

iPhone, Macbook makers halt Shanghai production over Covid

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Key iPhone maker Pegatron has halted operations at two subsidiaries in the Chinese cities of Shanghai and Kunshan.

Several electronics companies, including iPhone and Macbook makers, have halted production in the Chinese cities of Shanghai and Kunshan, adding to supply chain woes under Beijing's strict zero-COVID

measures.

The business hub of Shanghai has become the heart of China's biggest COVID-19 outbreak since the virus surfaced more than two years ago.

The city of 25 million has remained almost entirely locked down since the start of the month, while other areas have rolled out less severe restrictions to stamp out COVID flare-ups.

"Local operation in Shanghai area has been temporarily suspended in response to COVID-19 prevention measures," said Macbook maker Quanta Computer in a filing to the Taiwan Stock Exchange on Wednesday.

The Taiwan-based firm's expected date of resumption will be advised by authorities later, the notice said.

This came a day after iPhone assembler Pegatron announced it had temporarily suspended work as well, and was "actively cooperating with local authorities" to resume operations soon.

The suspensions apply to two of its subsidiaries, in Shanghai and nearby Kunshan city, the Taiwanese company said.

Stay-at-home orders and stringent testing rules have strained supply chains in and around Shanghai, home to the world's busiest container port and a critical gateway for foreign trade.

China reported nearly 28,000 local virus cases on Wednesday, the vast majority in Shanghai.

Many factories have been forced to halt operations as virus cases have surged, while some staff have been living in their workplaces as

businesses struggle to operate.

Logistics problems

Pegatron and Quanta Computer's suspensions are the latest blow to Apple, which has seen disruptions at other suppliers' assembly lines in recent months as Chinese cities struggle to curb virus outbreaks.

In March, another major supplier Foxconn halted operations in the Chinese tech hub of Shenzhen.

Foxconn has "resumed fundamental operations" in Shenzhen as of late March, the company said.

Consultancy group Trendforce said in a recent report that manufacturers may have just a few more weeks worth of inventories as logistics problems grow over the imposed restrictions.

Chinese authorities have struggled to maintain the flow of goods across the country as tough virus controls slow movement.

A Transport Ministry circular issued late Tuesday barred the "blocking of road transportation" vehicles and personnel, ordering more efficient COVID-19 screening along transport routes.

Anxious about the spring farming season and food supplies, officials in virus-hit areas such as the northeastern province of Jilin have also issued travel passes to let agricultural workers return to farmland on chartered buses.

"The Chinese economy has been facing a rising risk of recession since mid-March", Nomura analysts warned this week, citing severe disruptions to the delivery of exports, with coastal areas hit hard by

controls to rein in the virus.

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