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MEDIA SYNOPSIS

23 July 2012

ZDNet

Spire comments on China's dominance in IT manufacturing

With rising costs and an appreciating yuan, it seems that China may be losing its edge as a low cost, labor intensive IT manufacturing destination, and transiting to a higher-end manufacturing one. Leon Perera, Chief Executive Officer of Spire Research and Consulting, was invited to share his insights in an article published in ZDNet.

Perera mentioned that China is still the predominant choice for IT manufacturing for global exports and companies. China's advantage lies in its nimble, scalable supporting industries as well as the efficiency of its production lines and workforce. Given the entrenchment of existing supply chains for firms like HP, Lenovo, Apple and Dell, switching costs are also huge.

That being said, Perera also noted that China's position may be starting to face challenges. Wage inflation and gaps in inland connectivity are the main factors inducing companies to consider shifting production out of the country.

India and Vietnam were identified as China's potential rivals in this regard. India is catching up in terms of infrastructure, government support and domestic market considerations. Vietnam has attracted a major influx of IT investments from international manufacturers. However, Vietnam lacks the size and capacity to

seriously challenge China while India will take too long to upgrade its supporting industries and infrastructure to pose a challenge to China in the short-term.

Link to article in ZDNet:

<http://www.zdnet.com/chinas-it-manufacturing-hub-status-safe-7000001377/>

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