



## CBBC China Recovery Update 21 April 2020

Dear CBBC Member,

As the China's Statistical Bureau recorded its first GDP contraction in decades, the fear of a 'second wave' lingers on. After the outbreak of the virus in Suifenhe, a border town near Vladivostok, Beijing's Chaoyang district, where most foreign embassies are located, also reported a new cluster and remained China's **only high-risk zone**, and, in order to protect both our staff and local member companies, colleagues in our Guangzhou office are **temporarily working from home**.

Last week's **Politburo meeting** sent a clear sign that anti-epidemic measures will remain a part of China's daily life for the foreseeable future. Unfortunately, this also means that the strict travel restrictions for foreigners wishing to travel to China will remain in place for a while longer.

Nevertheless, most provinces are proceeding on their path back to normality. It is expected that most schools will be open by early May, and universities are also resuming in-class lecturers.

Local governments are eager to get small businesses and shops up and running again. Many provinces have already begun to **hand out vouchers** to boost consumer spending and different sectors from housing to cars have launched their own discount policies.

Increasing domestic demand will be the key challenge in the coming weeks and months. Last week's data dump revealed that retail sales were down by another 16% in March, contrasting sharply with general industrial output, which appears to be on a path to recovery.

We are therefore expecting additional policy initiatives and support measures to revive China's vast consumer market.

I hope you find the links below useful and interesting,

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## Key Developments

**China says its economy shrank by 6.8% in the first quarter as the country battled coronavirus**  
<https://www.cnbc.com/2020/04/17/china-economy-beijing-contracted-in-q1-2020-gdp-amid-coronavirus.html>

*The sharp year-on-year drop was less than feared but still marks the first comparative decline in economic growth since at least the late 1980s.*

**Assessment Report on Impact of COVID-19 Pandemic on Chinese Enterprises**

[https://www.cn.undp.org/content/china/en/home/library/crisis\\_prevention\\_and\\_recovery/assessment-report-on-impact-of-covid-19-pandemic-on-chinese-ente.html](https://www.cn.undp.org/content/china/en/home/library/crisis_prevention_and_recovery/assessment-report-on-impact-of-covid-19-pandemic-on-chinese-ente.html)

*This report by the United National Development Programme offers a first assessment of COVID-19 outbreak on Chinese businesses.*

**[Chinese]扩大内需必须加强保障和改善民生**

[http://paper.people.com.cn/rmrb/html/2020-04/13/nw.D110000renmrb\\_20200413\\_1-01.htm](http://paper.people.com.cn/rmrb/html/2020-04/13/nw.D110000renmrb_20200413_1-01.htm)

*The article received a lot of attention as it seems to indicate that a larger stimulus package is imminent.*

**[Chinese]稳是大局！中央政治局会议首提“六保”**

<https://m.chinanews.com/wap/detail/zwsp/gn/2020/04-18/9160625.shtml>

*A read-out of last week's Politburo meeting which suggests that health inspections and travel restrictions won't be lifted anytime soon. It also raises hopes for further economic support measures.*

**China moves to keep EU investment talks on track**

<https://www.scmp.com/news/china/diplomacy/article/3080563/china-moves-keep-eu-investment-talks-track>

*China's renewed commitment to a comprehensive investment treaty with the EU sends a strong signal to international trading partners that China continues to welcome foreign investors.*

**China's digital currency takes shape as trials begin with travel subsidies and Communist Party fees**

<https://www.scmp.com/economy/china-economy/article/3080594/travel-subsidies-party-fees-chinas-digital-currency-takes>

*China pushes ahead with its plan for a digital currency. While the currency is currently only used by local governments, its successful implementation could have far-reaching consequences well beyond China's borders.*

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