

# [***Apple Shares Slide Further As Beijing Targets iPhone Maker In Escalating Tech War***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:6943-G831-DXVP-5002-00000-00&context=1516831)

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**Length:** 663 words

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**Highlight:** Government officials have reportedly been banned from using iPhones in China and Apple faces stiff competition from domestic firm Huawei after the launch of its new smartphone featuring an advanced microchip.

**Body**

**Topline**

Apple shares fell during out of hours trading on Thursday, after the company s biggest single day loss in a month following reports China, one of the firm s biggest markets, had banned government employees from using iPhones as Beijing escalates its ongoing tech war with the U.S.

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China is one of Apple's most important markets.

Getty Images

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**Key Facts**

Apple shares were down 2.62% at 5:01 a.m. ET during out of hours trading.

The decline follows a 3.6% fall in New York on Wednesday, Apple s biggest single-day drop in share price in just over a month,accordingto Bloomberg, bucking a broad upwards trend for tech stocks this year that had seen the company climb 46%.

It comes afterreportson Wednesday that China had banned officials at central government agencies from using iPhones for work or bringing them into the office and the release of a new smartphone from Chinese firm Huawei earlier this week that could challenge Apple s strong position in the sector.

Beijing has sought to build China s domestic smartphone industry in recent years and the new phone featured a chip many thought was beyond the country s ability to make, in light of sweeping U.S.-led trade bans covering the technology.

Apple did not respond to**Forbes** request for comment.

**What To Watch For**

Apple enjoys widespread popularity in China but is under fire on multiple fronts. The twin-pronged assault of the reported ban on iPhones in government offices and the release of ahigh-speed challengerdevice from Huawei could indicate trouble ahead. It could dent the company s sales in a critical market that helped the companyexcelin recent years andgeneratednearly a fifth of itsrevenuelast year, some $74 billion. Aside from sales, Apple is vulnerable from its reliance on manufacturing in China almostall of major devices are built there and the potential animosity from Beijing signaled from the ban could complicate its global supply chain substantially.

**What We Don t Know**

It s not clear how far Beijing s ban on iPhones will be applied through government agencies. The**Wall Street Journal**, which firstreportedthe prohibition, said the ban s scope was unclear, adding that it was an expansion of an existing restriction in place for years at a select number of government agencies. The**Journal** said the scope of the order was unknown but noted some central government regulators had also received similar instructions. Bloomberg, whichconfirmedthe**Journals** report on Thursday both outlets cited unnamed sources familiar with the matter hinted at a much broader scope. The restriction would apply to a plethora of state-owned enterprises and other government-controlled organizations, Bloomberg reported, a category that could cover a wide array of organizations given the control Beijing exerts over China s society, governance and economy.

**Tangent**

The tech behind the new smartphone unveiled by Huawei this week marks amajortechbreakthroughfor China and suggests advanced microchip production capabilities believed by many to be beyond China s currentabilities. The technology is a crucial component of many electronic devices, so useful that it is a key driver of global ***politics***, economics and trade. As part of its ongoing tech war with Beijing, Washington has spearheaded Western export controls on the equipment needed to manufacture the advanced chips, which are possessed by only a handful of firms around the world. Huawei s 5G Kirin 9000s chip offers the company, and therefore China, a potential way around this trade restriction and an ability to compete with U.S. firms on the global stage again. U.S. National Security Adviser Jake Sullivan this week said the U.S. government isinvestigatingthe chip to determine whether trade restrictions had been skirted in its production.

**Further Reading**

China Reportedly Bans iPhones And Other Foreign Devices Among Government Officials(Forbes)

China Seeks to Broaden iPhone Ban to State Firms and Agencies(Bloomberg)

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