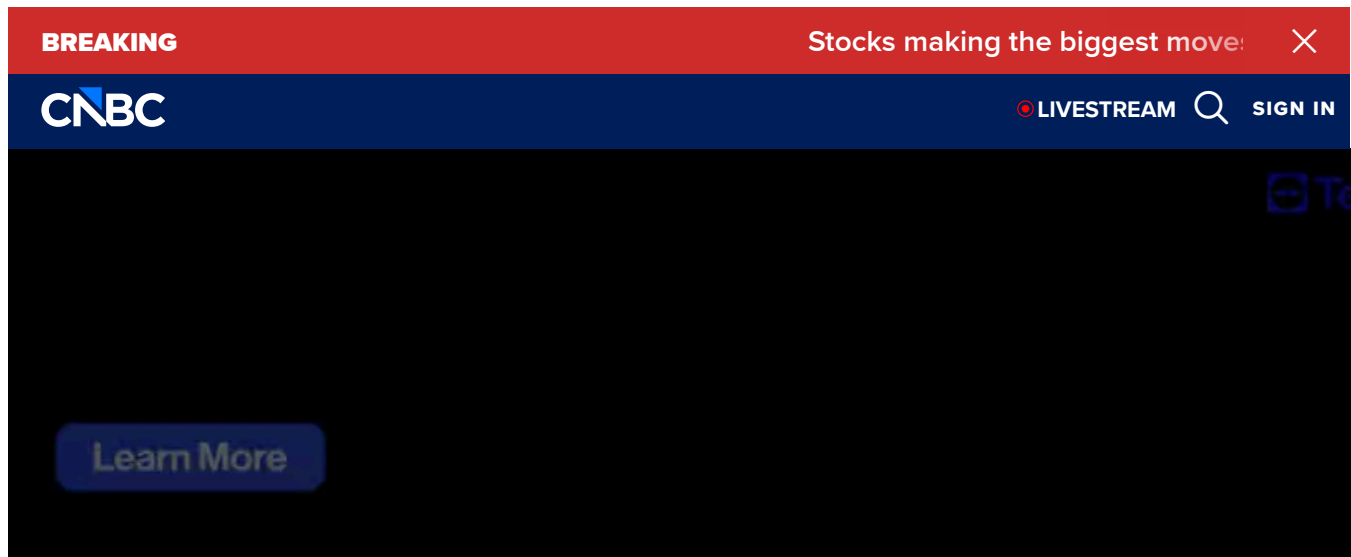




TECH

Apple, Microsoft, Google look to move production away from China. That's not going to be easy

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KEY POINTS

- Apple, Google and Microsoft have looked to move some hardware production from China to places including Vietnam and Thailand.
- Assembly of products such as phones could feasibly be moved quickly, experts told CNBC.
- But moving component manufacturing outside of China will also be difficult given how entrenched it is and how long it would take to build capacity in another country.



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Customers look at the Apple's new iPhone 11 series smartphones in an Apple retail store on East Nanjing Road in Shanghai.

Alex Ta | SOPA Images | LightRocket | Getty Images

With the U.S.-China trade war last year and the outbreak of the new coronavirus, American technology firms [Apple](#) ⁺, [Microsoft](#) ⁺ and [Google](#) ⁺ have reportedly looked to move more production of their hardware products out of the world's second-largest economy.

But reducing reliance on [China](#) won't be easy.

"China manufacturing is far more embedded into American supply chains than ever before," Sean Maharaj, managing director at AArete, a global management consultancy.

Eyes on Vietnam, Thailand

Google and Microsoft are accelerating their efforts to shift production of hardware to other parts of Asia, the [Nikkei Asian Review](#) reported last week.

The problem for all these countries is that moving supply chains quickly will be a tough task and China will still have to play a major role. That might mean mitigating risk is a lot harder.

The Nikkei, citing people with direct knowledge of the matter, said Google is set to begin



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Google has also asked a manufacturing partner in [Thailand](#) to prepare production lines for its so-called smart home products, such as voice assistant-enabled speakers, Nikkei said. Meanwhile, Microsoft is hoping to start production in Vietnam in the second quarter for its Surface line of notebooks and desktop PCs, it added.

Both of these companies' hardware has been mainly produced in China until now. Microsoft declined to comment while Google did not respond to two requests for information when contacted by CNBC.

Last year, Apple was reportedly looking to start a trial for the production of its AirPods in Vietnam and asked suppliers to look into moving [15% to 30% of production from China to other parts of South East Asia](#).

Apple did not respond to a request for comment when contacted by CNBC.

Components 'choke point'

To understand why, it's important to break down the manufacturing process. P.S. Subramaniam, partner in the strategic operations practice of Kearney, explains there are electronic components



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documentation,” he added.

Meanwhile, around 60% of modules are made in China. That’s harder to move away “but still feasible”, Subramaniam said.

The components part is a bigger issue.

“This is a singular choke point as components are a necessary ingredient in modules and finished goods assemblies. This is very hard to move as it requires entire ecosystems, Subramaniam told CNBC.

Moving component manufacturing outside of China will also be difficult given how entrenched it is and how long it would take to build capacity in another country.

“Some assembly could be moved elsewhere, but these production lines take time to set up, and moreover no other country has the supply of labor as China,” John Harmon, senior analyst at Coresight Research, told CNBC.

On top of that, suppliers for components that companies rely on will have their manufacturing in China. That could make any move for an American technology firm to diversify a much longer process.

“Other suppliers Chinese, Taiwanese, Japanese or Korean which have set up facilities around these manufacturing plants in China will have to also diversify, which would make this switch a little bit less quick,” Neil Shah, a partner at Counterpoint Research, told CNBC.

‘Turning an aircraft around slowly’



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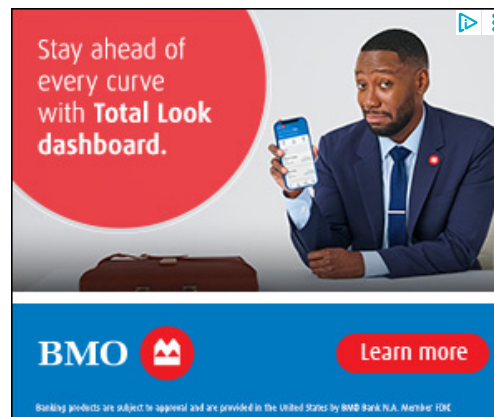
"This is like turning an aircraft around slowly," he told CNBC. "I think many companies have been seriously exploring supply chain risk mitigation strategies."

"When corporations want to move quickly and make investments, they can. And, they work closely with local governments and businesses to make it happen," Maharaj said. "Given the above momentum — i.e. South Korea, Taiwan, Vietnam etc. — this could all play out more quickly than we had initially expected."

Ultimately though, moving some production out of China may not be something that reduces risk for companies significantly.

"Shifting manufacturing locations helps diversify risk but isn't a cure-all, and in fact could become a game of whack-a-mole," Bryan Ma, vice president of devices research at IDC, told CNBC. "The coronavirus has already spread to other countries, while trade war tariffs similarly could've targeted other countries over time."

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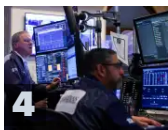
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News

Google to move Pixel manufacturing to India as tariffs shift supply chains

Google had already moved its production facilities from China to Vietnam during Trump's first term.

23 April, 2025

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Google moved production for Pixel devices from China to Vietnam in 2019. Credits: GettyImages/Bloomberg

Google is set to shift production of Pixel devices from Vietnam to India as it contends with the US's uncertain global tariff regime, according to reports from the *Economic Times*. In 2019, it shifted production from China to Vietnam to avoid the tariffs imposed during US President Donald Trump's first term.

Google's parent company, Alphabet, reportedly held talks with two of its local manufacturers, Dixon Technologies and Foxconn, to grow its production capacity in India. Already, Indian plants produce upwards of 40,000 Pixel phones per month for the domestic market, a number that would significantly increase with this new production push.



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The move is set to affect devices destined for the US market. As part of Trump's new tariff regime, imports from Vietnam face a 46% tariff when entering the US, and goods from China face a 145% tariff. There is a temporary 90-day delay in place, except for the 10% baseline tariffs and those imposed on China.

For years, Western companies have been shifting manufacturing away from China as geopolitical tensions with the US have risen. Export-led economies in the region, like Vietnam and Bangladesh, benefited from this shift. This [trade rerouting](#), however, has been criticised by US China hawks, who felt these conduit economies became a sort of [backdoor](#) for cheap Chinese goods. Southeast Asian economies were given particularly high rates during Trump's 'reciprocal' tariff announcement in early April.

India faces a 26% tariff rate, which, despite being higher than before, is almost half of Vietnam's. The industry executives who spoke to the *Economic Times* also said Alphabet had plans to localise the production of components such as batteries, chargers, enclosures and fingerprint sensors in India, since most of these are currently imported.

US Vice President JD Vance is currently in India for trade talks with Prime Minister Narendra Modi. They say they are making progress towards a bilateral deal that would help India avoid more tariffs.

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