

Apple in China: The Capture of the World's Greatest Company

Patrick McGee

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While Apple and China have been the subjects of many works over the years, the intricacies of the Apple-China relationship have rarely been analyzed with the depth and nuance of Patrick McGee's, 2025 book. *Apple in China* presents a focused, 21st century account of how Apple products are made, and places Apple's global operations within a geopolitical frame. McGee, a business journalist who covered Apple for Financial Times from 2019 to 2023, draws on years of reporting to explain how Apple's structure, strategy and managerial thinking became intertwined with China's rise. The book is intended not only for readers interested in US–China relations, but also for managers and management scholars, because McGee implicitly connects Apple's choices to management concepts such as path dependence and operational lock-in.

The book explores how Apple, once on the verge of collapse, became a \$3.5tn company and, in the process, concentrated nearly 90% of its production in China. McGee shows how Apple's initially pragmatic, efficiency-driven decisions slowly evolved into what he terms a "rookie and calamitous mistake" of placing almost all of its operational capacity in a single country, and one that is also its nation's primary geopolitical rival. He argues that Apple's leadership underestimated the strategic implications of this dependency, focusing instead on speed, cost and quality.

One of the book's major strengths is McGee's extensive research. The book does not become a product-driven account or an executive biography. Instead, McGee humanizes leadership decisions by briefly sketching the personalities, priorities and working styles of key executives, which helps explain how certain decisions came to be made. This unique approach offers management historians insight into the evolution of Apple's managerial worldview from innovation and design in its early years to operational efficiency and scale in later years. Adopting a chronological perspective, the book is divided into six parts, each capturing a major phase in Apple's relationship with China and illustrating how its operations became so deeply embedded there.

The book begins with *Saving Apple*, which recounts Apple's near-bankruptcy in the 1990s. Once proud of its vertical integration, Apple sold its factories and adopted outsourcing to Japan and later to Taiwan. Apple engineers travelled to Taiwanese factories to maintain product standards and transfer manufacturing knowledge. During this period, Apple's management incorrectly diagnosed inefficiency as their primary problem, overlooking deeper



issues with product appeal and revenue decline. The return of Steve Jobs triggered a series of turnaround strategies, including the ambitious manufacturing of the iMac and a bold advertising campaign. The Asian version of that campaign replaced the Dalai Lama with Amelia Earhart, an early indication of Apple's caution not to offend China. McGee argues that this moment foreshadowed Apple's later deference to Chinese sensitivities.

Apple's Long March to China traces how Apple's success with the iMac encouraged greater outsourcing. Attempts to outsource manufacturing in Wales and Mexico were disastrous, revealing gaps in scale and reliability. Contrastingly, Taiwanese firms like Foxconn were rapidly expanding operations in mainland China, supported by subsidies, a massive labor force and lax labor regulations. Foxconn's vertical integration and political shrewdness positioned it as an ideal partner for Apple's increasingly demanding supply chain. Apple recognized that China offered unmatched advantages in cost, scale and speed – attributes that became central to its operational philosophy.

Siren Song – Consolidation continues this trajectory. The manufacturing of the iPod and iMac G4 in Taiwan showcased how global supply chains could easily falter, pushing Apple further toward China. Inventec, which produced early iPods, struggled with capacity and quality, prompting Apple to move later iPod production to Foxconn's Chinese factories. Senior Apple executive Tony Fadell's observation that Apple did not 'architect' its shift to China but was gradually "lured in" reflects McGee's broader theme of rising dependence on China. Manufacturing in China enabled Apple to have superior control over its processes, as well as rapid access to machinery and tooling. Yet each gain in efficiency also deepened reliance on a single ecosystem.

Insatiable Demand – The iPhone in China shows how Apple's market ambitions in China created new challenges. The company struggled to confront the grey-market "yellow cows" – organized gangs who bulk-purchased iPhones abroad and within China, and resold them at a markup. This black-market ecosystem caused chaos at Apple stores and complicated Apple's supply chain and customer service operations. Apple underestimated Chinese consumer behaviour, cultural expectations and the scale of grey-market activity. Despite warnings about overdependence from Chinese executives, Apple continued increasing production in China. Problems like fraudulent repair schemes, fake Apple stores and distribution bottlenecks intensified, yet Apple had limited staff in China to address them.

Political Awakening opens with Xi Jinping's arrival and reported displeasure with Western media's negative portrayal of China in their coverage of labor conditions in Chinese factories. China also took offense to Apple's "*Designed by Apple in California. Assembled in China*" tagline, interpreting it as diminishing China's true role. Apple had not built R&D centers, engaged in joint ventures, or meaningfully transferred technology, as expected from foreign firms. When the yellow cows began framing Apple as unfair to Chinese consumers, the state amplified the critique into a national campaign on "Consumer Day," culminating in Apple's public apology. Apple realized that China held significant leverage, and that its supply chain was exposed.

To manage this, Apple created an internal group, the "Gang of Eight," to monitor political risks and handle relations with the Chinese Communist Party (CCP). As China pushed for greater localization, Apple trained multiple Chinese partners in manufacturing techniques, which indirectly helped create a competitive Chinese smartphone industry. Apple's compliance to the CCP increased – it banned apps, restricted Virtual Private Networks and stored user data within China. It also invested heavily in Chinese companies like Didi. McGee argues that by this stage Apple's strategic options were limited by its own operational dependence.

Red Apple highlights the dissonance between Apple's stated commitment to labor welfare, and its unrelenting demands for speed, quality and price. McGee describes Apple's

appointment of Isabel Mahe as Managing Director for Greater China as partly due to her cultural resonance and ethnicity. China's domestic smartphone makers, especially Huawei, began surpassing Apple in the Chinese market, revealing the downside of relying heavily on a rival nation for both production and sales. Although the US sanctions on Huawei temporarily eased competitive pressure on Apple, new vulnerabilities such as reliance on Taiwanese chip manufacturer TSMC emerged. Even as Apple has begun diversifying into India, the geopolitical risks linked to semiconductor manufacturing and its overdependence on China, remain unresolved.

The book delivers on its promise of unveiling how Apple's overdependence on China happened, offering a detailed account of the decisions and circumstances that gradually nudged Apple toward China. It repeatedly underscores that China would not have been the manufacturing superpower it is today without Apple, while also showing how both sides in this symbiotic relationship exploited, and allowed themselves to be exploited by, each other. McGee highlights serious ethical concerns like labor exploitation, excessive overtime, poor working conditions and grey-market manipulation; yet, these issues are described almost as a natural consequence of Apple's ruthless push for efficiency rather than failures of Apple's management. Though Apple's failed attempts to address these issues are described, the sharper criticism is reserved for Apple's slow realization of its overdependence on China, and the quagmire of geopolitical risks that accompany it.

Overall, the book is definitely well-worth its price. McGee's fast-paced, journalistic style makes it an easy and engaging read. It is to his credit that the narrative does not lag despite covering four decades and multiple products. The book is replete not only with accounts of what happened at Apple, but also uncensored conversations and remarks that keep it grounded and realistic. McGee concludes the book by predicting the occurrence of major risks in the Apple-China relationship over the next decade due to five reasons – the comeback of Huawei, and of US President Trump, Apple's foray into services and Artificial Intelligence, and its move to India. The book contributes to management history by illustrating how an operational model focused on scale and efficiency can become a liability when geopolitical conditions are unfavorable. Overall, Apple in China offers a compelling and deeply-researched narrative of how the managerial preference for product innovation and operational efficiency, coupled with lack of geopolitical strategy, has irrevocably shaped one of the world's most influential corporations.

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