



RE-EMERGENCE OF CHINESE ECONOMY UNDER COVID-19

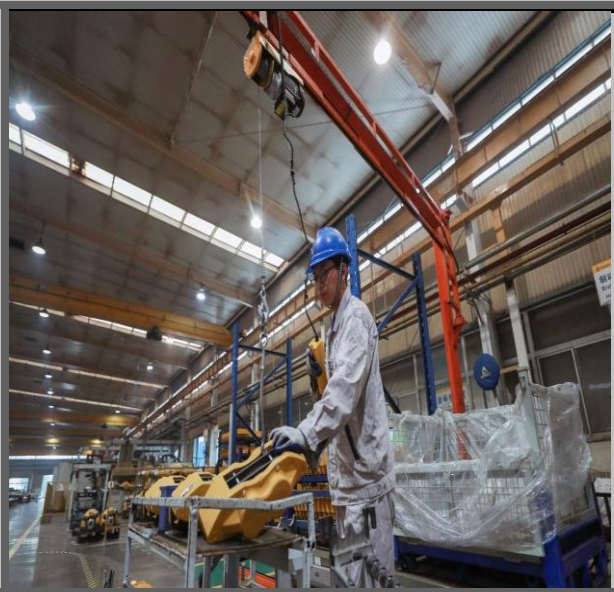
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November 20, 2020

(Views expressed in the brief are those of the author, and do not represent those of ISSI)



China, the world's second largest economy saw a sharp decline in the first three months of 2020 during the corona virus lockdowns. In the first quarter of 2020, Chinese Gross Domestic Product (GDP) fell by 6.8% year-on-year, of which the added value of agriculture, industry, and service industries fell by 3.2%, 9.6%, and 5.2% respectively.¹

Figures released in July show China's GDP returned to growth during April to June. In the second quarter of 2020, there was a year-on-year growth of 3.2%, an increase of 10 percentage points from the first quarter. China's economy is progressing steadily and the development momentum is good.

Chinese economy has seen a vigorous bounce back, and the numbers are being closely watched around the world as China restarts its economy.

In the midst of the corona virus pandemic, China is emerging as the engine of global growth. China is the only big economy expected to show a positive advance this year, with the IMF projecting growth of 1.9 per cent, followed by 8.2 per cent in 2021.²

Also, China's GDP data in the third quarter of 2020 rebounded. Although the magnitude is slightly lower than expected, the long-term positive development trend of economy remains unchanged.

¹ Ning Jizhe, "How to treat the economic situation in the first quarter comprehensively and dialectically", *Statistical Science and Practice*, 2020 (05):4-7.

² "Chinese economy outstrips US despite Beijing bashing", *Today Headline*, accessed November 12 2020, <https://todayheadline.co/chinese-economy-outstrips-us-despite-beijing-bashing/>

Among them, Consumption Expenditure drove up 1.7 % of GDP, turning positive for the first time during the 2020, an increase of 4.0% compared with the second quarter; net exports of goods and services drove growth by 0.6 % of GDP; total investment drove growth by 2.6 % of GDP, becoming the main driving force to promote economic development in the third quarter. In the medium term, the role of investment in driving GDP will most likely remain.

Comparison of China's Yearly GDP Growth Rate

Year	The first quarter	The Second quarter	The Third quarter
2015	7.1%	7.1%	7.0%
2016	6.9%	6.8%	6.8%
2017	7.0%	7.0%	6.9%
2018	6.9%	6.9%	6.7%
2019	6.4%	6.2%	6.0%
2020	-6.8%	3.2%	4.9%

Source: Nation Bureau of Statistics of China

China has been leading the way in the recovery from the impact of Covid-19. There are a number of reasons for that.

The first and most important reason is that the leadership of the Chinese Communist Party and the Chinese government has provided organizational guarantees for overcoming the epidemic and safeguarding economic development. After the outbreak of Covid-19, facing this unknown, unexpected and devastating disease, China launched a resolute battle to prevent and control its spread. Making people's lives and health its first priority, China adopted extensive, stringent, and thorough containment measures, and has for now, succeeded in cutting all channels for the transmission of the virus.³

Second, the Chinese people's spirit of facing up to difficulties and fighting in unity is the guarantee for success. The Chinese people have high confidence in defeating the epidemic. With the collective efforts of 1.4 billion Chinese people, China's epidemic prevention and battle for control has achieved significant results. In the process of resuming work and production, every Chinese also insisted on doing his own job well, and jointly contributed to the miracle of China's rapid economic recovery that has surprised rest of the world.

³ "Fighting COVID-19: China in Action", The State Council Information Office of the People's Republic of China, accessed November 12, 2020, <http://www.scio.gov.cn/zfbps/32832/Document/1681801/1681801.htm>

Third, the accelerated recovery of China's consumer market is an economic guarantee. In the context of the severe global epidemic, opening up the domestic market and promoting domestic consumption have become an important policy for China's economic recovery. To this end, the Chinese government has proposed 15 policy measures in four areas, and organized the 2020 National Consumption Promotion Month before the "National Day" Golden Week, from October 1-17, 2020 attracting more than 100,000 companies to participate, involving more than 2 million physical stores and online merchants. From October 1 to 8, China received 637 million domestic tourists and achieved domestic tourism revenue of 466.56 billion Yuan.⁴

Fourth, the effective control of the epidemic in China provides production guarantee for China's participation in the production of the world industrial chain. Since the second quarter of 2020, China's production activities have rapidly resumed, which has also led to the inflow of orders from countries that have been severely affected by the epidemic. For example, a large number of textile orders have been transferred from India to China, which has promoted the rapid recovery of Chinese exports. Taking import and export as an example, according to the statistics released by the General Administration of Customs of China on November 7, China's foreign trade imports and exports in October were US\$415.92 billion, an increase of 8.4%. Among them, exports were US\$237.18 billion, an increase of 11.4%; imports were US\$178.74 billion, an increase of 4.7%; the trade surplus was US\$58.44 billion, an increase of 38.1%.⁵

Fifth, the vigorous development of the digital economy provides technical support for China's economic recovery. New types of consumption, characterized by new business models such as online shopping, mobile payment, and online and offline integration, are making the lives of Chinese people more convenient and better. On November 11, 2020, during the China E-commerce Shopping Festival, Tmall's turnover was 498.2 billion Yuan, an increase of 85.6% compared to 2019's 268.4 billion Yuan; JD.com's turnover was 271.5 billion Yuan, an increase of 32% compared to 204.4 billion Yuan in 2019.⁶

⁴ "A total of 637 million domestic tourists were received during the double festival holiday nationwide", *Finance China*, accessed November 12, 2020, <http://finance.china.com.cn/news/20201009/5391694.shtml>

⁵ "Total Value of Import and Export Commodity in October 2020", *General Administration of Customs, China*, accessed November 12 2020, <http://www.customs.gov.cn/customs/302249/302274/302275/3357151/index.html>

⁶ "China E-commerce Shopping Festival comes to a close", *China Economic Weekly*, accessed November 12, 2020, <http://www.ceweekly.cn/2020/1112/319895.shtml>