

Analyst: Apple's PCs Migration Likely to be Small Scale

Written by Chelsey Drysdale
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EL SEGUNDO – While **Apple** will shift manufacturing of one computer line from Asia to the US starting next year, the scale and magnitude of the move is not expected to be major, says **IHS iSuppli**

“The percentage of production likely to be shifted by Apple from Asia to the United States in 2013 is likely to be negligible, both for the company and for PC industry at large,” said Craig Stice, senior principal analyst for computer systems at IHS. “Apple’s move appears to be a symbolic effort to help improve its public image, which has been battered in recent years by reports of labor issues at its contract manufacturing partners in Asia. However, given Apple’s high profile in the market, the company’s ‘insourcing’ initiative could compel other companies to follow suit and transfer production to the United States over the next few years.”

With the vast majority of PCs now being produced in Asia by contract manufacturers, Apple’s move is unlikely to spur a major regional shift in production, says the research firm.

In the global PC market, Apple is ranked No. 6, with a 5.8% share of global shipments in the third quarter of this year. In 2011, **Quanta** manufactured all 13.4 million of Apple’s PowerBook, iBook, MacBook Pro, MacBook Air and Napa-platform MacBook computers that were shipped for the year. The company uses **Foxconn** for production of the iPhone and iPad.

If Apple only moves production of one segment of its Macintosh product line, as reports indicate, the total shift in COGS could amount to less than 1% in 2013. Still, the move has some precedent in other circles, says IHS.

“While Apple’s action appears largely to be a public-relations play, there are some real business justifications for technology companies shifting the production of certain types of products from Asia to the United States,” said Jeffrey Wu, senior analyst for OEM research at IHS. “Among these are rising labor costs in China, faster time to market and reduced costs in configuration and shipping. It’s not uncommon for original equipment manufacturers to build bulky products, a category that could include desktop PCs, close to their end markets to offer timely configuration and save on logistics costs.”

Wu said Apple would be less inclined to shift production of other smaller products to the US. “I cannot imagine that Apple will transfer the manufacturing of its highly standardized and much slimmer products—i.e., iPhones, iPads and iPods—back to the United States in the near future.”

He noted that both Quanta and Foxconn have some small manufacturing operations in the US. Thus, Apple likely will still be using its Asian-based manufacturing partners to conduct this work.

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Apple is not the first OEM to announce it will be moving some PC production from Asia to the US in 2013. **Lenovo** in October said it would start box build production of PCs in North Carolina next year.