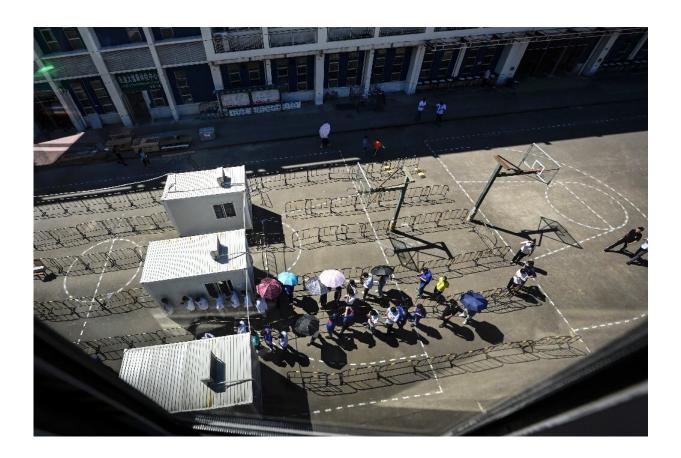


China's 'Silicon Valley' tightens rules over COVID flare-up

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Employees of electric carmaker BYD line up for Covid-19 tests in Shenzhen, where authorities are rushing to stamp out an outbreak.

China's biggest tech hub is rushing to stamp out a fresh COVID outbreak, ordering some of the country's biggest manufacturers to



operate in a 'closed loop' to reduce infections, state media reported.

The city of Shenzhen, which borders Hong Kong, reported just 19 COVID cases Tuesday as the city's health authority said the risk of "large-scale spread is low".

But Beijing's reluctance to budge from its strict zero-COVID policy had led to daily mass testing for the 13 million residents of Shenzhen for over a week and the closure of at least three subway stations by Tuesday.

Top manufacturers including iPhone maker Foxconn, electric carmaker BYD, drone maker DJI and telecom equipment maker ZTE are among the companies told to operate under a "closed-<u>loop</u>" production system.

It would restrict movement of employees for seven days, state-run business news site Yicai reported Monday.

The closed-loop operation mode involves <u>control measures</u> such as locking workers within a compound and conducting daily nucleic acid testing.

Bloomberg News reported Tuesday that a government notice told companies to reduce unnecessary interaction between nonmanufacturing staff and factory floors to curb infection.

Health officials had earlier said all cases found in Shenzhen from July 15 were infected with the highly contagious Omicron subvariant BA.2.

While it is expensive and reduces the scale of production, manufacturers—including Tesla's site south of Shanghai in the past—have opted to operate in a closed-loop instead of resorting to full shutdown during local COVID flareups.



Strict virus controls have threatened <u>global supply chains</u> and cooled China's economy with Q2 growth coming in at a dismal 0.4 percent—the weakest growth since the pandemic started.

China reported 976 COVID cases Tuesday, with the biggest outbreaks reported in the southern Guanxi region and Gansu province in the northwest.

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