

Foxconn working 'at fastest speed' to restore vast China plant

November 10 2022

Taiwanese tech giant Foxconn, a principal Apple subcontractor, said Thursday it was working quickly to resume full production at its giant factory in central China before the crucial holiday season.

Foxconn, also known by its official name Hon Hai Precision Industry, is the world's biggest contract electronics manufacturer assembling gadgets for many international brands.

Most of its factories are in China, particularly the eastern city of Zhengzhou where lockdowns were imposed last month, in line with Beijing's zero-COVID policy, after a spike in infections.

The huge facility of some 200,000 workers—dubbed "iPhone City"—has been operating in a "closed loop" bubble.

Apple said this week the facility was running at "significantly reduced capacity" and warned customers would face longer wait times for the flagship iPhone 14 Pro and iPhone 14 Pro Max iPhones built there.

"With the support of Henan [provincial government](#), we will eliminate the infections at the fastest speed to resume full capacity for production," Foxconn chairman Young Liu said in a call with investors.

The production delays have come just ahead of the crucial Christmas holiday season for Western markets and the lunar new year in late January.

"The fourth quarter and next year are very important," Liu said.

"We will make every effort to adjust our capacity and production to ensure that the demands for the two holidays will not be affected," he said.

Foxconn has already said it was revising down its outlook for the last quarter.

Announcing third quarter figures on Thursday, Foxconn said net income rose five percent to NT\$38.8 billion (\$1.22 billion), below earlier average estimates of NT\$41 billion, according to Bloomberg News.

China is sticking to its strict zero-COVID policy, with harsh lockdowns, quarantines and testing regimens imposed after even the smallest outbreaks.

The measures have kept infections low but injected persistent uncertainty for businesses in the world's second-largest economy.

Foxconn is the largest private employer in China.

"To maintain the health of more than one million workers and safe production has been the biggest challenge for the management," Liu said.

Panicking workers fled the Zhengzhou site on foot last week in the wake of allegations of poor conditions at the facility. Foxconn offered bonuses to workers who stayed on.

Liu, in his call with investors, blamed the walkouts on "edited false videos and information that sparked some panic".

Zhengzhou authorities lifted a week-long lockdown of the city's outlying airport district on Wednesday but they retained restrictions in several high-risk neighborhoods, including where the Foxconn campus is located.

The city reported more than 1,200 new infections Thursday.

Morgan Stanley analysts wrote in a research note on Monday that Foxconn's expected sales could drop as much as 20 percent in the fourth quarter in a [worst-case scenario](#), partly due to a 36 percent drop in revenue from production of iPhones, Bloomberg News reported.

© 2022 AFP

Citation: Foxconn working 'at fastest speed' to restore vast China plant (2022, November 10)
retrieved 19 April 2024 from

<https://techxplore.com/news/2022-11-foxconn-fastest-vast-china.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.