, it's likely many other manufacturers are taking a similar hit.

- Foxconn has said it is working to mitigate any disruption by asking factories in other locations to come up with backup plans.
- The manufacturer is prioritizing production of **iPhone 14 Pro** and **14 Pro Max**, which are the more premium iPhone models.
- **iPhone production could decrease by 30%** in the factory at a time when it is expected to be in peak production to meet holiday demand.

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