

Coronavirus - COVID-19

Monitoring the situation internationally - China



November 2020

This report offers information on current economic and political developments in China. For comments and further information about the situation, please contact:

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Situation Summary

Shanghai has reported seven new COVID-19 cases in November. The first two cases involve personnel from Shanghai-Pudong International Airport. The origin of the remaining cases has not been reported.

The central government announced new measures to control the number of imported COVID-19 cases from abroad. Measures include a temporary suspension of entry visas for nationals from several countries including the UK, Italy, France and Russia.

The *Regional Comprehensive Economic Partnership* (RCEP) was announced as the largest trade pact in the world. RCEP consists of China, Japan, South Korea, Australia, New Zealand and the ten ASEAN members. It makes up nearly a third of the global population and accounts for 29% of global GDP. RCEP's key objective is to reduce mutual tariffs on imports over a 20-year period.

China's 3rd International Import Expo (CIIE) ended on November 10th. Organizers state that the expo attracted about 400,000 professional visitors. Deals worth an estimated \$73 billion were signed.

Singles' Day, China's answer to Black Friday, resulted in sales worth roughly \$75 billion. This represents an increase of 26% compared to 2019.

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Macroeconomic Development



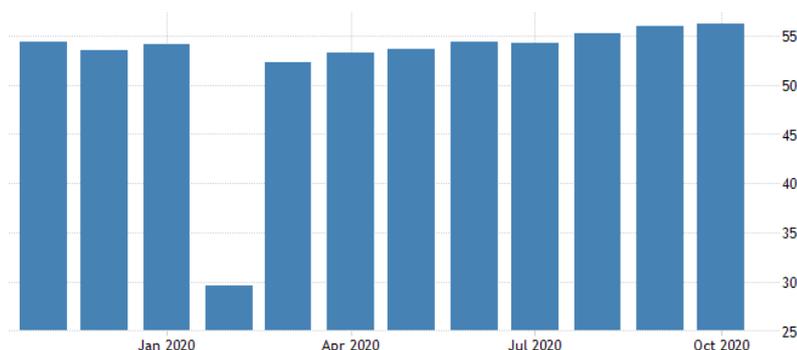
GDP data

China is expected to be only economy in the world with positive growth in 2020.

| | |
|-----------------------------|--------------|
| Q1 2020 | -6.8% |
| Q2 2020 | +3.2% |
| Q3 2020 | +4.9% |
| Q4 2020 | n/a |
| All 2020 (estimated) | +2.0% |

Purchasing Manufacturers' Index

The PMI index is a measure of private sector expectations to business activities. A PMI above 50 indicates a positive development. China has been above 50 for the past eight months.



Other indicators

- China's retail sales for October 2020 rose by 4.3% y/y, from 3.3% in September.
- Fixed asset investments increased by 12.2% in October, compared to 8.7% in September.
- The value-added output at industrial firms stayed the same as in September at 6.9% y/y.

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COVID-19 Restrictions

Domestic travel

Following a local outbreak originating in Shanghai-Pudong International airport, cities across China have issued measures against incoming travelers from Shanghai. Measures include presenting a green health code and a nucleic acid test taken no longer than one week prior to departure.

International travel

Passengers bound for China are required to pass a nucleic acid test (oral or nasal swab) as well as an IgM anti-body test. Passengers should also obtain a green health code with the "HS" mark or a certified health declaration form before boarding the flight. Please find more information from the Chinese Embassy in Denmark [here](#).

Quarantine rules

Inbound international travelers with final destination in Jiangsu, Zhejiang, or Anhui are required to conduct three days of centralized quarantine in the city of arrival, followed by 11 days of centralized quarantine in the city of final destination. Passengers with final destination in Shanghai are required to conduct 7 days of centralized quarantine followed by 7 days of home quarantine. Please note that the implementation of the rules might differ according to circumstances on arrival.

Read more about domestic and inbound international travel [here](#).

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Business Environment

China's 14th Five-Year Plan will be officially launched in March 2021. The first indications about the content have already started to materialize. So far, the following key themes can be deduced:

Dual circulation is the main strategic objective. The concept is vaguely defined but reflects the government's ambition to pursue economic self-reliance, while at the same time enhancing China's economic leverage towards foreign countries. According to president Xi Jinping, China needs self-controllable supply chains with at least one domestic alternative for vital products. But China should also maintain a large export sector and keep its doors open to foreign firms.

The dual circulation principle has been rotated in academic circles for several years. The decision to make it official policy is undoubtedly a consequence of the deteriorating relationship with the United States. China is forced to step up innovation efforts even further in order to self-produce essential inputs, e.g. computer chips. Similarly, the outside world must be made more dependent on trade with China to deter foreign powers from putting political pressure on the country.

Continued focus on economic growth – but only the right kind of growth. Industries based on advanced technology and sustainable solutions will be prioritized. This is not a new decision. But the ambition to consolidate green development as a guiding light for China's manufacturing sector could have far-reaching consequences. Particularly because the government now also advocates sustainability as a pervasive societal principle. In other words; living green is not just a catalyst for economic transition and a way for the country to reduce its insatiable thirst for imported oil. It is also a premise for being a good citizen.

From a Danish perspective, it will be interesting to see the dual circulation strategy carried out in real time. It raises many questions: Which domestic sectors require protection from foreign competitors? Where are international investors still welcome? How exactly will the green ambitions be executed at the ground floor level? Some analysts suggest that foreign companies in the renewable energy sector could be facing a period of remarkable opportunities when local planning institutions are handed the responsibility of meeting Beijing's green targets.

DI China will continue to follow the roll out of the 14th Five-Year Plan closely.

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Upcoming Activities



**Blockchain
Business
Bridge**

Market Insight Workshop: Blockchain

- 🕒 February 2021
- 📍 Copenhagen / online

Get first-hand insights on how Chinese industries are being reinvented by blockchain technologies.



Market Insight Workshop: New Retail

- 🕒 March 2021
- 📍 Copenhagen / online

Dive into a world where the consumer is empowered by digital, innovative applications.



Market Insight Workshop: Smart and Green

- 🕒 March 2021
- 📍 Copenhagen / online

Examine China's sustainability record. Learn how to leverage your solutions to meet local demand.



China Inspiration Tour: New Retail

- 🕒 September 2021
- 📍 Shanghai

Join intensive training course with company visits, user experiences, roundtables, pitching sessions, more.