

Apple CEO vows to beef up China investment

Comments follow US President Donald Trump's request for the tech giant to relocate part of its iPhone plants to its home turf to avoid tariff

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Apple Inc CEO Tim Cook visited China last week, pledging to boost investment in Shanghai and strengthen communication with local mobile app developers.

The move, amid the ongoing Sino-US trade frictions, underlines the importance of China, the world's largest mobile arena where Apple is locked in competition with rivals such as Huawei Technologies Co Ltd.

In a meeting with Shanghai Party Secretary Li Qiang on Oct 9, Cook said the US tech heavyweight will invest more in Shanghai and actively seek to expand cooperation, accord-

ing to a report by Shanghai media.

Such comments came after US President Donald Trump asked Apple to relocate part of its iPhone plants to its home turf, in order to avoid his proposed tariff on Chinese imports. However, such a move could lead to an iPhone price rise of as much as 20 percent, experts estimated.

Currently, Apple has very strong ties with China where most of its manufacturing operations are located. The nation also accounted for around 18 percent of its total sales in the second quarter. Moreover, local developers are an essential part of Apple's ecosystem.

It has also proposed plans to establish a string of research and



Apple CEO Tim Cook visits an Apple store in Shanghai on Oct 9. REUTERS

development centers in China in two years, including the latest initiative announced in March to create a joint research facility with Tsinghua University to focus on advanced technologies, including machine learning and computer vision.

But the US tech company is also facing a string of challenges, with Huawei and other local smartphone vendors working hard to erode its dominance in the premium segment.

Cook, however, remains optimistic, saying he has never been as hope-

ful regarding the China market as he is now. He added in an interview with news portal Sina.com that the company's prowess in integrating software and hardware will give it an upper hand.

During his trip, which started on Oct 8, Cook visited a number of local mobile app developers and users who are using Apple products.

Such frequent communication highlights Apple's recognition of China's innovative capabilities and the importance of Chinese developers to

the tech giant, said Zhao Ziming, an analyst at Beijing-based consultancy Analysys.

Apple said there were around 1.8 million iOS Chinese app developers on its ecosystem last year.

On Oct 10, Alipay, China's largest mobile payment platform, made the rare move of warning that its users making payments via Apple devices may face a risk of money loss due to possible security problems. Apple has so far not responded to requests for comment.

Tesla 'close to' getting land for Shanghai plant

Decision expected this month and will be the electric automaker's first factory outside the US

Tesla Inc is in the process of obtaining land in Shanghai for its first factory outside the United States, according to people with direct knowledge of the matter, as it pushes ahead with plans to set up production in China.

The automaker is the sole bidder for a plot of land with an auction price of around 1 billion yuan (\$145 million), the people said, asking not to be identified as the information is not public. A decision by the Shanghai municipal government to allocate the land to Tesla could be made as soon as this month, they said.

In July, Tesla reached a preliminary agreement with the Shanghai authorities to build a factory that the electric-car pioneer said will eventually produce 500,000 battery-powered vehicles annually, more than

what its lone US assembly plant has made.

Setting up manufacturing in China will enable the Palo Alto, California-based company to avoid paying import duties as high as 40 percent and offer cheaper cars in the world's biggest market for electric vehicles.

The carmaker is considering raising some of the \$5 billion it intends to invest in the plant near Shanghai from local partners, Bloomberg reported on Aug 1, citing a person familiar with the plans.

Tesla CEO Elon Musk told analysts on an earnings call that he expected it would take about \$2 billion worth of investment for the factory to be able to produce around 250,000 vehicles a year.

Tesla signed a memorandum of understanding (MoU) with the Shanghai municipal government on

July 10 to set up a factory in the eastern part of Shanghai, which is the first of its kind outside the US.

According to the MoU, the factory will have an annual output of 500,000 vehicles. Tesla will also combine the functions of research and development department, manufacturing, sales, and an electric vehicle innovation center.

Huang Ou, deputy director of the Shanghai Municipal Commission of Economy and Information Technology, said at a news conference in July that the Tesla factory would be the largest foreign-invested manufacturing project in Shanghai so far.

But as to the possible technology transfers, Huang said these should be left to the related companies to decide.



A Tesla Model X is displayed at an auto show in Pudong, Shanghai, on Sept 28. PROVIDED TO CHINA DAILY