



## CBBC China Recovery Update 7 April 2020

Dear CBBC Member,

As Western governments are debating possible exit strategies for ending the ongoing lockdown, China is slowly returning to normality. Today, China reported no new COVID-19 related deaths for the first time since January.

Wuhan, the centre of the outbreak, is set to resume intercity railroad traffic. And last weekend, millions of Chinese flocked to tourist sites during this year's Tomb Sweeping holidays.

Yet some restrictions remain in place. Entry to Beijing continues to be restricted and travellers have to pass through designated checkpoints and observe strict quarantine rules. Travel from abroad is strictly monitored with most foreigners barred from entering the country.

Furthermore, the impact of COVID 19 on the economy has begun to emerge, too.

First, China's urban unemployment rate has reached the historically unprecedented 6.2%, not including migrant workers, whose jobless rate is estimated to be at least 10-times higher.

Local governments will do everything to get this number down as soon as possible. While real estate and infrastructure will probably be the preferred approach, foreign-invested companies, too, can expect a wave of new incentives and support measures.

Second, China's world-leading export industry is lacking buyers. As international trade has collapsed by over 60%, many factories – mask producers being the obvious exception – are struggling with falling orders and overcapacity.

Many local governments have implemented support policies to assist businesses, e.g. social insurance contributions between April and June have been halved. Some cities have also suspended collection of utility fees and similar fixed costs.

Even so, we expect more targeted measures in the coming weeks.

I hope you find the links below useful and interesting,

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## Key Developments

**China reports zero daily deaths from coronavirus for the first time since January**

<https://www.theguardian.com/world/2020/apr/07/china-reports-zero-daily-deaths-from-coronavirus-for-the-first-time-since-january>

*Although the National Health Commission reported 32 new cases and 30 asymptomatic ones but no new fatalities.*

**Tensions thawed? Michael Gove thanks China for 300 ventilators in coronavirus U-turn**

<https://www.express.co.uk/news/uk/1264969/China-coronavirus-latest-Michael-Gove-ventilators-testing-news>

*The UK continues to receive ventilator shipments from China. At the Press Conference this Sunday, Minister for the Cabinet Office, Michael Gove, thanked China for its support in these testing times.*

**Coronavirus: nearly half a million Chinese companies close in first quarter as pandemic batters economy**

<https://www.scmp.com/economy/china-economy/article/3078581/coronavirus-nearly-half-million-chinese-companies-close-first>

*Around 460,000 Chinese firms have been forced to shut their business in Q1 2020. The registration of new businesses during the same period has also declined by 29%.*

**Coronavirus: China's unemployment crisis mounts, but nobody knows true number of jobless**

<https://www.scmp.com/economy/china-economy/article/3078251/coronavirus-chinas-unemployment-crisis-mounts-nobody-knows>

*The employment rate among Chinese urban workers has increased by around 20 million and reached a historical 6.2% in March 2020. But economists estimate that as many as 205 million Chinese workers are out of work.*

**Market for Chinese-made masks is a madhouse, says broker**

<https://www.theguardian.com/world/2020/apr/05/market-for-chinese-made-masks-is-a-madhouse-says-broke>

*With demand for face masks and PPE going through the roof, production for these items – most of which is clustered in China – has failed to keep up.*

**SAFE Releases China's External Debt Data at the end of 2019**

<http://www.safe.gov.cn/en/2020/0327/1658.html>

*According to the State Administration of Foreign Exchange (SAFE), China recorded £1.65 trillion in outstanding external debt denominated in both domestic and foreign currencies by the end of 2019.*

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