

The Impact of the Covid-19 Epidemic on China's Economy and Countermeasures

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Abstract: At the end of 2019, the outbreak of COVID-19 will have a certain degree of negative impact on China's economic development in the future. This article first analyzes the impact of China's three macro industries on the impact of the epidemic, and summarizes the new development trends of some industries under the epidemic, hoping to provide a useful reference for reducing the economic losses that may be caused by the epidemic.

1. Introduction

The recent outbreak of the new type of pneumonia in Wuhan has attracted close attention from the government and more than one billion people. In order to avoid the spread of the epidemic caused by the movement of people, Wuhan and many cities in Hubei were closed on January 23, 2020, and public transportation such as buses, subways, and trains were temporarily closed. The General Office of the State Council extended the spring vacation to February 2, and universities, colleges and kindergartens across the country postponed the start of school. Jiangsu, Shanghai and other regions have implemented stricter regulations on this basis, requiring enterprises in their jurisdictions to resume work no earlier than 24:00 on February 9, but in fact, many companies' resumption personnel and time are later than the requirements of local governments. . The COVID-19 epidemic and various measures to stop the spread of the epidemic will undoubtedly bring about a non-negligible impact on China's short-term economy.

2. The Impact of the Covid-19 Epidemic on the Macro Economy

2.1 Three Industries under the Covid-19 Epidemic

2.1.1 The Impact of the Covid-19 Epidemic on the Primary Industry

The outbreak of the epidemic has relatively little impact on agriculture. The epidemic is spreading rapidly and can be transmitted from person to person. Many businesses have chosen to close their doors and suspend business, including businesses that sell agricultural production materials. Although farmers cannot purchase agricultural production materials in the surrounding markets, they can purchase emergency production materials through the Internet. The labor required during the spring plowing period is basically self-sufficient, so after the epidemic has eased, farmers can still engage in production activities. In terms of sales, the development of the "market stall

economy” has also partially alleviated the plight of agricultural products sales.

2.1.2 The Impact of the Covid-19 Epidemic on the Secondary Industry

The epidemic has had a great impact on the production links of the secondary industry. The difficulty of resuming work in factories has led to production lag, and the shortage of labor in enterprises has led to rising production costs. At the same time, due to the rise of international trade protectionism, my country's manufacturing exports are under certain pressure. Compared with the impact of the short-term capital chain, the current more serious problem is that my country's manufacturing position may be threatened by countries such as India, Vietnam, and Southeast Asia.

2.1.3 The Impact of the Covid-19 Epidemic on the Tertiary Industry

Looking back at 2003, the tertiary industry accounted for only 40% of China's three major industries' GDP growth, but in 2019, the tertiary industry accounted for more than half. With reference to this growth rate, it is estimated that the proportion of the tertiary industry in 2020 should be around 55%. The epidemic has directly affected the normal operation of the service industry, making it impossible for residents to go out for consumption. However, the Chinese government's prevention and control of the epidemic is more effective than other countries. Therefore, China's tertiary industry may be the first to recover.

3. Response Measures and Policy Recommendations

3.1 Micro Response Measures

3.1.1 Introduce Emergency Measures for Small, Medium and Micro Enterprises

By introducing appropriate tax reduction and exemption policies, we can hedge the operating risks of small, medium and micro enterprises. Determine the duration of the policy according to the epidemic prevention and control situation, and adjust the implementation of relevant policies flexibly. For those enterprises that can provide relief materials, focus on providing assistance policies, such as increasing labor remuneration, increasing subsidies, etc., to reduce their production costs and operating difficulties, so as to better guarantee the supply of medical materials.

3.1.2 Maintain Normal Economic Order

First of all, local governments need to take precautions and take advantage of the relief policies provided by the central government to speed up the adjustment of the operating forms of local enterprises. Encourage small, medium and micro enterprises to meet current consumer service needs through independent innovation. At the same time, new growth points must be cultivated to make talents useful. Secondly, work on the reemployment of laid-off workers in cities, implement the “minimal guarantee” policy, raise the standard of subsidies for entrepreneurship, and improve the employment environment. At the same time, relevant departments should pay attention to the employment situation in 2020, and provide new college students, migrant workers and entrepreneurs with a good platform for employment and entrepreneurship through high-quality online platforms, and provide supporting employment and entrepreneurship support policies.

3.2 Macro Response Measures

3.2.1 Cultivate New Economic Growth Points

The epidemic has caused people to pay more attention to public health and food safety issues, and can guide companies to develop pneumonia prevention drugs and health products. Merchants should introduce more hygienic and environmentally friendly green organic food; isolation at home is the best protection against the epidemic and should be cultivated. For new consumption hotspots, e-commerce should actively introduce online education, convenient services, Internet office and other consumption methods to completely change the traditional business model. If the government can provide safer channels for the new economic form, and even issue economic subsidies, the isolation will effectively promote the development of emerging industries, thereby adding new vitality to future economic development.

3.2.2 Strengthen the Adjustment of Investment Structure

The current economic structure is different from the SARS period. The tertiary industry accounts for a higher proportion of my country's economy, and the offline entertainment industry has been hit harder. It is necessary to reduce taxes and rents for these industries most directly affected by the epidemic to help them tide over the difficulties. At the same time, the development of online content is encouraged to meet the current situation, the gap in the supply of shopping, education, consulting and other services to ensure the operation of basic social and economic activities. Finally, reduce the social security payment rate, reduce or exempt some site rents and bank interest, and reduce the operating costs of private enterprises.

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