

Analysis of the Impact of "COVID-19" Pneumonia on Chinese Economy

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Abstract: "COVID-19" pneumonia epidemic will not only cause major casualties, but also bring a huge impact on the economy. This article analyzes the impact of the "COVID-19" pneumonia epidemic on different regions of China and even the global economy from the macro and micro levels, discusses economic loss caused by the epidemic to China and its impact on the development of the national economy, and analyses the impact of the Chinese economy on the global economy. This article further studies the damage and impact of the "COVID-19" pneumonia epidemic on the economy, and provides the most targeted and cost-effectiveness measures.

1. Impact of "COVID-19" Pneumonia on the Economy in China

The "COVID-19" pneumonia was first discovered in Hubei Province, China in December 2019. The World Health Organization held a meeting on January 30, 2020, announcing that China's new coronavirus epidemic would constitute a public health emergency of international concern. The Chinese government and its the prevention and control of "COVID-19" pneumonia emphasizes that life is more important than Mount Tai. The epidemic situation is an order, and prevention and control is a responsibility. At present, China has adopted a series of active and effective measures to prevent the "COVID-19" pneumonia epidemic from further spreading. However, "COVID-19" The impact of the pneumonia epidemic on all levels of China's economy has begun to appear [1].

1.1 Impact on Mainland China's Economy

The impact of the "COVID-19" pneumonia epidemic on China's economy is directly related to the duration of the epidemic. From the current situation and the general law of economic development, the impact of the "COVID-19" pneumonia epidemic on China's mainland economy will be mainly reflected in the following: aspect:

1.1.1 Macro Level

Generally speaking, the impact of the epidemic on the economy mainly comes from the two major aspects of demand and supply. From the perspective of total demand, the three carriages of export, consumption and investment have been impacted [2]. From the perspective of import and export, the impact of the COVID-19 epidemic on import and export is mixed. In general, the impact on exports is greater than imports. The worsening of the COVID-19 epidemic will further delay exports in the first quarter, but the biggest impact of this epidemic export is Hubei Province. In 2019, Hubei accounted for less than 1.5% of total exports, while Guangdong Province It is more than 25%. It can be seen that the epidemic has an impact on China's exports, but the overall impact is controllable. Although the epidemic will suppress exports in the first quarter, but for the whole year, it will increase the growth of imports. First, the epidemic needs to import a large number of medical supplies and other products. Second, China and the United States have just signed the first phase of economic and trade agreement to expand the import of high-quality products and services from the United States in the fields of energy, manufactured goods, agricultural products and services. Third, the successful holding of the first China International ImportExpo has attracted more people to engage in import and export trade and created a good business environment. Fourth, cross-border trade will also increase the quantity of imported goods.

In 2019, the troika of consumption, investment and exports contributed 57%, 32% and 11% of China's economic growth. The data shows that the troika of consumption is the main force driving

China's economic growth. The most directly visible impact of the epidemic on the economy is going out Decrease, people's not going out will affect consumption, and the most directly affected is service consumption, including transportation, tourism, entertainment, catering, retail, etc., which coincides with the Spring Festival holiday, which will have a greater impact. But in the long run, the epidemic The impact on China's consumption growth trend is limited. People do not go out to shop online and can perform various entertainment activities on mobile phones. A large number of new economies, new formats and new business models have emerged at the historic moment, allowing some consumption to get rid of space. Restrictions. The long-term positive development trend of Chinese consumption will not change.

Although the epidemic will delay investment to varying degrees, it will not inhibit investment [4]. Looking back on 2019, many investors have made a lot of money, but near the Spring Festival, due to the impact of the "COVID-19" epidemic, the national economy has been extremely affected. Great impact, the stock market has also undergone a significant downward adjustment, only the Shanghai Stock Exchange Index fell by nearly 8 percentage points on the day of February 3. In the short term, the epidemic increased economic uncertainty and hurt market investment confidence. But in the long run, the impact of investment lags on investment will gradually appear, but this is controllable. Once the epidemic situation is effectively controlled, it is inevitable that digital economy investment will return to the right track.

1.1.2 Micro Level

Different micro-individuals are affected differently by the epidemic. From the perspective of the impact, private enterprises are larger than state-owned enterprises, small and medium-sized micro-enterprises are larger than large enterprises, and migrant workers are larger than regular employees. In the face of the epidemic, the normal resumption time and business plan of the enterprise were hit. Chaos, facing the interruption of income and cash flow, but also have to face the payment of rent, wages, taxes, interest and other expenses, the company will face severe losses, encounter some small size, difficult capital turnover, anti-risk and The weaker SMEs have to face the reality of bankruptcy and bankruptcy. Therefore, the resumption of work and resumption of production is even more so for SMEs. The government has taken actions such as promoting health codes, chartering buses, charter flights and other measures to get employees in place. To help enterprises solve their difficulties, the State Council has determined to encourage financial institutions to grant temporary repayment of principal and interest payments on loans to small, medium and micro enterprises, and to add preferential interest rate loans.

It is undeniable that the epidemic directly affected traditional consumption. During the "Golden Week" of the Spring Festival in 2019, retail and catering industry sales were about 105 billion yuan, exceeding the trillion yuan for the first time. After the epidemic, traditional consumption was affected. However, it is gratifying that the rise of the new economy, new formats and new retail has to some extent made up for the impact on traditional retail and also made up for the defects in retail. Another area is the tourism industry. After the epidemic, people almost canceled their original tourism plans and actions. From the railway, high-speed rail to civil aviation, they have been refunded. This has caused a considerable number of tourism groups to bear the tremendous pressure brought by the refund. Including third-party platforms, they are also under great pressure. In the face of the fact that funds will break at any time, the blows from tourism, railways, civil aviation, etc. are very big. But these are short-term and temporary. Policies, including vacation policies. In general, the impact of the epidemic on consumption cannot be avoided, and it cannot be denied.

1.2 Impact on the Economy of Hong Kong and Macau

The social movement triggered by the "Amendment of the Fugitive Offenders Ordinance" since June 2019 has brought Hong Kong's economy into a downward trajectory. This epidemic has made Hong Kong's economy even worse. The outbreak of the epidemic has reduced the number of mainland tourists to Hong Kong and has caused Hong Kong's tourism revenue The decline has declined; transportation travel and store operations have been affected, and retail revenue has fallen sharply. In the catering industry, the total restaurant revenue in the fourth quarter of last year fell to

14%, and it fell by about 6% throughout the year, which is the first time since 2003. There has been an annual decline. The epidemic will also have a certain impact on the Hong Kong securities market. On January 21, 2020, Hong Kong stocks plummeted more than 500 points in the morning, the largest single-day drop since August last year. The epidemic has hit investor confidence. The market sentiment is unfavorable, causing some sectors to plunge, and industries such as restaurants and entertainment venues that are crowded by people are affected by this. However, the government has continuously launched a series of anti-epidemic measures and worked out solutions for residents and businesses. Established a fund of more than 25 billion yuan and launched 21 policy measures to assist citizens and the industry in responding to the epidemic.

As far as the current situation is concerned, the epidemic has a relatively large impact on Macau. The Macau SAR government has decided to take a half-month suspension of the gaming industry and related entertainment businesses. In addition to affecting the gaming industry, the epidemic has also caused tourism in Macau. The data show that the number of tourists to Australia dropped sharply by 90% in January, and the tourism industry also suffered a certain impact. However, with the initial success of the epidemic prevention and control work, Macao's public sector has resumed basic external services. Actively and orderly participate in the return to work.

If the "COVID-19" pneumonia epidemic continues to develop, it will lead to a decline in domestic demand and exports in Hong Kong and Macau, a decline in productivity, a further expansion of the fiscal deficit in Hong Kong and Macao, and the economy of Hong Kong and Macau may fall into recession again [3].

2. The Economic Impact of the "COVID-19" Pneumonia Epidemic on the World

China's economy is an important engine of global economic development, with great responsibilities. Just beginning in 2020, with the occurrence of the "COVID-19" pneumonia epidemic, the global economy will also be affected.

2.1 Impact on the Oil and Gas Market

In 2019, China's original import volume exceeded 500 million tons, and its consumption reached 690 million tons, and its dependence on foreign countries rose to 72%. It is "the world's first crude oil importer" and "the world's second largest oil consumer". The impact of this epidemic has significantly reduced China's oil imports, which is undoubtedly a "disaster" for the global oil market. The other affected by the epidemic is the natural gas and lng markets. The data shows that in 2019, global natural gas the output is 4.11 trillion cubic meters, the consumption is 3.98 trillion cubic meters, the imported natural gas (including lng) is 137.3 billion cubic meters, and the external dependence is over 45%, ranking first in the world's largest natural gas importing country. Affected by the epidemic, natural gas consumption the growth rate has dropped by 2 percentage points. Assuming that the epidemic continues until March or even the end of the first quarter, it is expected that China's annual natural gas consumption will further decrease.

2.2 Impact on the Global Manufacturing Consumer Market

China is the world's largest manufacturing country and an important part of the global supply chain. If China's long-term suspension of production will seriously weaken the global manufacturing industry and cause serious output losses to the world. China is both a major manufacturing center for the U.S. semiconductor industry, it is also a U.S. semiconductor product market. Due to the impact of the epidemic, the U.S. economic income has been affected to varying degrees. Hyundai has suspended all production lines in South Korea due to the disruption of parts supply in China caused by the outbreak. Toyota, Honda and Nissan, Japan's three largest car companies, also face difficulties in returning to work. China is also the world's largest consumer of raw materials. Under the influence of the epidemic, it has been used in automobile manufacturing, aircraft manufacturing, and electronics manufacturing facilities. Changes in demand such as the industrial metals used will have an impact on prices.

2.3 Impact on the Global Capital Market

The epidemic is mainly to suppress the stock market from two aspects of market risk and corporate profits, and the volatility of the stock market will increase accordingly. The epidemic will have a certain impact on the expectations and emotions of investors in the global capital market. The FTSE China A50 Index fell 8.7 percentage points between the start of the Spring Festival holiday and the opening of the China Stock Exchange on February 3. Due to concerns about China's epidemic situation, global stock markets have repeatedly declined, investment risk aversion has risen, and prices of bonds, US dollar index and other indexes have risen. However, with the introduction of measures to stabilize China's growth and expectations, the capital market has also rebounded. This will play a positive role in stabilizing investors' expectations and confidence.

In response to the impact of the current epidemic on China's global supply chain and industry chain, General Secretary Xi Jinping held a meeting on February 23 to coordinate the advancement of the COVID-19 pneumonia epidemic prevention and control and economic and social development work. Regions need to strengthen the linkage of upstream and downstream production and sales, and promote the resumption of production and coordination in the upstream and downstream links of the industrial chain. With the introduction of relevant foreign trade policies, the foreign trade industry chain will release a more favourable trend [6].

3. Conclusion

The advancement of global economic integration and the division of labor have made it difficult for countries and regions to survive in the face of large-scale epidemics [1]. The "COVID-19" pneumonia epidemic has significantly affected China and even the global economy, even if some of them have not. An epidemic has occurred, so analyzing and studying the relationship between the "COVID-19" pneumonia epidemic and the economy according to the current basic situation in China has important practical significance. First of all, on the whole, the epidemic will have a huge impact on the economy in the short term, but the country Guide local governments to establish an economic and social operation order that is compatible with the prevention and control of the epidemic, and promote the orderly resumption of production and production in order to provide material security for the epidemic. The social and economic impact of the epidemic will be temporary and will not change the long-term improvement of China's economy [5]. Development trend. China has the confidence and ability to win the epidemic prevention and control Sniper War and ensure the stable economic development.

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