



The Impact of the COVID-19 on Real Economy of China and How to Deal with It

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ABSTRACT

It has been two years since the spread of COVID-19. The global economy has been hit in both years, and China is no exception. The real economy has been declining for two years. The COVID-19 has affected every country in the world to a greater or lesser extent, and this is also true for China. This paper shows the impact of COVID-19 on China's real industry by analyzing import and export trade, physical stores and education industry. The paper analyzes the impact of the epidemic on China's import and export industry through the trade amount of four different products, and compares the monthly box office from 2019 to 2020 to illustrate the rebound of the film industry after the epidemic. And analyze the impact of the epidemic on whether Chinese students choose to go abroad. The article will also introduce some measures and policies China has taken to protect the real economy. The author will also give some of her own opinions and suggestions. The epidemic has had a major impact on the real economy. Import and export have become difficult, and the catering industry in physical stores has also found it difficult to survive and lose money. The movie industry has theaters that cannot open, and movies that can not be shown. For the education industry, online education has both advantages and disadvantages.

Keywords: China, COVID-19, real economy, Import and export, Physical stores, Education

1. INTRODUCTION

It has been more than two years since the full outbreak of COVID-19 began. Since the outbreak of COVID-19 until today, there are five times of evolution: alpha, beta, gamma, delta and Omicron. In the past two years, people's lives have changed a lot because of the epidemic. Many online industries have started to develop, such as food delivery and online education. At the same time, many industries have become depressed, restaurants, import and export trade, cinemas, because of lockdown and logistics restrictions.

This paper analyzes the impact of COVID-19 on China's real economy and describe some measures and policies taken by China to cope with the recession, and this paper also offers some suggestions. In the short term, COVID-19 cannot be completely eradicated. People and COVID-19 need to coexist. The significance of this study is to make people have a clearer understanding of the impact of COVID-19 on China's economy, and to make appropriate changes and improvements to minimize losses and gradually recover the real economy under the impact of COVID-19.

2. THE IMPACT OF THE COVID-19 ON CHINA'S REAL ECONOMY AND THE ANALYZE OF ITS FACTORS

2.1. Influences on import and export

The impact of the Covid-19 on China's exports will be mainly reflected in major export industries such as machinery, textile, furniture, plastic products, vehicles, parts and steel products.

When the epidemic began, most of it was confined to China. In order to effectively control the epidemic as soon as possible, many cities in China have been locked down. That has led to lots of factory shutdowns and logistical delays. Too many orders go unfulfilled. Goods can not come in or go out. But as the epidemic spread around the world, it affected not just China, but the whole world. Many countries around the world imposed lockdown and the economy stagnated. The whole world is in a frozen state.

Table 1. Export value and year-on-year growth rate in the first half of 2020 [1]

	2020 (billion dollar)	Increase (%)
High and new technology	329.21	-1.9
Mechanical and electrical	643.64	-5.5
Clothes	51.08	-19.4
Medical instruments	8.39	42.4

The impact of COVID-19 on different products is also different. As can be seen from Table 1, the trade volume of high-tech products and mechanical and electrical products in the first half of 2020 was 329.21 billion US dollars and 643.64 billion US dollars, slightly lower than that in 2019. The clothing industry, which requires a lot of labor, fell sharply, to \$5.108 billion in the first half of 2020. It dropped 19.4%. On the other hand, the medical device industry is linked to the epidemic. Trade volume was a modest \$8.39 billion, up 42.4%.

The shortage of raw materials and components for China's export commodities caused by the economic stagnation from abroad, the obstruction of trade and logistics caused by border control and restrictions on population activities of various countries. Also the worldwide demand for goods has fallen. Are the reasons that affect import and export trade. At the same time, Chen mentioned in the article that COVID-19 will lead to the escalation of international trade conflicts, mainly reflected in three aspects: government, state-owned enterprises and enterprises [3]. The government needs to maintain the relationship between countries, both to ensure the livelihood of the Chinese people and to be able to provide medical supplies to the rest of the world, just as it would have without the epidemic. And state-owned

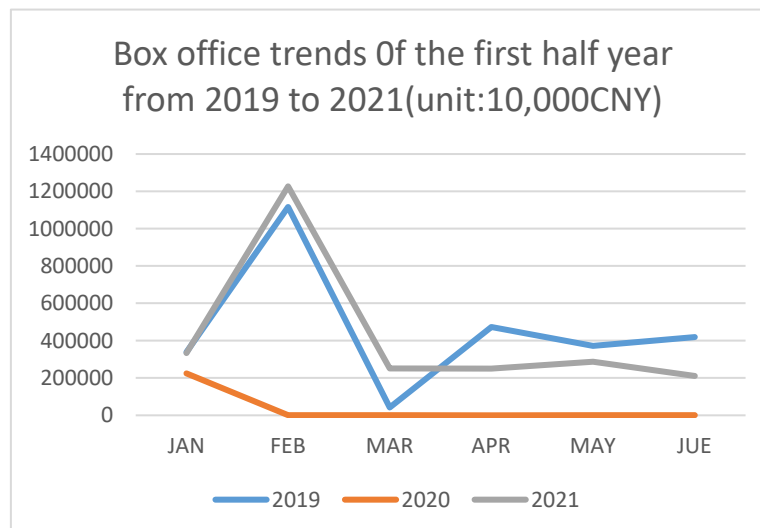
enterprises, while maintaining their own survival, also need to do things for the country and the people.

2.2. Influences on physical stores (restaurants, movies, entertainment venues.....)

Due to the epidemic, many physical stores are facing closure and other phenomena, and especially the food safety in the catering industry is seriously damaged.

The outbreak occurred during the Chinese New Year, one of the busiest times of the year for restaurants. People's movement has been restricted and restaurants have been unable to open or attendance is limited because of state policy. A large number of tables for a time to increase the number of single back. And the government says people can get a full refund on their reservations at restaurants. In February 2020, the China Cuisine Association released an investigation and analysis report on the operating conditions and development trends of China's catering industry during the COVID-19 epidemic in 2020. According to the report, 78% of Chinese catering enterprises lost more than 100% of their operating income during the epidemic compared with the same period in 2019, and only 5% lost less than 70% of their revenue [2]. Although the restaurant is not open, rent, labor and utilities are fixed costs. Months of not making ends meet have left many restaurants unable to stay open. Because it is Chinese New Year, restaurants tend to have more ingredients than usual, leaving them to bear the losses themselves.

Cinemas are closed or attendance is limited. Movies can not get released, and investors don not get their money back. Box office decreased. For the current film industry, a large number of people are unable to enter the cinema for safety reasons or for community risk control reasons, and the environment of strong offline scenes like cinema will face huge problems. The film industry has no way to provide more services to the consumers through the Internet or online like other industries.

**Figure 1.** Box office trends of the first half year from 2019 to 2021 [4]

As you can see from February 2020, when the epidemic began to spread in a big way, the box office remained low. But by 2021, the box office was back to where it was in 2019, and February and March were even better than they were in that year. It's safe to assume that while 2020 was the worst year for the film industry, 2021 will be the year the industry comes back to life.

2.3. Influences on education

The global outbreak of COVID-19 in 2020 has greatly promoted the development of distance learning. However it is difficult to monitor the learning effect of each student, resulting in low learning quality of students.

In order to avoid further spread of the epidemic, reduce line together with spread risk, general office of the Ministry of Education issued a closed suspension notice, not clear requirements across all schools in the extension of school, open country elementary and middle schools during the network classroom on cloud platforms and

television air, provided free of charge on learning resources, for the use of independent choice around.

Chinese distance education after years of development, is gradually perfect remote teaching education in many places in China is still being as a new thing, there is a process of gradually known and accepted by the society Social recognition remains to be improved Internationally, distance education has become a higher education and general education teaching mode of equal status [5]. From this article, in the wake of the pandemic, students in China and other countries around the world have been unable to carry out their studies because of lockdown or flight restrictions. Online education is very important at this time and is growing very rapidly.

The epidemic is also affecting students' overseas studies. As can be seen from Figure 2, from 2010 to 2019, the number of Chinese students studying in the United States showed an upward trend. In 2020, it dropped from 372,532 to 317,299.

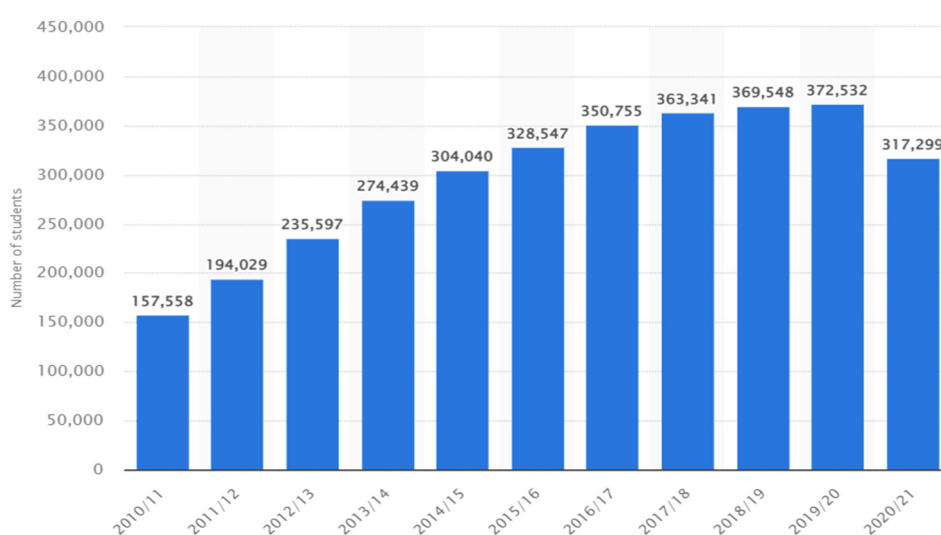


Figure 2. Number of college and university students from China in the United States from academic year 2010/11 to 2020/21 [6]

3. STRATEGY OF CHINA AND GIVING SUGGESTIONS ON THESE ISSUES

3.1. Coping strategies

China has also taken many measures to maintain economic growth in the wake of the Covid-19 recession. The government has also boosted ailing industries.

Shen noticed the following measures to deal with the impact of the global spread of the epidemic on China's import and export and the global industrial chain in the paper: first under the new internal and external economic and trade environment, we need to actively respond, secondary the import and export of relevant epidemic prevention products will be a new growth point of trade [8]. To put it simply, in China's import and export trade,

China should learn from each other. Tondo's current hot products, such as medical equipment, masks and so on, strengthen international exchanges, for example, China can export some masks to the countries in need. At the same time, China should also seize the opportunity to fully resume work, and the government should strengthen assistance to enterprises so that enterprises can have sufficient funds to produce goods.

Since February 1, Hema fresh and youth restaurant Yunhaiyao Xibei and other catering enterprises to carry out cooperation, catering enterprise employees will temporarily borrow Hema fresh and Meituan launched the merchant assistance initiative, and on February 4, the first batch of merchant support loans were in place [9]. At present, the epidemic is serious. Catering enterprises cancel the new year's Eve dinner package service for

customers, delay the use of debt, etc., reduce losses and waste, and do a good job in serving the people with food materials purchased in advance..

For the education, in 2020 spring term, according to the Ministry of Education of common colleges and universities during the epidemic prevention control online guidance of teaching organization and management work, various universities rely on online course to broke the barrier of time and space, actively organize the teachers and students to carry out online teaching, to ensure normal teaching during the epidemic prevention and control [10]. During the pandemic, online teaching has changed from auxiliary teaching to primary teaching. The teacher imparts knowledge to the students on the Internet in the form of live broadcast.

4. SUGGESTIONS

Local governments may consider setting up special funds to extend the repayment time of banks and give credit and financing channels to high-quality foreign trade enterprises.

During the Covid-19 period, catering enterprises should strictly manage the stock and supply chain of food and raw materials, and pay attention to the daily epidemic prevention and elimination work of doors and stores.

Movies can be transferred from cinema to online apps, such as Xu Zheng's *Lost in Russia*. Xu did not waste the Spring Festival publicity opportunity. In 2020, *Lost in Russia* became one of the most popular films during the Spring Festival season, and the move to broadcast it online for free won over a large number of viewers. Bytedance bought the movie for 630 million yuan, bringing invisible pressure to iQiyi, Youku and Tencent Video, the three major video websites that have cultivated users' payment habits with great efforts [7]. Both Xu and Bytedance profited from the total while setting a good example for others. Sometimes it's time to get out of your comfort zone and look for other solutions.

5. CONCLUSION

Above all, there are lots of impacts of COVID-19 on China. For import and export trade, the last few years have been very difficult. Especially for some industries that need a lot of manpower and resources, such as the clothing industry. For the medical device industry, it is a very good opportunity, the demand for medical devices is very large all over the world. It is also a crisis to China's physical stores. Whether it's the restaurant industry or the movie industry, they have always been shut down. People can not make a profit, and they have to pay fixed costs like rent and utilities. Students also have to stay at home for online education to protect their health, but the effectiveness of online education is far lower than that of offline education. Of course, various industries are also

looking for ways to help themselves, as the government looks for ways to help them. Take-out industry, online shopping, online teaching, put movies on the network platform, and etc. Only by constant innovation, can keep pace with the times.

AUTHORS' CONTRIBUTIONS

This paper is independently completed by Yifang Xu.

ACKNOWLEDGEMENTS

In the process of writing the thesis, I met numerous difficulties and finished it with the help of teachers. First of all, I would like to thank Dr. Erdil and Prof. Li, after a month of study of *Microeconomics: Market Design Theory and Application*, I learned a lot of new knowledge. At the same time, I also want to thank my TA Boning Li and my paper teacher, Ms Wang, they gave many comments on the paper. Finally, I want to thank my parents, who gave me this opportunity to participate in the project research.

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