#### ASIA / PACIFIC

# Companies prodded to rely less on China, but few respond

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unlikely to change in the near future. according to Fitch's Sikka.

Companies including Nike Inc. that used to make shoes, furniture, clothes, and other low-margin goods in China have been migrating for a decade to Southeast Asia, Africa, and other economies in search of cheaper labor.

For higher-end shoes, however, U.S. import duties would have to rise even further before sites such as Ethiopia or Southeast Asia can compete with experienced Chinese workers and flexible suppliers, said Robert Gwynne, who produces women's shoes for brands including Steve Madden in Dongguan, near Hong Kong.

"All my clients say, we have to diversify," said Gwynne. But when shown costs in other countries, "90% take the China scenario."

Companies also increasingly are tied to China by the appeal of its 1.3 billion consumers at a time when the west's spending growth is anemic.

Makers of automobiles and higher-value goods are spending billions of dollars to expand Chinese production. As the economy reopened, Volkswagen AG said in May it would spend 2 billion euros (\$2.2 billion) to buy control of its Chinese electric vehicle venture and a controlling stake in a battery producer.

Instead of using China to export, "now a lot of people are producing 'local for local," said Lim.

Only 11% of companies that responded to a survey by the European Union Chamber of Commerce in China said they were "considering shifting investment to other countries," down from 15% last year.



Some are leaving to cut labor costs, but the rest "are really committed to China," said a chamber vice president, Charlotte Roule.

Moving factories or finding non-Chinese suppliers to reduce the risk of disruption "means further investment," Roule said. "Who is going to pay for that?"

Charles M. Hubbs, founder of Premier Guard, which makes surgical gowns, masks, and other medical devices in China, said he is gearing up to produce face masks in Mississippi to avoid problems with shipping. But he said such an approach won't work once the pandemic ends and prices fall back to normal.

"You can afford it now. People are paying \$12 for an isolation gown," said Hubbs, who has worked in China since the late 1980s. "But when COVID is over, you're going to go back to \$3 or \$4."

Many companies already have pursued a "China plus one" strategy in Asia over the past decade. They set up factories in Southeast Asia to serve other markets or ensure against disruption in China, even if that raised their costs.

But as China lifted anti-disease controls on business in March, other Asian economies shut down, forcing companies to shift work back to Chinese factories, which are working overtime to make up the shortfall, said Seyedin.

#### Health science grads go from online to the frontline

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they indeed play a critical role in the health of the community. Unresolved dental issues can lead to severe health conditions, and it is known that underlying health issues can make COVID-19 more deadly.

"Our instructors have prepared us for working on the frontline before this pandemic even hit. In any healthcare setting, there is the risk of contracting all sorts of illnesses," Alexander said. "Dentistry in particular is a high risk because of the exposure to a large amount of aerosols. We are all very well educated on disease transmission and infection control."

Most people who enter fields in healthcare want to care for others. That desire is even heightened during a world

CENTER

**UNHEALTHY RELIANCE.** Workers are seen at a production line for masks at Wuhan Zonsen Medical Products Co. Ltd. in Wuhan, in central China's Hubei province. The United States, Japan, and France are prodding their companies to rely less on China to make the world's smartphones, drugs, and other products. But even after the coronavirus derailed global trade, few are willing to give up access to China's skilled workers, vast market, and efficient suppliers by moving factories closer to home. (AP Photo/Ng Han Guan, File)

Some U.S. and other leaders are talking about possible tax breaks or other incentives to lure companies home. Trump has threatened to raise taxes on American companies that move from China to any other country but the United States.

Even if tax breaks or subsidies go ahead, companies face the costs of setting up a factory in unfamiliar territory, training rookie employees, finding suppliers, and possible disruption to customer relations, said Alvarez & Marsal's Lim.

"Shifting is not free," he said.

### pandemic.

"Being a frontline worker during a world pandemic is an honor," Alexander said. "Many of us go into healthcare because we feel that our purpose is to help others. Being able to be there for others during these trying times is meaningful."

"Nurses are essential more now than ever. COVID is still spreading and nurses need to care for those that are symptomatic as well as be educators on how we can all prevent the spread of the virus," Funston said.

Perhaps Nancy Lambert, who earned her Clinical Laboratory Assistant (CLA) phlebotomy certificate, said it the best: "I just want to help and make a difference right now. All healthcare workers are superheroes."





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