

China's zero-COVID protests intensify beyond factory walls

Article

The news: Protests against China's zero-COVID lockdowns may have started in factory hubs but are now spreading across city centers with possible geopolitical and economic repercussions, per [Bloomberg](#).

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

- Late last week, workers at **Foxconn's** largest **iPhone** factory **clashed** violently with police over pay delays, poor working conditions, and “closed-loop” factory lockdowns.
- **Coronavirus lockdown measures may have hindered firefighters from dousing the flames at an [apartment fire](#)** Thursday night that killed 10 people.
- Chinese residents in every major city across China are protesting against monthslong lockdowns, mass-testing campaigns, and calls for President Xi Jinping to **[step down](#)**.
- **Anti-government sentiment and protests are rare in China and could be deemed as seditious**, which is punishable by prison.

Analyst take: “People in China have been very patient with COVID lockdowns during the past three years. In spite of some degree of relaxation, changes haven't come fast enough,” said **Man-Chung Cheung**, China and Japan research analyst for Insider Intelligence.

“Frustrations have been building up, especially in knowing that the rest of the world has taken significant steps to return to normalcy. For Chinese citizens, they just don't see an end to these cumbersome lockdowns. The fact that they haven't been given any knowledge as to when and how the zero-COVID policy will end has only made things worse.”

Economic repercussions: The turmoil at Foxconn's factories will result in a **shortfall of nearly 6 million iPhone 14 Pro** units for 2022, sources told **[Bloomberg](#)**.

- This shortage of **Apple's** most expensive and profitable iPhones will eat into the company's Q4 profits, where it usually reports record sales.
- **Apple's shares fell nearly 2.5% Monday. They have declined 17% so far this year.**
- Foxconn, which also manufactures for **Microsoft, Amazon, HP, and IBM**, is reportedly offering 13,000 yuan (\$1,800) per month for existing workers to stay in iPhone City.
- The company's sprawling Zhengzhou campus houses more than 200,000 workers, but more than 20,000 new hires have reportedly left after the protests.

What's next: Apple has said it's working closely with Foxconn to restore operations, and both companies have expressed a commitment to ensuring worker safety. Mounting protests, however, are well beyond Foxconn's control.

- China is facing a generational geopolitical quandary ignited at its key industrial centers. Enticing workers to endure difficult factory conditions with cash bonuses may not be a sustainable strategy.

- **Apple and other companies relying heavily on China might need to adjust their expectations** and [accelerate plans to diversify](#) their production out of China's increasingly problematic landscape.

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