

# Foxconn Raising Prices After China Wage Hikes

Manufacturing.net

TAIPEI, Taiwan (AP) -- Foxconn Technology Group, which makes iPhones and other gadgets for global technology companies, plans to charge them more to partly cover wage increases at its mammoth manufacturing compound in southern China.

The extent of price hikes will differ according to products, C.L. Huang, vice president of Hon Hai Precision Industry Co., parent firm of Foxconn, said at a news conference Wednesday night. She did not name the clients.

The Taiwanese firm announced in June two raises, more than doubling the basic worker pay to 2,000 yuan (\$293) a month for Chinese workers who make iPhones, iPads and other brand-name electronics for corporations including Apple Inc. and Hewlett-Packard Co.

The raises followed 10 worker suicides at the Foxconn compound in the southern Chinese city of Shenzhen. Labor activists have linked the suicides to unduly harsh conditions at the plant, where more than 300,000 people are employed.

Amid China's spectacular economic growth, Chinese workers are demanding better pay and working conditions. Companies like Foxconn that rely on China as a source of cheap labor are finding it harder to attract and keep workers.

The spate of strikes and other labor disputes at foreign-owned companies in China is hastening the eventual end of an era of cheap costs that helped make its southern coastal provinces the world's factory floor.

Companies are moving manufacturing to inland provinces where wages are still lower or shifting some production to other low cost countries in the region.

Foxconn has become the world's largest contract manufacturer of electronics goods mainly because of its ability to cut down costs by mass producing, earning big profits for its clients such as Cupertino, California-based Apple Inc.

On Tuesday, Apple announced its April-June net income surged 78 percent to \$3.25 billion on revenue of \$15.7 billion after selling almost as many of its new iPad tablets as it sold Mac computers.

It's unclear whether an increase to Foxconn's charges would result in higher prices for electronics goods like computer laptops or gadgets like the iPad. But fierce competition among electronics companies is likely to keep retail prices down while in the case of Apple, it is selling so many iPads and iPhones it can probably absorb higher costs from manufacturing without raising prices.

Huang said Foxconn will also cover the wage increases -- to become fully effective

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in October -- by speeding up factory automation programs.

She also said Foxconn's Shenzhen compound will produce higher value-added goods while shifting low-margin production to inland factories where wages are lower.

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