

“中国与世界”系列报告之三



全球“抗疫”中的 中国角色

China's Role in the Global Fight against COVID-19

Together We Fight
against the Virus

中国国际问题研究院 CIIIS
二〇二〇年四月 April 2020



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Abstract

Since the novel coronavirus disease (COVID-19) outbreak, China has earnestly launched the national emergency response, giving top priority to the prevention and control of the virus. The anti-virus battle has achieved significant progress and under the guidance of the CPC Central Committee and the State Council, China is gradually making coordinated efforts in both epidemic control and production resumption, which will promote China’s economic recovery and growth, as well as inject confidence into the world economy.

China is a "first mover" in the fight against COVID-19. It has adopted a series of accurate and effective measures for epidemic prevention and control, including coordinating joint prevention and control, conducting differentiated prevention and control measures, promoting scientific research, etc. The epidemic has put some pressure on China’s economy. Service industry is the first to be affected. Consumption, investment and export have all fallen to a certain degree. Private enterprises and small and medium-sized enterprises (SMEs) may suffer the most during the outbreak. China has made tremendous economic and social sacrifices to stop the virus from spreading, which has not only protected the safety of Chinese people but also won valuable time for the global fight against COVID-19.

China is a “transit hub” for global industrial chain. Measures such as suspending production and business put pressure on the normal operation of the global industrial chain, but China has the ability to maintain the stability of domestic supply chain and industrial chain. It spares no efforts to lower tax burden, clear logistics and transportation blockages and stabilize foreign trade and foreign investment. As production gradually resumes in an orderly way in China, the interruption of global industrial chain is being abated. During the outbreak, some western countries hold that coronavirus will accelerate the relocation of industries out of mainland China, and therefore there is going to be more decoupling between China and the world. However, this statement runs counter to the basic laws of economics and globalization.

China is a “stabilizer” for financial market. China’s fight against COVID-19 has achieved positive results and has adopted various supportive measures to strengthen counter-cyclical adjustments. It has spared no efforts to keep employment, the financial sector, foreign trade, foreign and domestic investments, and expectations stable, which has dispelled global investors’ panic and contributed to market stabilization in a proper way. The basic trend of China’s long-term growth remains unchanged at present and for a period to come. Robust consumption remains the key to China’s growth momentum. There is still great potential of development in investment. And China’s advantage in foreign trade remains unchanged. China’s deepening reform and opening up will further unleash domestic economic potential. In a word, China’s steady long-term growth prospect will continue to boost investors’ confidence in global growth prospects and reduce financial market turmoil.

China is an “advocator” of international cooperation. China is committed to promoting international cooperation whether is during the reform and opening up or the current anti-virus battle. China steadily advances opening up and enhances international economic cooperation. Measures have been adopted to stabilize foreign investment and help foreign enterprises resume production. Meanwhile, China will give foreign investments greater market access to more sectors to attract foreign investment. China’s commitment to trade cooperation has made great contribution to the stability of international trade. China is active in international economic cooperation and contributes to global growth. China actively promotes the Belt and Road Initiative, adding momentum to the stability of international trade and investment.

China is a “promoter” of economic globalization. Global supply chains, capital market and commodity market once slumped under the continuing shocks from COVID-19. Economic globalization may have suffered some setbacks, but the overall trend is irreversible. China’s anti-virus measures have achieved great progress. It might lead the recovery of world economy and act as a defending force of economic globalization. As the virus spreads to more and more countries, enhancing international cooperation and promoting the build of a community with a shared future for mankind is the appropriate option.

Introduction

At the beginning of 2020, the COVID-19 virus raged across the vast land of China and accelerated its spread worldwide. The Chinese government has adopted unprecedented prevention and control measures including suspending production and quarantine. As the first mover in the anti-virus battle, China's effective containment measures have won valuable time for the rest of the world at the expense of its own short-term economic growth. The epidemic has brought a major impact on the global supply chain. As a transit hub, China implements proactive macroeconomic policies to maintain the stability of global industrial chain. As the virus starts to affect more and more countries, major stock markets around the world experience sharp fluctuation. Chinese stock market has shown a certain degree of resilience, becoming a stabilizer for global financial markets. This is not only due to China's strong prevention and control measures and macroeconomic policies, but also to the inherent resilience of China's economy. The pandemic has disrupted the process of economic globalization but the overall trend is irreversible. China's anti-virus measures have achieved great progress and it will continue to be a promoter of economic globalization, push it toward open, inclusive, balanced and win-win development and work to build a community of a shared future for mankind.

I. "First Mover" in the Fight against COVID-19

Since the onset of the novel coronavirus disease, China launched the national emergency response and requested that the prevention and control of COVID-19 be the top priority of government at all levels. In this crucial period of building a moderately prosperous society in all respects and fighting the battle of poverty alleviation, China resolutely adopted unprecedented prevention and control measures. Domestically, China has coordinated joint prevention and control, conducted differentiated prevention and control measures, and vowed never to stop until winning. Strict control measures have put pressure on the Chinese economy. Service industry is the first to suffer and other industries are affected as well. China's efforts to contain COVID-19 have not only protected its people but also won valuable time for the rest of the world.

1.1 The Year 2020 is Crucial for China's Economic Development

2020 is the final stage of building a moderately prosperous society in all respects and the "Thirteenth Five-Year Plan", as well as a decisive year for China's poverty alleviation project. The tasks are heavy and time is tight. Economic development in 2020 is crucial for fulfilling the solemn pledge made by the CPC Central Committee to the Chinese people. However, China's economy is facing unprecedented challenges. Domestically, China has to deal with the slowdown in economic growth, make difficult structural reforms, and absorb the effects of previous economic stimulus policies simultaneously. Internationally, the world is experiencing profound shifts unseen in a century.

China's economy is in the midst of a transition from high-speed growth to high quality development. This is a pivotal stage for transforming development mode, optimizing economic structure, and fostering new driving forces of growth. The economy faces rising downward pressure amid intertwined structural, institutional and cyclical problems. There are many

problems and shortcomings. China’s consumption growth continued to slow down from 2017 to 2019, which were 10%, 9%, and 8% respectively. The growth of effective investment is weak and new projects are insufficient. The financing difficulty of private enterprises and SMEs has not been alleviated. The reforms to streamline administration, delegate powers, and improve regulation and services still need to be further refined, and there is still a large gap between the current business environment and market’s expectations. Some local governments’ debts are overburden and there is a large discrepancy between government revenues and expenditures. The financial industry has not completely reversed its devotion to the virtual economy. Hidden financial risks still cannot be ignored.

From the perspective of China’s external environment, with growth rate declining to 2.9% in 2019, the global economy continues to slow down. Effective demand is insufficient, which drags down global trade growth. The spread of populism, isolationism, protectionism and unilateralism has affected the process of economic globalization. The global economic and trade order is still undergoing in-depth adjustment, and the free trade system centered on the World Trade Organization (WTO) is being hit and destroyed. Sino-US trade friction has become an important variable affecting China's economy. Although a phase-one deal is signed, there is still a long way to go before reaching a final agreement. The prices of bulk commodities such as oil have fluctuated frequently and sharply, which adds to the uncertainties of international financial markets.

Facing the complicated situation of mounting risks and challenges both at home and abroad, the Chinese people have risen to the challenge and worked hard to press ahead. Under the strong leadership of the Central Committee of the CPC with Comrade Xi Jinping at its core, we study and fully implement the spirit of the 19th CPC National Congress and the 2nd, 3rd, and 4th Plenary

Sessions of the 19th CPC Central Committee. We coordinate the overall layout of "Five-sphere Integrated Plan" and the advancement of "Four-pronged Comprehensive Strategy". China has stuck to its new development concept and adhered to the basic tone of making progress while maintaining stability to ensure high-quality development.

At the annual Central Economic Work Conference held in Beijing from December 10 to 12 in 2019, General Secretary Xi Jinping reviewed the country's economic work in 2019, analyzed the current situation and outlined key tasks for 2020. Here are the six major economic tasks set for 2020. The first is unswervingly putting into practice the new concepts of innovative, coordinated, green, open and inclusive development to promote high-quality development, calling on governments at all levels to adopt a comprehensive and holistic approach. The second is taking resolute efforts in the "three tough battles" of preventing and defusing financial risks, targeted poverty alleviation and pollution control. The third is improving the people's well-being, as well as ensure a stable workforce and enhance the pattern and quality of employment. The fourth is implementing a proactive fiscal policy and prudent monetary policy. The fifth is boosting high-quality development and improve overall economic competitiveness via innovation and reform and opening-up. The last is deepening the reform of the economic system.¹

As the giant ship of Chinese economy is preparing to sail ahead, the COVID-19 virus hit suddenly and raged across the vast land of the country. This is a major public health emergency that has spread in the fastest speed, caused the most extensive infection and is the most difficult to contain in the country since the founding of the People's Republic of China², which also has a

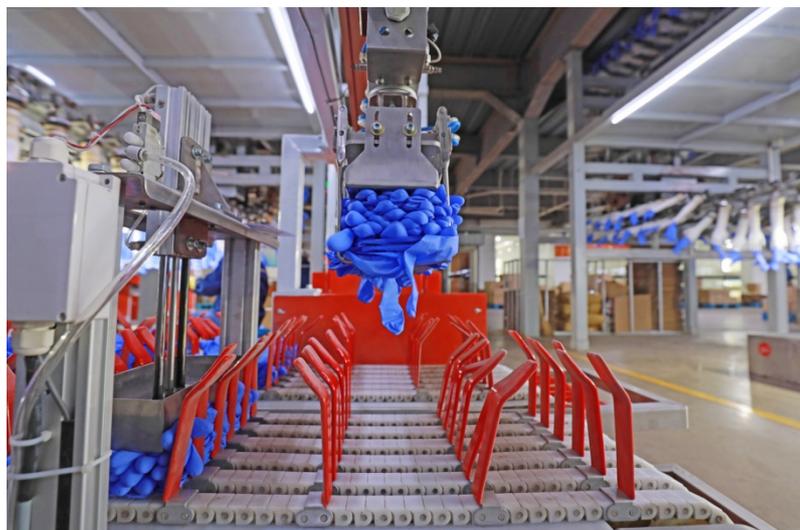
¹ Central Economic Work Conference Held in Beijing, *People's Daily*, 13 December 2019.

² Strictly Grasp the Prevention and Control Work, and Coordinate All Tasks of Economic and Social Development, *People's Daily*, 2 February 2020.

negative impact on poverty reduction.¹ Faced with this unexpected challenge, how to prevent, control and respond not only affects the safety of the Chinese people, but also reflects China's responsibility for public health security worldwide.

1.2 China Takes Strong Measures to Delay the Spread of the Epidemic

Since the outbreak of the Coronavirus, China has consistently put people's safety and health first and adopted the most comprehensive, strict and thorough measures to resolutely curb the virus from spreading. With great self-sacrifice and painstaking efforts, China steadily fulfills its duty and buys precious time for the global combat against COVID-19. Immediately after the outbreak, the Chinese government regarded epidemic prevention and control as the country's current top priority. China is aligned from the top to the bottom and working in solidarity to take precise and effective measures.



All-out efforts to ensure the supply of medical protective gloves in Luannan, Hebei province.

Firstly, give full play to institutional advantage and coordinate joint prevention and control. Since the start of the outbreak, the CPC Central Committee has attached great importance to the issue. As early as the epidemic partially appeared, General Secretary Xi Jinping put forward requirements for

its prevention and control. Thereafter, he presided over a series of important meetings at different stages of the epidemic, and made comprehensive

¹ Xi's Speech at the Symposium on Securing a Decisive Victory in Poverty Alleviation, *People's Daily*, 7 March 2020.

arrangements for epidemic prevention and control. Right after the outbreak, the Chinese National Health Commission (NHC) announced that the novel coronavirus pneumonia to be listed as a Type B infectious disease following the Law of the People's Republic of China on the Prevention and Treatment of Infectious Diseases and containment measures for Type A infectious diseases to be taken. On January 24, Hubei province officially launched the first-level response to major public health emergency. Across China, a total of 31 provinces, autonomous regions and municipalities took similar actions and made comprehensive preparation for joint prevention and control of the epidemic. Under the unified leadership and command of the CPC Central Committee, the Central Leading Group for COVID-19 prevention and control conducted timely research and deployment, and the Joint Prevention and Control Mechanism of the State Council has taken resolute actions to mobilize medical resources from other provinces to support Hubei. Pairing assistance, sending medical team and coordinating the allocation of materials and market supply are also effective response. The NHC has taken the lead in establishing a regular investigation and judgment mechanism for the epidemic, with the purpose of strengthening traceability of the virus and etiology test. Provinces, municipalities, and autonomous regions have also set up leading groups and headquarters to carry out epidemic prevention and control in accordance with laws and regulations.

Secondly, adopt unprecedented region-specific and risk-specific anti-virus measures. Depending on the actual circumstances, the joint prevention and control mechanism of the State Council functioned immediately and adopted a risk-based prevention and control approach with scientific measures for different regions. In Hubei Province and Wuhan City, the strategies to “control the source of infection, block transmission and prevent further spread” were continued. On January 23, a meeting held by the

Epidemic Prevention and Control Headquarter of Wuhan announced that from 10:00 a.m. on January 23, 2020, the city’s urban bus, subway, ferry and long-distance passenger transportation would be suspended, the departure channels of airport and railway stations be temporarily closed. The next day, Wuhan’s city-wide taxis were suspended, and patrol taxis were restricted. The largest transport hub city in Central China with a population of 11.08 million people has "stopped." Subsequently, all urban areas in Hubei have been locked except Shennongjia district. These lockdown measures are highly necessary to effectively block the virus and curb the epidemic from spreading home and abroad. However, the lockdown has a great impact on the city and therefore the Chinese government has faced great public pressure.

For neighboring provinces and some key provinces such as Zhejiang, Guangdong and Heilongjiang, the focus was on “blocking transmission, preventing further spread and local outbreak, and differentiated guidance for prevention and control measure”. Other provinces and regions continued to focus on “prevention, blocking transmission and preventing regional outbreak” and enhance accurate surveillance and contact tracing, preventing any possible rebound of the epidemic. Working closely with civil servants, community grassroots staff and volunteers, the local governments have adopted Internet-based management to fight against the epidemic. Cities such as Wenzhou, Songyuan, Zunyi and other regions have implemented emergency quarantine measures. As for Beijing, a city with large population flows, the overall aim was to battle against the outbreak in accordance with the strategy of “block transmission and prevent further spread”. Various provinces adopted strong measures such as extending the Spring Festival holiday, staggering the time of return trips of workers and postponing the reopening of schools. All districts assumed the overall responsibility for resumption of work and production as well as epidemic prevention and

control, such as setting up strict prevention measures, establishing daily information-reporting and supervision, taking primary responsibilities and adopting key personnel quarantine measures. The above measures demonstrated that China has fulfilled its responsibility for global public health as well as for its own people.

Thirdly, promote scientific research and international health cooperation. The Chinese government has not only taken effective and thorough measures in epidemic prevention and control, but it has also strengthened scientific research from the beginning of the outbreak. The Ministry of Science and Technology, the NHC, the National Development and Reform Commission and other departments have jointly set up scientific research groups to organize and coordinate the nation's superior scientific forces and go all out to carry out scientific research. Since the outbreak, a comprehensive program of emergency scientific research is being carried out to study the pathogens, epidemiology and traceability of the virus, develop vaccines and diagnostic tools rapidly to improve the reliability of the tests, promote the testing of therapeutics development and clinical trials to screen effective treatment drugs. Ever since the beginning of the outbreak, China has followed the vision of building a community with a shared future for mankind, shared information and experience with the World Health Organization (WHO) and the international community, provided timely updates on epidemic prevention and control in China, and responded to concerns from all parties in a spirit of openness, transparency and responsibility. Chinese scientists finished coronavirus gene sequencing, developed fast test kit in the shortest time possible and shared them with the rest of the world to provide intellectual support to the diagnosis and treatment of COVID-19.

1.3 China Buys Precious Time for the World with Tremendous Domestic Economy Sacrifices

The outbreak of COVID-19 epidemic coincides with China's Spring Festival break. The virus has a long incubation period and is highly contagious and pathogenic, causing enormous political and economic pressure on all levels of society. With speed, scale, and clear-minded determination, China has taken measures of travel control, cancellation of mass activities, and shutdown of production to build the first line of defense to prevent the international spread of the epidemic. With great self-sacrifice and painstaking efforts, China has taken a series of unprecedented measures for epidemic prevention, control and treatment, which buys precious time for global combat against the virus.

First of all, the epidemic has affected all three major industries, and the tertiary industry, especially the consumer service industry, is almost slowing to a standstill. The service industry contributes more than 60% of China's GDP and offers the largest proportion of employment. The epidemic has severely impacted services such as transportation, tourism, catering, and entertainment. According to China's Ministry of Transport, the national transportation system during the Spring Festival in 2020 had sent a total of 1.476 billion passengers, down by 50.3% year-on-year. Tourism was far worse. The China Tourism Academy has calculated through simulations that the total number of tourists in 2020 will decrease by 980 million compared with the previous year, and the total tourism revenue will decrease by about 1.55 trillion CHY. According to the "Report on the Impact of the COVID-19 on China's Catering Industry in 2020" released by the Chinese Cooking Association, 78% of catering companies lost 100% of their revenue during the epidemic. From January to February, the national service industry production

index fell by 13% year-on-year.¹ The postponement of work and production resumption and the decline in demand in the service industry have impacted the secondary industry, especially labor-intensive manufacturing. Strict prevention and control measures have led to a substantial reduction in labor resources and an increase in the cost of logistics. The manufacturing industry had only resumed production from mid-February, and Hubei Province and Wuhan until mid-March. According to the National Bureau of Statistics, the added value of industries above designated size from January to February fell by 13.5% year-on-year, a record low.² Some industries have reduced or

stopped production. The disruption of the industrial system and the labor system caused by this might further postpone economic recovery.

In addition, with the advent of spring plowing, agricultural production requires a large number of tools, fertilizers, pesticides and other materials. Traffic



Total retail sales of consumer goods dropped 20.5% in January and February, 2020.

control measures and insufficient supply may raise costs and thus have a certain negative impact on the primary industry.

Second, the epidemic's impact on China's consumption in the first quarter was obvious. Investment and foreign trade also declined to varying degrees. Consumption's contribution to China's economic growth is 57.8% in 2019, making it the biggest driving force for six consecutive years. China's

¹ The National Economy Withstood the Impact of COVID-19 in the First Two Months, the official website of the National Bureau of Statistics of China, 17 March 2020, http://www.stats.gov.cn/tjsj/zxfb/202003/t20200316_1732232.html.

² The National Economy Withstood the Impact of COVID-19 in the First Two Months.

economy has gradually shifted from export-oriented to domestic demand-oriented. The epidemic brings most of the economic activities to a semi-halt state. Strict control measures such as lockdown drastically reduced residents' outings and their willingness to consume, which curbed demand during Spring Festival break. In the short term, the consumption growth rate has slowed down sharply. According to the National Bureau of Statistics (NBS), the consumer price index for February rose by 5.2% year-on-year, of which the price of food, tobacco and alcohol rose by 15.6% year-on-year. From January to February, the total retail sales of consumer goods fell by 20.5% in nominal terms year-on-year.¹ Due to production shutdowns and blocked logistics, the containment of domestic manufacturing, real estate, and infrastructure on investment has gradually become apparent. According to NBS, investment in fixed assets in January-February fell 24.5% year-on-year. In addition, the epidemic has also negatively impacted China's import and export. According to the Ministry of Commerce, China's total import and export in January to February fell by 9.6% year-on-year. After WHO listed the epidemic as "public health emergency of international concern", some countries have strengthened quarantine and restrictions on entry personnel and quarantine of Chinese exports, and even stopped importing some Chinese goods. A considerable amount of goods cannot be cleared or unloaded normally at the port of destination.

Thirdly, the epidemic has caused difficulties for some private enterprises and SMEs. In recent years, the environment at home and abroad is undergoing profound and complex changes. China's economy is transforming from high-speed development to high-quality development. With the rise of trade protectionism and counter-globalization, the development of China's private enterprises and SMEs faces increasing challenges. The outbreak has worsened their business environment in a short period of time. Private

¹ The National Economy Withstood the Impact of COVID-19 in the First Two Months.

enterprises and SMEs are weak in risk resistance. They suffered a big blow from the epidemic and had greater difficulties in resuming work and production, especially those SMEs with relatively weak financial management capacities. A considerable proportion of SMEs faced problems such as labor shortage, capital shortage, lack of raw material, and supply chain disruption to varying degrees, increasing their difficulty of recovery. SMEs provide more than 80% of domestic employment opportunities, which are highly crucial to China's economy and people's livelihood. They need financial support from government to weather the epidemic.

Since the outbreak, China has put epidemic prevention and control at the top of its agenda. In fighting against COVID-19, China has taken proactive and decisive measures and will never stop until victory. In the short term, the epidemic has obviously caused negative effects on China's economy. Most studies believe that if China doesn't have a relapse and the global spread is brought under control, China's growth rate in the remaining three quarters will gradually pick up, and the annual GDP growth will show a "V-shaped" recovery, meaning that the virus will not change China's long-term economic development goals. In short, China sacrificed its economic growth and other parameters to control and contain the spread of COVID-19 and has brought valuable time and provided valuable experience for the rest of the world.

II. “Transit Hub” for Global Industrial Chain

Since the reform and opening up, China has taken advantage of endowments of labor and resources to participate in the international division of labor and has undertaken global and Asia-Pacific industrial transfers. It has gradually become the core of the production chain in the world, especially in the Asia-Pacific region. China is deeply integrating into global value chain. COVID-19 has directly impacted all economic fields across the nation. China’s measures to prevent and control epidemics, such as production shutdown, have put some pressure on the normal operation of the global industrial chain, which also highlights China's key position in it. With the significant progress made in China's epidemic prevention and control, China has adopted various measures to promote the resumption of work and production, including the comprehensive use of macroeconomic policy tools, the introduction of measures such as stabilizing foreign investment and foreign trade and further opening up. With the orderly resumption of production, China will quickly resume the transportation of manufacturing raw materials, finished products and semi-manufactured products to other countries and regions around the world, helping to improve the stability of global industrial chain and supply chain.

2.1 The Epidemic Highlights China's Key Position in Global Value Chain

China's share of the world economy has exceeded 15%, and its contribution to global economic growth has exceeded 30%. China is the world’s biggest trader of goods, and the largest trading partner to over 130 countries and regions. China is the world's largest manufacturing country and the largest provider of intermediate products in both the global and Asia-Pacific value chains. In an era of deepening economic globalization, as one of the hub countries in global production network, China’s supply chain and market is growing more and more important to the global manufacturing industry. In 2018, China’s manufacturing added value accounted for 28.6% of

the global total.¹ China's economic development is crucial for the world. China's unprecedented measures, such as lockdown, suspending production, and restricting the movement of people, have temporarily shut down domestic manufacturing and directly impacted the global supply chain and industrial chain.

First of all, the epidemic directly impacted China's manufacturing industry, and effected the normal operation of global supply chain to a certain extent. To fight against the virus, China has adopted measures such as suspending production and operation, personnel management and control, which have negatively affected the manufacturing supply chain and the industrial chain. According to NBS, the added value of industries above designated size from January to February fell by 13.5% year-on-year, and the manufacturing sector fell by 15.7%.² The short-term suspension of China's industrial activities is expected to have repercussions elsewhere through regional and global supply chain. According to the United Nations Conference on Trade and Development (UNCTAD), as of today, about 20 percent of intermediate products originate from China. China's Manufacturing Purchasing Manager's Index (PMI) fell to 37.5 in February, the lowest since 2004. Such a decline implies a reduction in output of about 2 percent on an annualized basis. The reduction in Chinese supply has already had a ripple effect on the global economy. So far, it has caused global output to fall by about \$ 50 billion.³

Second, the epidemic can affect the manufacturing industries that are in

¹ World Bank Data, the official website of the World Bank.

<https://data.worldbank.org.cn/indicator/NV.IND.MANF.CD>

² Value-added Industrial Output Decreased by 13.5% Year-on-Year, the official website of the National Bureau of Statistics of China, 16 March 2020, http://www.stats.gov.cn/tjsj/zxfb/202003/t20200316_1732233.html.

³ Global Trade Impact of the Coronavirus (COVID-19) Epidemic, United Nations Conference on Trade and Development, 4 March 2020, <https://unctad.org/en/PublicationsLibrary/ditcinf2020d1.pdf?user=1653>.

the global, especially Asia-Pacific supply chain and any given country reliant on Chinese suppliers. The severe international economic environment and the spread of trade protectionism have weakened the economic growth of Asia-Pacific countries, and the epidemic situation may become an important factor dragging down the Asia-Pacific economic growth. China is a core country in the Asia-Pacific supply chain and has close economic and trade relations with neighboring countries. The epidemic caused a setback in export and service industries such as tourism in neighboring countries and triggered insufficient supply of auto parts for Japanese and South Korean auto industries. Hubei province, Jiangsu province and Guangdong province in China, especially cities such as Wuhan and Suzhou, are home to numerous suppliers of electronic products, auto parts and other manufacturing industry. The policy of production suspension during the epidemic prevention and control period has impacted the stability of the supply chain and industrial chain of related industries. For example, during the epidemic, Japanese Toyota Motor Corporation had reportedly suspended production at its auto plants in China. What's worse, Japanese domestic auto plants had to be temporarily closed due to insufficient supply of auto parts.¹

Third, international trade has been negatively impacted. China occupies an important position in global trade and acts as the "stabilizer" of global trade operations. According to WTO, China's share of global exports and imports in 2018 were 12.8% and 10.8% respectively. In the short term, the epidemic has led to a decline in domestic consumption, which may restrict imports of goods and drag down world economic growth. According to the Ministry of Commerce, China's total imports and export fell by 9.6% year-on-year from January to February 2020. Among them, export fell by 15.9%

¹ Epidemic Spreads around Whole World and Production of Multinational Car Companies is Shrouded in Haze, the official website of Yicai, 27 February 2020, <https://www.yicai.com/news/100524767.html>.

and import fell by 2.4%.¹ The slowdown of China's foreign trade also has a negative impact on global trade. For example, the International Energy Agency predicts that due to the epidemic, global oil demand will increase by 825,000 barrels per day in 2020, far lower than the originally expected 1.2 million barrels per day, and the annual growth rate will fall to the slowest level since 2011.² According to WTO, the growth rate of global merchandise trade will remain weak in early 2020, and the epidemic may further impact trade prospects.

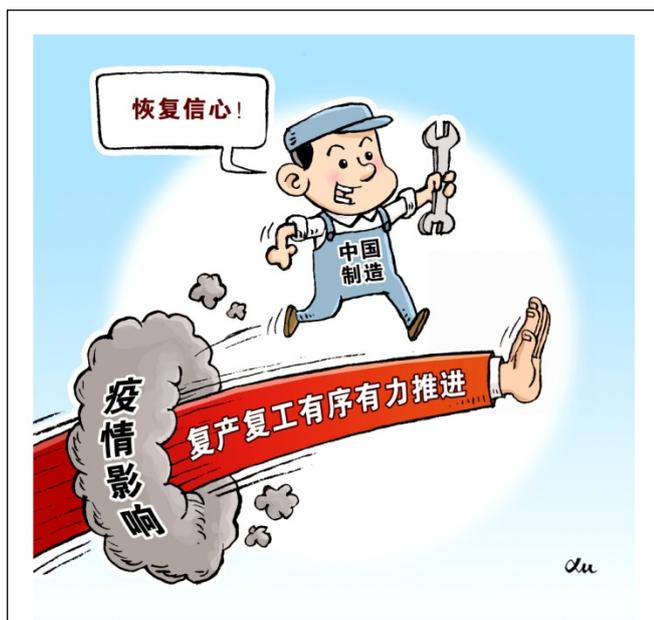
2.2 China is Capable of Keeping Domestic Supply Chain and Industrial Chain Stable

Since the anti-virus battle has made significant progress, China gradually starts to normalize work and production alongside epidemic control under the guidance of the CPC Central Committee and the State Council.³ The government introduced monetary and fiscal policies to help enterprises resume work and production, such as lowering taxes and fees, providing sufficient funds, clearing logistics and transportation blockages and stabilizing foreign trade and foreign investment. As production gradually resumes in an orderly way in China, the interruption of global industrial chains is being abated. As the global spread of COVID-19 accelerates, China is becoming a positive force in maintaining the stability of global industrial chain and supply chain.

¹ The Ministry of Commerce Briefed the Situation of China's Foreign Trade from January to February 2020, the official website of the State Council of China, 12 March 2020, http://www.gov.cn/xinwen/2020-03/12/content_5490606.htm.

² Global Oil Demand to Show First Quarterly Decline in More Than 10 years, the website of Jinrongjie, 14 February 2020, <http://forex.jrj.com.cn/2020/02/14091328827803.shtml>.

³ President Xi's Speech at the Meeting on Advance the Work on Coordinating the Prevention and Control of the Novel Coronavirus Disease Epidemic and Economic and Social Development, the official website of the State Council of China, 23 February 2020, http://www.gov.cn/xinwen/2020-02/24/content_5482502.htm.



突破

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Comic: pushing all links in the industrial chains to resume work and production orderly and effectively.

China has adopted measures such as suspending production and operation, personnel management and control, which effectively curbed the rapid spread of the epidemic in a short time. However, some enterprises are facing labor shortage, insufficient capital flow, and logistical and transport difficulties when they returned to work. Cash flow, logistics

and labor are the main “pain points” that obstruct the normal operation of the

industrial chain. Therefore, the government has introduced a variety of policies to help enterprises return to work and production, and it's fully capable of saving the industrial chain from the shutdown crisis caused by COVID-19.

First is to introduce targeted fiscal policies to lower tax and fees for enterprises. Five government departments, including the Ministry of Finance and the Ministry of Human Resources and Social Security, focused on reducing the burden of corporate social security expenses. For a certain time, small and medium-sized employers are exempted from paying pension, unemployment and work-related injury insurances and their contribution to employees' basic medical insurance is also reduced. It is expected to reduce enterprises' payment by more than 500 billion CHY. These measures will reduce the labor costs of enterprises and enhance their confidence in returning to work and production.¹

¹ Social Security Contributions will be Cut by more than 500 billion CHY, the official website of

Second is to use a flexible and moderate monetary policy to provide liquidity for manufacturing enterprises. The People's Bank of China (PBOC) has launched a number of measures to strengthen credit support in key areas such as manufacturing, SMEs, and private enterprises¹ while lowering the relending rates of agricultural and small firms by 0.25 percentage points to 2.5 percent.² PBOC announced it would implement targeted reserve requirement ratio (RRR) cuts for eligible banks. The RRR cut targets inclusive finance and encourages banks to lend to the real economy. Banks that meet certain criteria can enjoy 50 to 100 basis points of RRR cut, which will release 550 billion CHY of long-term funds.³

Third, focus on clearing logistics and transportation blockages. The Ministry of Transport, along with other departments, has formulated a policy "red envelope" for transportation, logistics and express delivery companies. They have adopted ten measures including cutting taxes and fees to lower the operating costs and pressure of express delivery, warehousing, ports and freight transportation.⁴ It has promoted the coordinated and orderly resumption of industrial chain operations and restored the circulation of

the State Taxation Administration of China, 21 February 2020,

<http://www.chinatax.gov.cn/chinatax/c101601/c5145094/content.html>.

¹ Notice on Further Enhancing Financial Support for Controlling the Novel Coronavirus Pneumonia Outbreak, the official website of the People's Bank of China, 31 January 2020, <http://www.pbc.gov.cn/goutongjiaoliu/113456/113469/3965911/index.html>.

² PBOC Holds Video Conference to Arrange Financial Support for Medium-sized, Small and Micro Businesses to Resume Work and Production, the official website of the People's Bank of China, 26 February 2020,

<http://www.pbc.gov.cn/goutongjiaoliu/113456/113469/3977820/index.html>.

³ PBOC Scheduled to Conduct Targeted RRR Cuts on March 16, Releasing RMB550 Billion Long-term Funds, the official website of the People's Bank of China, 13 March 2020.

⁴ Li Keqiang Presides over the State Council Executive Meeting to Deploy and Improve the "six stability" Coordination Mechanism, the official website of the State Council of China, 3 March 2020, http://www.gov.cn/premier/2020-03/03/content_5486442.htm; Coping with the Impact of the Epidemic, Supporting Development Conferences in Transportation, Logistics and Express Delivery Sectors, the official website of State Council Information Office of China, 6 March 2020, <http://www.scio.gov.cn/xwfbh/xwfbh/wqfbh/42311/42666/index.htm>.

industrial chains.

The fourth is to solve the problem of insufficient labor in enterprises. President Xi clearly instructed that migrant workers in low risk areas should be encouraged to return to work as soon as possible. The authorities have implemented "point-to-point" one-stop direct charter service.¹ The Railways, highways and civil aviation departments have adopted point-to-point transportation service to bring migrant workers back to work safely. By March 5, 2020, 1.7 million people have been transported by road through point-to-point service, promoting the orderly operation of the labor market and providing personnel support for the resumption of work and the recovery of the industrial chain.

The spread of overseas epidemics has impacted external market demand and negatively affected cross-border industrial and supply chains. In addition to solving the labor shortage, cash flow and logistics problems of domestic industrial chain, the Chinese government is also committed to reducing and buffering the impacts on regional and global industrial chains by stabilizing foreign investment and foreign trade. On March 10, the executive meeting of the State Council stated that it would insist on expanding opening up to the outside world and take various measures to stabilize foreign trade and investment. Various departments, such as the National Development and Reform Commission and the General Administration of Customs of China (GACC), have issued corresponding policies to provide "reassurance" to maintain the safety and stability of the global industrial chain and supply chain.

2.3 The Western Countries' Chexit Theory is Untenable

As China's epidemic control policy and corporate shutdowns have

¹ President Xi's Speech at the Meeting on Advance the Work on Coordinating the Prevention and Control of the Novel Coronavirus Disease Epidemic and Economic and Social Development, the official website of the State Council of China, 23 February 2020, http://www.gov.cn/xinwen/2020-02/24/content_5482502.htm.

impacted the global industrial chain and supply chain, some western media and politicians make use of the epidemic to advocate that China must "decouple" from the world. The U.S. Commerce Secretary Wilbur Ross even said that the outbreak of COVID-19 will drive American enterprises in China back home and promote the revitalization of U.S. manufacturing industry and economic growth. Some comments that the epidemic highlights the global economy's dependence on China, which will force multinational corporations (MNCs) to transfer some production lines out of China to disperse risks. The outbreak of COVID-19 may become another significant event which can reshape the global industrial chain after the Sino-US trade war. Statements above show the concerns of some companies about their supply chain. But the short-term impact is not sufficient evidence to demonstrate that China will decouple from the world. Moreover, the advocacy of Chexit Theory under the epidemic is not incompatible with the basic laws of economics and globalization.

Firstly, the impact of COVID-19 on China's economy is limited. Transferring industrial chains out of China is not the first choice for most enterprises. The epidemic shows the risk of some companies relying heavily on China as "world factory" so it's reasonable that some consider transferring their factories to Thailand, Vietnam, India and other countries to diversify risks. Previously, due to the rising cost of China's land and labor, coupled with the tariff effects of the Sino-US trade war, the global supply chain, especially in the Asia-Pacific region, has already shifted. For example, labor-intensive industries are transferring from mainland China to Southeast Asia and South Asia and capital and technology-intensive industries to Japan, South Korea, Europe and America.

However, we must learn that impact of epidemic has always been rather limited and short-termed in human history, the same as COVID-19's impact on China's economy. As the epidemic is successfully contained, China's

production will recover quickly, and the shock to global supply chain will not be devastating. Otherwise, before making decision to transfer overseas, companies will spend much time on investigating to fully compare comprehensive cost, which may be a greater time waste. In fact, transferring production chains in the short term is not the first choice for most companies. According to a survey by the American Chamber of Commerce in China, the vast majority of companies (87%) estimate the epidemic will have a direct negative impact on their income, but 55% believe that it is too early to predict the impact on their 3-5 year business strategy and 34% believe that there will be no significant impact.

Secondly, China’s economy and manufacturing development enjoys comparative advantage, which is still attractive to foreign investors. As the anti-virus fight achieves great success and production recovery speeds up, China is playing a positive role in maintaining global value chain and promoting world economy recovery and globalization. The outbreak of COVID-19 in China did not trigger a large-scale industrial chain supply transfer, showing China’s super attraction to MNCs. China has the most complete industrial system, large-scale and fully functioning industrial supply chain in the world, which can help manufacturing enterprises to scale up production quickly. China's "middle class dividend" is gradually emerging because of the large and multilevel domestic market, which will become the key factor to the sustainable development of China's economy and main attraction to foreign investment. China is furthering its reform and opening-up, optimizing the domestic business environment and showing more and more attractiveness to foreign investors. Therefore, whether it’s due to the Sino-US trade war or the COVID-19 outbreak, many MNCs may try to reduce their dependence on Chinese manufacturing and market by changing investment strategies, but still will not be able to completely “decouple” from China.

Thirdly, China takes its responsibility to maintain the stability of the supply chain, promote international cooperation and deal with the risks in global industrial chain caused by the epidemic. Under the era of economic globalization, a glory is all glory, a loss is



Foreign investment goes where a healthy market is.
——a Thyssenkrupp's engine plant in Dalian.

all loss. China knows that its rapid economic development benefits from its integration into the international economic system and the rapid process of economic globalization. The interruption of other countries' industrial chains and the decrease of gross demand caused by the international spread of epidemic will also damage the domestic economy of China. Therefore, China promotes international trade cooperation to maintain stability of global supply chain actively when epidemic is under control in China but accelerating overseas, rather than "isolating" from the world. The stability of global supply chain requires the teamwork of supply side, demand side, enterprises and countries. China has started to use multilateral and bilateral economic cooperation mechanisms to promote the stability of industrial chain. For example, China has participated in Special ASEAN-China Foreign Ministers' Meeting on Coronavirus Disease, expressing the willingness to reduce the impact on each country's economic and social development by maintaining personnel exchanges and trade activities with ASEAN. China also participated in the Second G20 Sherpa Meeting for the G20 Riyadh Summit, which also stated that G20 will jointly deal with the interference on international trade and market stability caused by the COVID-19.

III. “Stabilizer” for Financial Market

Since the novel coronavirus outbreak, China has resolutely fought against it at home, offsetting the negative impacts with active macroeconomic policies. Upholding the ideal of building a community with a shared future for mankind, China has also made great contribution to the global fight against COVID-19. In this anti-virus battle, China has shown the world gratifying progress as well as its firm faith of global triumph, which helps to ease the fear among investors. The Chinese economy is resilient enough to withstand the outbreak and the basic trend of steady long-term economic growth remains unchanged at present and for a period to come, injecting long-lasting impetus into global economic growth and financial stability.

3.1 China’s Anti-virus Measures Help to Ward off Market Panic

Domestically, China has taken unprecedented measures to contain the epidemic and achieved quick, effective progress. At the same time, China has made great contribution to the global fight against COVID-19 by sharing information and medical supplies with the rest of the world. China’s stringent measures, gratifying results and unchanged long-term growth fundamentals are all cheering news that is conducive to ease investors’ fear and stabilize global financial markets.

China has adopted the most stringent, comprehensive and thorough measures to fight the virus, many of which exceed the requirements of *The International Health Regulations*. Significant stage victory is quickly achieved. The overall situation of epidemic prevention and control in China continues to improve and cure rate keeps rising. The order of production and living is gradually returning to normal. By March 12, more than 95% of industrial enterprises above designated size nationwide (Hubei Province excluded) have resumed operation, as well as 60% of SMEs and work

resumption rate has reached about 80%.¹ In Hubei Province, the local government has differentiated the entire region into low risk, medium risk and high risk areas. Different standards of prevention and control regulations are applied according to risk levels. And enterprises should resume work and production in a scientific and orderly manner.

China's anti-virus progress is positive news for financial markets which to a certain degree helps to restore domestic investors' confidence. However, the COVID-19 pandemic is currently spreading across the globe and affecting more and more people. Its



In New York, steep falls in the afternoon triggered another key circuit breaker on March 18.

scale, duration and impact on economic and social development are shrouded in uncertainty, sparking panic among global investors and causing violent market swings. Since March 8, overseas stock markets have fallen sharply, triggering the circuit breaker in more than ten countries, including the United States, Canada, Brazil, South Korea, Thailand, the Philippines, Indonesia, etc. Despite the overseas financial turbulence, Chinese stock market has shown a certain degree of resilience. This could, to some extent, send positive signals to foreign investors and boost their confidence, thus helping to prevent further market turmoil.

Moreover, China has applied the concept of building a community with a shared future for mankind to international anti-virus collaboration. China has

¹ Press Conference of the Joint Prevention and Control Mechanism of the State Council, the official website of the State Council of China, 13 March 2020, <http://www.gov.cn/xinwen/gwylflkjz55/index.htm>.

not only provided medical supplies and sent experts to multiple countries, but also shared information and genome sequence of the virus with the World Health Organization as well as all the other countries. China’s anti-virus measures are highly praised by WHO officials, firming the world’s belief in a global triumph against COVID-19, dispelling global investors’ panic and contributing to market stabilization.

3.2 China’s Macroeconomic Policies Support Growth and Financial Stability

Inevitably, the COVID-19 epidemic has exerted some downward pressure on China’s economy. In order to mitigate the negative effects, the Chinese government has adopted various policies to strengthen counter-cyclical adjustment and keep employment, the financial sector, foreign trade, foreign and domestic investments, and expectations stable.

Fiscal policy becomes more proactive. Firstly, provide sufficient fund for epidemic control. By March 4, financial departments at all levels have allocated 110.48 billion CHY to assist the fight against COVID-19 and so far 71.43 billion has been used.¹ Secondly, increase policy-based financial support. The People’s Bank of China has allocated 300 billion CHY of special relending quota to support activities that directly link with virus control. And for the first time in China, the Ministry of Finance will discount the interest rate of the special relending funds by 50 percent.² Thirdly, cut taxes and fees to reduce corporate burden. The Ministry of Finance, together with the Ministry of Human Resources and Social Security and the State Administration of Taxation, has adopted a slew of policies including temporarily lowering or waiving social insurance contributions for businesses,

¹ China’s Fiscal Policy Becomes More Proactive to Offset the Impacts of COVID-19, *Economic Daily*, 10 March 2020.

² Circular on Enhancing Financial Service to Combat the Novel Coronavirus Outbreak, the official website of the Ministry of Finance of China, 1 February 2020, http://jrs.mof.gov.cn/zhengcefabu/202002/t20200202_3465014.htm.

exempting or reducing their insurance premiums payment, and deferring their payments to the housing provident fund. It's estimated that the move will cut businesses' social security contributions by more than 500 billion CHY and their insurance premium payments by more than 150 billion CHY.¹

Monetary policy becomes more flexible and moderate. PBOC and four other departments have jointly issued the *Notice on Further Enhancing Financial Support for Controlling the Novel Coronavirus Pneumonia Outbreak*² and thirty measures are laid out, including enhancing credit support, keeping liquidity abundant, providing financial support for manufacturers of medical supplies and daily goods, satisfying people's financial service demands during the outbreak, etc. Building on the 300 billion CHY special refinancing that has previously been allocated to combat COVID-19, PBOC then adds a 500 billion CHY quota of re-lending and re-discounting for banks and lowers re-lending rate for agricultural and small-sized enterprises to 2.5%³, guaranteeing their access to low-cost funds. To lower market interest rate, PBOC cuts interest rate of Medium-term Lending Facility (MLF) to 3.15%⁴, one-year loan prime rate (LPR) to 4.05% and five-year loan prime rate to 4.75%.⁵ PBOC also implements targeted

¹ Press Conference of the Joint Prevention and Control Mechanism of the State Council on the Introduction of Phased Reduction and Exemption of Enterprise Social Insurance Fee: Reduced, Exempted and Deferred Payments Are Estimated to Exceed 500 Billion CHY, *Economic Daily*, 21 February 2020.

² Notice on Further Enhancing Financial Support for Controlling the Novel Coronavirus Pneumonia Outbreak, the official website of the People's Bank of China, 31 January 2020, <http://www.pbc.gov.cn/goutongjiaoliu/113456/113469/3965911/index.html>.

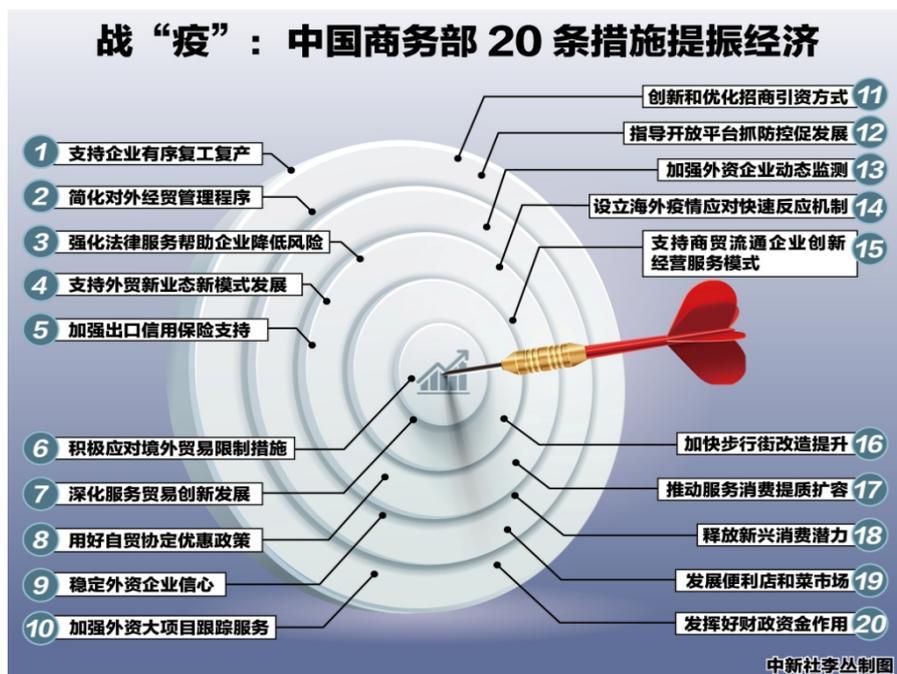
³ PBOC Holds Video Conference to Arrange Financial Support for Medium-sized, Small and Micro Businesses to Resume Work and Production, the official website of the People's Bank of China, 26 February 2020, <http://www.pbc.gov.cn/goutongjiaoliu/113456/113469/3977820/index.html>.

⁴ Announcement of Open Market Operations No.29 (2020), the official website of the People's Bank of China, 17 February 2020, <http://www.pbc.gov.cn/zhengcehuobisi/125207/125213/125431/125475/3971702/index.html>.

⁵ Announcement on LPR, the official website of the People's Bank of China, 20 February 2020, <http://www.pbc.gov.cn/zhengcehuobisi/125207/125213/125440/3876551/3974469/index.html>.

reserve requirement ratio (RRR) cuts for eligible banks, releasing 550 billion CHY of long-term funds into the financial system.¹

A slew of measures are adopted to stabilize foreign trade and investment. In the *Circular on Responding to Novel Coronavirus Pneumonia, Stabilizing Foreign Trade and Foreign Investment and Promoting Consumption*² issued by the Ministry of Commerce on February 18, a series of measures are



The Ministry of Commerce printed and issued the *Circular on Responding to Novel Coronavirus Pneumonia, Stabilizing Foreign Trade and Foreign Investment and Promoting Consumption*, to minimize the impacts of the epidemic on business development.

purposed to minimize COVID-19’s impact on business development, such as simplifying foreign trade management procedures, accelerating paperless management and strengthening export credit insurance. Six new measures are purposed during the executive meeting of the State Council on March 10³,

¹ PBOC Scheduled to Conduct Targeted RRR Cuts on March 16, Releasing RMB550 Billion Long-term Funds, the official website of the People’s Bank of China, 13 March 2020, <http://www.pbc.gov.cn/zhengcehuobisi/125207/125213/125440/3876551/3974469/index.html>.

² The Ministry of Commerce Printed and Issued the *Circular on Responding to Novel Coronavirus Pneumonia, Stabilizing Foreign Trade and Foreign Investment and Promoting Consumption*, the official website of the Ministry of Commerce of China, 18 February 2020, <http://www.mofcom.gov.cn/article/ae/ai/202002/20200202937069.shtml>.

³ State Council Executive Meeting Chaired by Premier Li Keqiang, *Xinhua News Agency*, 11

including making all export tax rebates (except for energy intensive, polluting, and resource products) in full without delay, supporting commercial insurance companies in offering short-term export credit insurance services and lowering premium rates, further shortening the negative list on foreign investment, etc. Such supportive measures also apply to foreign companies in China. The National Development and Reform Commission has implemented eleven measures to keep foreign investment stable and assist foreign-financed projects and foreign companies in resuming work and production. Local governments in China have issued more detailed measures targeting the needs of foreign companies in the locality, addressed their difficulties in logistics, work resumption and financing, and made sure that all foreign investments operate as planned.

All supportive measures are being implemented accurately and effectively. The flow of people and materials as well as the order of production are recovering rapidly in China, providing critical support for economic growth and financial stabilization. And since China is world's number one trader of goods and an indispensable part of the global industrial chain, its macroeconomic policies will have beneficial spillover effects on world economic growth and financial stabilization.

3.3 China's Economic Resilience Boosts Market Confidence

To a great extent, market confidence comes from optimistic expectations about the world's economic future. For a world economy currently plagued by the COVID-19 pandemic, the Chinese economy, being resilient and vigorous at present and for a period to come, is a certainty among all the uncertainty factors. The fact that China will continue to be a major engine for world economic growth will boost investors' confidence in global growth prospects and thus reduce financial market turmoil.

Being the number one contributor to world economic growth since 2006,

China has become a driving force for global economy. From 1979 to 2012, China’s average annual contribution rate is 15.9%, second only to the United States. From 2013 to 2018, China’s average annual contribution rate rises to 28.1%, surpassing the United States as the number one contributor to global economic growth.¹ Although the COVID-19 pandemic has caused short-term disruptions, China’s basic trend of steady long-term economic growth remains unchanged at present and for a period to come. China will continue to be a major engine for world economic growth.

Robust consumption remains the key to China’s growth momentum. Contributing more than 50% of GDP growth, consumption has become the ballast of China’s economic growth. China’s population is now over 1.4 billion. And as resident’s income level continues to rise, the world’s largest middle-income group is formed in China. In 2019, per capita national income crosses 30,000 CHY for the first time; per capita disposable income is up 5.8% year on year in real terms; and over 10 million people are lifted out of poverty for seven consecutive years.² These are the guarantees of resilient, bullish and promising consumption. On the Double Eleven online shopping festival of 2019, sales on Alibaba, the online shopping platform, reached 268.4 billion CHY, up 26% year on year and breaking its own record for 10 consecutive years.³ It’s a strong confirmation of China’s consumption potential. Domestic consumption is not only rising, but also upgrading. Consumption potential will be further unleashed, making bigger contributions to economic growth.

¹ Report No.23 on Economic and Social Development for the 70th Anniversary of the Founding of the People’s Republic of China, the official website of National Bureau of Statistics of China, 29 August 2020, http://www.stats.gov.cn/tjsj/zxfb/201908/t20190829_1694202.html.

² Statistical Communiqué of the People’s Republic of China on the 2019 National Economic and Social Development, the official website of National Bureau of Statistics of China, 28 February 2020, http://www.stats.gov.cn/tjsj/zxfb/202002/t20200228_1728913.html.

³ Double Eleven Speaks Well for China’s Consumption Potential, *Economic Daily*, 12 November 2019.

There is still great potential of development in investment. On the one hand, China's urbanization process is far from complete. In 2019, the urbanization rate of permanent residents is 60.6% and the urbanization rate of population with household registration is 44.38%¹, both significantly lower than the rate in developed countries. Along with the spread of urbanization has come huge investment space in sectors like energy, transportation, construction and telecom. On the other hand, China's transformation and upgrading of traditional industries is also far from complete. And the recent quarantine has triggered huge demand for the "new infrastructure construction". So it is expected that a large amount of investment will be injected into high-tech industries including medical treatment, 5G, big data, cloud computing and artificial intelligence, thus contributing to domestic economic growth. The investment potential of China's high-tech industries is highly recognized by foreign investors. Despite the distraction of COVID-19, paid-in foreign investment in the hi-tech sector reached 41.52 billion CHY, a 2.2 percent increase year-on-year, with pharmaceutical manufacturing, medical equipment and measuring instrument manufacturing, information service and e-commerce going up by 6.7 percent, 139.7 percent, 30.5 percent and 449.8 percent respectively.²

China's advantage in foreign trade remains unchanged. China is the only country in the world that ticks all the industrial category boxes under the United Nations' International Standard Industrial Classification. China has built up an industrial system of large scale, complete range and strong supporting capacity, an irreplaceable advantage that guarantees its key position in global value chain and supply chain and keeps China's foreign

¹ Statistical Communiqué of the People's Republic of China on the 2019 National Economic and Social Development, the official website of National Bureau of Statistics of China, 28 February 2020, http://www.stats.gov.cn/tjsj/zxfb/202002/t20200228_1728913.html.

² Press Conference of the Joint Prevention and Control Mechanism of the State Council, the official website of the State Council of China, 13 March 2020, <http://www.gov.cn/xinwen/gwylflkjz55/index.htm>.

trade stable. Moreover, China has established trade relations with more and more countries and become major trading partner of more than 130 countries and regions. Emerging markets are becoming highlights in China’s foreign trade. In 2019, China’s trade with economies related to the Belt and Road Initiative, ASEAN, Africa and Latin America goes up by 10.8%, 14.1%, 6.8% and 8% year-on-year.¹ Although the COVID-19 pandemic has negative impacts on export and import, China’s trade with several economies has maintained upward trend. For the first two months of 2020, trade with ASEAN countries totaled 594.11 billion CHY, up 2% year-on-year and accounting for 14.4% of the total value of China's foreign trade at that period; trade with economies related to the Belt and Road Initiative totaled 1.3 trillion CHY, up 1.8% year-on-year.² As export markets continue to diversify, China’s foreign trade will become more and more resilient against external market changes.

China is a firm believer and vindicator of globalization and will comprehensively deepen its reform and opening up, which will not only further unleash domestic economic potential, but also bring the benefit of development to other countries and contribute to world economic growth. In a word, China is a “stabilizer” for the gloomy world economy. China’s steady long-term growth prospect will continue to boost investors’ confidence in global growth prospects and reduce financial market turmoil.

¹ MOFCOM Department of Foreign Trade Comments on China’s Foreign Trade in 2019, the official website of Ministry of Commerce of China, 15 January 2020, <http://www.mofcom.gov.cn/article/ae/sjld/202001/20200102930414.shtml>.

² China’s Foreign Trade Fell 11% in First 2 Months of 2020, the official website of the General Administration of Customs of China, 7 March 2020, <http://www.customs.gov.cn/customs/xwfb34/302425/2879130/index.html>.

IV. “Advocator” of International Cooperation

In recent years, world economy is still suffering from the shock of international financial crisis of 2008. Lack of growth momentum, weak development in international trade and investment, and the rise of unilateralism and protectionism have become major threats to world economic stability. The novel coronavirus pandemic around the globe is casting a shadow over world economic development prospect. Worldwide financial markets turmoil highlights a fact that investors are unsure about epidemic prevention and control and economic recovery. Against this background, China, as a pioneer in pandemic prevention and control, is willing to offer medical assistance and combat the novel coronavirus outbreak along with the rest of the world. At the same time, China is committed to promoting international economic cooperation in an effort to build a community with a shared future for mankind.

4.1 Steadily Advancing Opening Up

In the short run, novel coronavirus outbreak has caused major uncertainties to world economy, which can be seen clearly in lackluster growth, sustained shrinking international trade and investment, sharp decrease in global manufacturing output, suffering global service industry, and shocks to mobility, goods trade, global supply chains and worldwide financial markets. According to the latest report by UNCTAD, the novel coronavirus outbreak could cause global foreign direct investment (FDI) to shrink by 5%-15%. Although China will be affected by worsening global overall FDI situation, the novel coronavirus outbreak will not change China's fundamentals as an appealing destination for investment.¹ In this particular situation where global FDI might shrink sharply due to the pandemic, China

¹ UN: COVID-19 Causes Global FDI to Shrink but China Remains Attractive to Foreign Investment, Yicai, 11 March 2020, <https://www.yicai.com/news/100539734.html>.

remains open to international cooperation and actively improves its business environment, which will not only help maintain attractiveness of Chinese market to global capital, but also play an active role in improving international investment growth.

On one hand, China is taking new measures to keep foreign investment stable and enhance international investment cooperation. Epidemic prevention and control in China have much impact on the operation of foreign companies and implementation of foreign-invested projects. With the rapid spread of novel coronavirus around the world, China is taking a variety of measures to promote work resumption in foreign-invested enterprises, foster foreign investors’ confidence and attract more FDI inflows so as to strengthen confidence in international investment cooperation. Relevant departments of Chinese government are supporting foreign enterprises in production resumption and projects implementation through multiple ways. Supported by 6 new measures of the State Council and 11 policies unveiled by National Development and Reform Commission to stabilize foreign trade and investment, up to March 12, 60% of major foreign-invested manufacturing

firms around the country except Hubei Province have witnessed a resumption rate of over 70%. The Ministry of Commerce held two conference calls with the American Chamber of Commerce in China and the European Union Chamber of

经济体	开办企业	办理施工许可证	获得电力	登记财产	获得信贷	保护少数投资者	纳税	跨境贸易	执行合同	办理破产	综合排名
新西兰	1	7	48	2	1	3	9	63	23	36	1
新加坡	4	5	19	21	37	3	7	47	1	27	2
中国香港	5	1	3	51	37	7	2	29	31	45	3
丹麦	45	4	21	11	48	28	8	1	14	6	4
韩国	33	12	2	40	67	25	21	36	2	11	5
美国	55	24	64	39	4	36	25	39	17	2	6
格鲁吉亚	2	21	42	5	15	7	14	45	12	64	7
英国	18	23	8	41	37	7	27	33	34	14	8
挪威	25	22	44	15	94	21	34	22	3	5	9
瑞典	39	31	10	9	80	28	31	18	39	17	10
:											
中国大陆	27	33	12	28	80	28	105	56	5	51	31

Top 10 global business environments in 2019, Mainland China ranking 31th.

Commerce in China to solve the problems encountered by members of the Chambers of Commerce in resuming work and production. The Shanghai Pilot Free Trade Zone organized a “cloud-based signing” for 21 foreign investment projects with a total investment of more than \$1.7 billion.¹ China’s policies and measures to stabilize foreign investment play a positive role in attracting foreign investment projects. Some multinational enterprises are continuing and enhancing investments in China. Multinational enterprises including BMW and Toyota state that they will continue their new plants construction and promote electronic vehicles projects in the country.²

In recent years, China has been endeavored to optimize business environment. Measures including administrative approval items removal, tax and fee reduction, services efficiency improvement etc. have been highly recognized by international community. According to a UNCTAD report, China remains the world’s second largest recipient of FDI, by attracting \$73 billion in the first half of 2019. China ranks 31st globally on the ease of doing business rankings according to the World Bank Group’s *Doing Business 2020* study, leaped by 15 places compared with last year. In his keynote speech at the Opening Ceremony of the Second China International Import Expo, President Xi Jinping declared that China will continue to foster an enabling business environment that is based on market principles, governed by law, and up to international standards, and that China will give foreign investments greater market access to more sectors, shorten the negative list further, and improve institutions for investment promotion and protection and for information reporting. Greater efforts will be made during the

¹ External Uncertainties Increase and China will Expand Major Materials Import, *Reuters*, 12 March 2020,

<https://cn.reuters.com/article/china-moc-foreign-trade-production-0312-idCNKBS20Z12G>.

² A Variety of Measures are Taken to Foster Foreign Investors’ Confidence and Multiple Foreign-invested Companies and Projects Speed up Work and Production Resumption, *China News Service*, 15 March 2020, <http://www.chinanews.com/cj/2020/03-15/9125897.shtml>.

COVID-19 outbreak to improve business environment, stimulate market players' vitality, and remain attractive to FDI. For example, Shenzhen has unveiled a list of 210 reform tasks in an effort to improve the convenience and quality of government affairs service, promote market-oriented efficient allocation of resources and factors, and enhance openness, transparency and legal protection of market environment.¹

On the other hand, China will give foreign investments greater market access to more sectors, so as to attract more FDI inflows. With a gloomy outlook for world economic growth, China opens up further and takes favorable policies to support domestic and global economic stability. According to the 6 new measures unveiled by the State Council to stabilize foreign trade and investment, China will work to shorten the negative list on foreign investment and expand the catalog of industries where foreign investment is encouraged, so that foreign investors in more sectors get to benefit from the tax and other incentives.² China is opening wider according to its plan this year, and the orderly opening-up of financial industry stands out. Financial regulators including PBOC's introducing of multiple measures recently to step up a higher quality of opening up in the financial industry. On February 11, PBOC, along with China Banking and Insurance Regulatory Commission, approved the application by MasterCard's China joint venture to conduct bank card clearing operations in China. On February 14, *Guideline to Further Build Shanghai into an International Financial Center and Boost the Integrated Development of the Yangtze River Delta* was jointly issued by PBOC and other regulators. The guideline consists of 30 measures, including

¹ Shenzhen Introduces a List of 210 Tasks to Improve Business Environment, *People's Daily*, 13 March 2020, <http://finance.people.com.cn/n1/2020/0313/c1004-31629740.html>.

² Premier Li Keqiang Chairs State Council Executive Meeting to Deal with Pandemic Impacts and Introduce New Measures to Keep Foreign Trade and Investment Stable, the official website of the State Council of China, 11 March 2020, http://www.gov.cn/premier/2020-03/11/content_5489970.htm.

11 ones to boost financial industry opening up at a higher level. On February 18, Oaktree (Beijing) Investment Management Co, a wholly owned unit of the globally well-known asset manager Oaktree Capital Management, was set up in China. China Securities Regulatory Commission announced that limits to foreign stakes in securities companies will be removed since April 1. In the future, China will stick to its policy stances of deepening supply-side reforms in the financial industry and opening up the sector. Financial infrastructures will be improved to optimize financial business environment. Capital account will be further liberalized to attract more qualified foreign institutional investors to China's financial market.

4.2 Actively Expanding External Trade

COVID-19 has been officially announced as a pandemic according to WHO assessment. By March 16, cases have been reported in 151 countries and regions. The outbreak triggers international travel, transportation and trade restriction measures by many countries, which will exert enormous downward pressure on global trade. According to the WTO Goods and Services Trade Barometer, the real-time measures of trade trends in the first quarter of 2020 are well below the index's baseline value of 100 even without accounting for threats of COVID-19 outbreak, signaling the huge pressure on international trade. With an increasingly uncertain external environment, China is actively promoting work and production resumption of foreign trade businesses to help expand foreign trade volume and make contributions to the stable growth of international trade.

Firstly, China introduces policies to stabilize foreign trade and related supply chains. Affected by the Spring Festival holidays and COVID-19 outbreak, value of China's goods import and export in the first two months of 2020 was down by 9.6% year-on-year. With steady progress in the control of COVID-19 outbreak, China unveils measures successively to keep foreign trade stable. On February 18, the Ministry of Commerce issued the *Circular*

on Responding to Novel Coronavirus Pneumonia, Stabilizing Foreign Trade and Foreign Investment and Promoting Consumption. According to the circular, in order to support work and production resumption of foreign trade companies and stabilize foreign trade development, foreign trade management procedures should be simplified and supportive policies should be given to develop new business and models of foreign trade.¹ By March 12, more than 80% of foreign trade companies in the 8 provinces and municipalities, including Shandong, Anhui, and Liaoning, have resumed production; 100% of major foreign trade companies in provinces and municipalities with large trade volume, including Zhejiang, Jiangsu and Shanghai, have resumed production. Contractual capacity of foreign trade companies have been rapidly increasing at the same time.

Secondly, China is actively promoting bilateral economic and trade cooperation, and stepping up in building free trade agreements. With progress in COVID-19 prevention and control, China started to promote economic and trade cooperation with partners and gradually resume and expand bilateral trade. For example, while strengthening joint prevention and control of COVID-19 with Vietnam, Guangxi Zhuang Autonomous Region is also working to solve customs clearance bottlenecks in border trade with Vietnam, gradually resuming flow of people and normal production and operation activities, and enhancing border gates construction and border industrial cooperation. As a result, trade volume in Hekou border gate has exceeded pre-pandemic level.² Besides, as China and US start to implement phase-one trade agreement, tariffs that have been added previously will be removed step

¹ Circular on Responding to Novel Coronavirus Pneumonia, Stabilizing Foreign Trade and Foreign Investment and Promoting Consumption, the official website of the Ministry of Commerce of China, 18 February 2020, <http://www.mofcom.gov.cn/article/b/fwzl/202002/20200202937077.shtml>.

² Lu Xinshe Has Telephone Conversation at Invitation of Vietnam’s Minister of Industry and Trade Trần Tuấn Anh, CPC News, 14 March 2020, <http://cpc.people.com.cn/n1/2020/0314/c117005-31631962.html>.

by step to reduce tariff barriers. China also introduces several favorable policies in importing US agricultural products to help expand bilateral trade in this sector.

Thirdly, preparations for the China Import and Export Fair (Canton Fair) this spring accelerate to provide a platform for international trade. In China, Canton Fair is a comprehensive international trading event with the longest history, the highest level, the largest scale, the most complete exhibit variety, and the largest buyer attendance from the largest number of countries and regions. Despite of a worsening and more complex foreign trade environment, Canton Fair last autumn witnessed a generally stable business turnover, and export volume amounted to 207.09 billion CHY. The rapid spread of COVID-19 around the globe is weakening international trade outlook to a larger extent. The Canton Fair under rapid preparation will provide an international public platform where global companies can explore markets, and help promote the development of international trade.

4.3 Enhancing International Economic Cooperation

When faced with the “Black Swan” of COVID-19 and the consequent world economic woes, we shall boost world economic recovery and promote economic globalization by strengthening international cooperation in epidemic prevention and control, and by coordinating macroeconomic policies. China is actively participating in international economic cooperation. Through regional and global economic cooperation platforms and the implementation of the Belt and Road Initiative, China makes contributions to boosting world economic growth and upholding the free and open international economic system.

On one hand, China is strengthening communications and exchanges with both regional and international economic cooperation mechanisms, with the purpose of enhancing international macroeconomic policies coordination

and boosting the stable growth of world economy. The global spread of COVID-19 is exerting an increasing pressure on the development of international economy, trade and investment. Since China has made remarkable progress in COVID-19 prevention and control, speeding up work and production resumption will be critical to resume normal operation of global industrial chains and maintain international community’s confidence in China’s economy. At the same time, China is attaching much importance on both global COVID-19 containment and regional and global economic development, by actively strengthening exchanges with regional and multilateral economic institutions.

Recently, China and ASEAN held a special Foreign Ministers’ Meeting on Coronavirus Disease. It is stressed at the meeting that measures shall be taken to step up cooperation in the region against COVID-19, and that we shall support enterprises affected by the epidemic, especially micro, small and medium-sized enterprises (MSMEs), promote digital economy, jointly maintain people-to-people exchanges and trade and investment activities in the region, and facilitate economic activities during epidemics. The Fifth Mekong-Lancang Cooperation (MLC) Foreign Ministers’ Meeting mentioned public health issues for the first time by agreeing to jointly control the epidemic. The meeting also paid close attention to agricultural cooperation upgrade, industrial and investment cooperation, and coordinated development of regional mechanisms in an effort to promote enhancement and upgrading of Mekong-Lancang regional economic cooperation.

Besides enhancing economic and trade exchanges at regional levels, China is also actively working with other countries and international organizations such as the International Monetary Fund (IMF) and the World Bank Group through the platform of G20, in order to cope with COVID-19’s impact on world economy. The Second Sherpas’ meeting for the G20 Riyadh

Summit was held recently and issued a statement, saying that G20 countries will work closely with WHO to fight the pandemic and provide technical assistance and fiscal support for developing countries. G20 countries also agreed to take fiscal and monetary measures as appropriate to maintain world economic stability and cope with the pandemic's impacts on international economy and trade. The rapid spread of COVID-19 around the globe has resulted in restrictive measures, especially in more and more European countries. The world will witness deepening negative impacts from the pandemic on economy, and China and other countries will further their cooperation with regional and international economic organizations to enhance international macroeconomic policies coordination and make contributions to world economic growth.

On the other hand, China is actively promoting the Belt and Road Initiative to boost confidence in international economic and trade development stability. The rapid spread of COVID-19 exerts some negative impacts on international economy, trade and investment, cross-border transportation and flow of people. But China and countries along the Belt and Road are pushing forward implementation of related projects in a steady and orderly way and making joint efforts to enhance public health cooperation and build "Health Silk Road". Chinese authorities including the Ministry of Commerce have introduced multiple policies and measures to steadily and orderly promote cooperation under the Belt and Road Initiative. Particularly, GACC launches 10 measures to support China Railway Express (CR Express) line. The measures include reducing number of times and costs of declaration and advancing the construction of transport hubs, in order to further economic and trade exchanges along the Belt and Road.¹ According to data of

¹ GACC Launches 10 Measures to Support CR Express, the official website of General Administration of Customs of China, 24 February.
<http://www.customs.gov.cn/customs/xwfb34/302425/2867146/index.html>.

China State Railway Group Co. Ltd (China Railway), by February 19, import and export cargo of international railway through traffic reached 8.67 million tons, up by 8.1% year-on-year. An accumulated total of 830000 TEU were transported by CR Express, up by 1.5% year-on-year. The number of CR Express trains enjoyed growth against a global downtrend.¹

Major cooperation projects between China and countries along the Belt and Road are under steady implementation. According to the Ministry of Commerce, China has taken multiple measures to prevent and control COVID-19 outbreak and ensure smooth implementation of Belt and Road projects. The Initiative is now being pushed forward in a generally steady manner and there is no large-scale delay as a result of COVID-19 outbreak.² However, with the epicenter of the pandemic transferring from East Asia to Europe, the pressure to prevent and control COVID-19 in Europe has increased promptly, which poses challenges for China-Europe cooperation under the Belt and Road Initiative. Therefore, China needs to conduct cooperation with European countries in pandemic prevention and control, steadily implement major projects, enhance investment cooperation, and promote international trade, investment and economic growth.

¹ China-EU Express Keeps Steady Growth, the State Council of the People’s Republic of China, 9 March 2020, http://www.gov.cn/xinwen/2020-03/09/content_5488870.htm.

² Belt and Road Initiative Projects are Under Stable Progress and No Large-Scale Delay Occurs, the official website of Ministry of Commerce of China, 24 February 2020, <http://www.mofcom.gov.cn/article/i/jyj1/e/202002/20200202938662.shtml>.

V. “Promoter” of Economic Globalization

Global supply chains, capital market and commodity market once slumped under the continuing shocks from COVID-19. Economic globalization may have suffered some setbacks, but the overall trend is irreversible. Due to this life-and-death experience of fighting against COVID-19, during which people from all countries and regions share the same outlook and destiny, the vision of a community with a shared future for mankind will be more widely recognized and accepted by international community.

5.1 COVID-19 Will Not Interrupt Globalization Process

Economic globalization refers to the so-called global economy formed due to increasing integration and interdependence among different countries and regions through the cross-border flows of people, capital, technologies, goods and services. Historically, economic globalization is a process independent of man's will and events. It is, in essence, promoted by scientific and technological progress and constant productivity increase in human society. As has been put by IMF, economic globalization is a historical course and the result of mankind's exploration, innovation and technological advance.

The big Maritime Navigation Era from 15th to 17th century broke the mutual isolation among different civilizations. Material and spiritual achievements of different regions, far from the British Isles, the Baltic Sea to the South Asian Sub-Continent, and from the Mediterranean Sea, Mesopotamia to the land of tea, interacted with each other, and formed the initial shape of “world market”, which laid the foundation of economic globalization. From 18th century till now, human society has experienced the evolution from the Age of Steam, the Age of Electricity to the Age of Information, driven by three Technological and Industrial Revolutions. During this course, the waves of economic globalization rose one after another.

Global expansion of capital tightly integrated all links including production, distribution, consumption, and investment in different countries and regions, and hence formed international division of labor, trade and financial systems.

Western countries including the United Kingdom, US, Germany, France and Denmark, were the leader of economic globalization, since they mastered advanced technologies and realized modernization at the earliest time. With these advantages, they had enormously benefited from the process. Particularly, economic globalization waves driven by the 2nd and 3rd Technological and Industrial Revolutions helped US realize momentous leaps to an industrialized and an advanced industrialized nation. US has hence topped global GDP ranking since at least 1920s. It is well known that the initial stage of economic globalization is also a history of colonial expansion full of bullies and extortions. Even nowadays, development imbalance among regions and countries, the wealth gap, governance deficit and other issues emerged during economic globalization process are still extremely terrible and alarming. However, there is no denying that economic globalization has indeed boosted unprecedented wealth gains and civilization progress in human society. According to IMF, global GDP totaled from 11.15 trillion to about 84.74 trillion in current US dollars from 1980 to 2018. During the same



A Fuyao Glass factory at Dayton, Ohio, USA.

period, GDP per capita increased from about \$2850 to \$11350. Apparently, world economy has become a much bigger cake. More and more developing countries participated in economic globalization and benefited from the process. Supported by a positive

outlook that economic globalization is irreversible and will further expand, the United Nations successively put forward Millennium Development Goals and 2030 Agenda for Sustainable Development, in an effort to wipe out poverty, eliminate hunger, reduce inequality, boost sustainable development, and promote the development of economic globalization in a fair and just manner.

Nowadays, the 4th Industrial and Technological Revolution is in the ascendant. A variety of new technologies such as artificial intelligence, quantum communication, 3D print and clean energies have emerged. Consequently, a new wave of economic globalization is coming and doomed to rush on with huge potentials. Right at this moment, the pandemic of COVID-19 popped up. The rapid spread of COVID-19 has forced nearly 100 countries and regions in Asia, Europe and America to close borders, reduce number of flights, suspend production and take other measures. Normal operations of the interdependent global industrial and supply chains are destructed and global economy is temporarily facing a major shock. The pandemic also poses a great threat to economic and social development in all countries and regions. Take China, where concentrated outbreak was firstly reported, as an example. In February 2020, China's manufacturing PMI reported 35.7%, down by 14.3 percentage points from last month. According to the classification index, the five sub-indices composing PMI, were all below the threshold. In the first two months, the total value added of the industrial enterprises above the designated size dropped by 13.5% year on year, while the total retail sales of consumer goods witnessed a year-on-year decline of 20.5%,¹ both of which recorded the largest slide since reform and opening up. Other countries and regions are also suffering from the pandemic with immeasurable losses. However, COVID-19 outbreak, in its essence, represents a transient shock instead of a structural one. Therefore, it won't damage the

¹ Purchasing Managers' Index for February 2020, the official website of National Bureau of Statistics of China, 29 February 2020, http://www.stats.gov.cn/tjsj/zxfb/202002/t20200229_1729136.html.

fundamentals of global economic growth, let alone power sources that promote the development of economic globalization to a deeper and wider extent.

5.2 China Has Always Played a Positive Role in Maintaining Economic Globalization

Faced with the grim situation of raging COVID-19 epidemic in initial phase, China decisively took tough quarantine measures to effectively cut off its transmission routes. All of the confirmed patients were hospitalized and diagnosed, and research on the virus and its treatment accelerated. Other measures were taken to maintain social production and normal living order. During the process, China has explored and accumulated precious experience in dealing with the pandemic. By mobilizing the whole country with huge sacrifice, China gradually stops the spread of COVID-19. On March 23, only 78 new cases were confirmed with 74 imported cases.¹ Besides the tireless efforts in fighting COVID-19, Chinese government is pushing forward economic recovery in a prudent and steady way through comprehensive use of big data monitor, overall management and other means. Unconventional policies and measures to keep economy stable and boost growth are introduced successively in all sectors based on the actual epidemic situations in different provinces, municipalities and autonomous regions and according to the characteristics of different regions and sectors. By March 13, 76% of Chinese cities have downgraded risk assessment of COVID-19 to “low” and over 70% of major companies have resumption work and production.²

China introduced macroeconomic policies including monetary and fiscal

¹ Latest Development in COVID-19 by the End of 23 March, the official website of National Health Commission of China, 24 March 2020, <http://www.nhc.gov.cn/xcs/yqtb/202003/e6c12d0c2cf04474944187f4088dc021.shtml>.

² NDRC Guides and Supports Work and Production Resumption in Demonstration Zones of Industrial Transformation and Upgrading, the official website of National Development and Reform Commission of China, 18 March 2020, https://www.ndrc.gov.cn/fzggw/jgsj/zxs/sjdt/202003/t20200318_1223584.html.

policies, and took measures to stable foreign investment and trade in an active and positive manner. With those policies and measures, China intends to support economic recovery and growth, to offset the short-term dramatic impacts of COVID-19 outbreak on China's economy, and to firmly stabilize fundamentals of economic development. At the same time, China pays close attention to the stability and continuity of macroeconomic policies and sticks to the policy of further reform. In recent days, 29 groups were dispatched to Hebei, Liaoning, Shandong and other provinces by General Office of the CPC Central Committee and General Office of the State Council of China. The groups intend to make in-depth research on work and production resumption situations, summarize previous experience timely, and take good chances to speed up the recovery of social orders and economic development based on risk prevention and control.

COVID-19 is spreading rapidly in Europe, America and other places currently. Numbers of confirmed cases have started to surpass that in China. And there is no sign of pandemic control by now. Economic and social activities in some countries have come to a standstill. It is inevitable that global and regional economies and industrial chains will be negatively affected by the raging pandemic. Capital markets react violently, and stock markets in a dozen countries including US triggered circular breaker once or even for several times, which have contributed to the overflows of quantitative easing policies in many countries and great pressure on global trade and investment within this year. At present, China, as "world factory", has resumed production, which will definitely foster confidence against the global economic turmoil. Generally speaking, output in March represents 40% of total GDP in first quarter. It is estimated that Chinese economy will show signs of recovery in March and will hopefully maintain and boost effective functioning of upstream and downstream along regional and global industrial chains.

5.3 Promoting the Build of a Community with a Shared Future for Mankind is the Appropriate Option

COVID-19 is still spreading globally and human society is suffering. Some anti-globalists believe that the pandemic is a crisis caused by globalization. Some even hold that COVID-19 has sounded the death knell for globalization. But these viewpoints make no sense.

Global public health problems cannot be attributed to globalization. Mankind had been suffering from infectious diseases when globalization just emerged or even before the process was launched. Plague, the notorious and once most devastating disease raged in Europe and Asia in 6th and 14th centuries. “Throughout history, mankind has been suffering from a dozen infectious diseases including plague, smallpox, cholera, leprosy, diphtheria, syphilis, typhus fever, malaria, rabies, tuberculosis and so on.”¹ In other words, infectious diseases have accompanied history of human social development.

As a matter of fact, it is the globalization process that boosts research, development, spread and wide application of new medical technology achievements. Therefore, the passive situation that mankind was helpless and incompetent when faced with infectious diseases was put to an end. In 1980, smallpox became the first infectious disease eradicated by mankind, following the official declaration of WHO. In the late 18th century, Edward Jenner, an English doctor, made a discovery based on previous experience that cowpox vaccination can be used to prevent smallpox. After Industrial Revolution, Louis Pasteur from France and Robert Koch from Germany discovered pathology of infectious disease, which provided a scientific explanation to the technique. Cowpox vaccination was therefore gradually promoted in Western countries, former Soviet Union, and the third world countries and regions.

¹ Battles with Infectious Diseases in Human History, Chinese Academy of Sciences, 2003.
http://www.cas.cn/zt/kjzt/fdgc/ka/200305/t20030512_1710922.shtml.

The technique became an internationally-acknowledged public health issue and relevant cooperation between US and former Soviet Union was conducted even during the Cold War. The fight and ultimate success against smallpox are the result of continual coordination among international medical professionals and a role model for global cooperation in public health prevention.

It is not crisis in globalization, but crisis in global governance that is exposed by COVID-19 outbreak. Global governance system is under shocks in recent years. US is the original leader of the system, but taking into consideration of such factors as international competitions, cost and benefits, and domestic politics, US is adjusting policies and actions to weaken or even abandon its responsibilities and commitment in some areas. The rise of

emerging markets and developing countries represented by China and others is driving global economic development epicenter transfer from Europe and Atlantic Ocean to Asia and Pacific Ocean. This trend requires a re-adjustment of global power structure and interest distribution pattern, and changes the



A painting by a Belarusian elementary school student expressing the beautiful wish of “joining hands to fight the epidemic”

long-lasting situation where global governance was dominated by only a few western countries. However, current global governance system fails to adapt to new changes and to react to new problems and situations in a timely and efficient manner. When a global governance problem occurs, it has always

been difficult for international community to respond appropriately by mobilizing resources. This passive situation often leads to high mortality and massive property damage. In recent years, the crisis of a global system with no governance, non-effective governance or low efficient governance has been revealed consistently by global financial crisis, rising trade protectionism and other issues. The COVID-19 outbreak, from which not a single country can escape, is making international community aware of the pain of governance deficit once again. Therefore, it is high time to reform the current global governance system and form a new mechanism through new ways.

The treacherous outbreak of COVID-19 is interrupting normal life of every single person on the planet with a vengeance. The pandemic is posing severe threats to the survival of human beings. It has been an international consensus that every individual, community, institution and nation shall be responsible to take actions. A Chinese saying goes that when disaster struck, help came from all sides. And when everyone is suffering, we can do nothing but help each other. As soon as the pandemic was basically controlled, China started to aid Italy, France, Japan, South Korea, Iran, and Serbia with no hesitation to jointly fight the pandemic, by dispatching medical professionals, providing medical supplies, and sharing experience and technologies. UN Secretary-General Antonio Guterres praised Chinese people, noting that their sacrifice is a great contribution to all mankind. Outbreak of the pandemic is like a glass of drinking water. People never know whether it's warm or cold unless they drink from it. Due to the outbreak, people with visions from both home and abroad will become more acutely aware that we are interdependent with the increasingly interconnected interests, and that mankind is sharing the same outlook and the common destiny.

Conclusion

China is a pioneer in combating COVID-19 outbreak. By taking tough and powerful measures and sacrificing short-term economic growth, China holds its responsibility as a major power and buys time for global pandemic prevention and control. China is also an important hub along global value chains. As its domestic pandemic prevention and control measures yield results, China actively promotes work and production resumption to boost domestic economic recovery and growth, and to foster confidence in stable development of world economy. As world's second largest economy, China is able to uphold the stability of supply chains and industrial chains by making full use of macroeconomic policy tools. China can also play a positive role in stabilizing global financial markets. In an era of economic globalization, no country can wall itself off from the negative impacts of global public health issues on world economy. Making joint efforts to fight COVID-19 shall be the collective choice of international community. China will continue its cooperation with other countries and international organizations in pandemic prevention and control, and in upholding world economic stability. Efforts will also be made to make economic globalization more open, inclusive, balanced and beneficial to all, and to promote building a community with a shared future for mankind.

*(Written by Jiang Yuechun, Wang Ruibin, Zhang Yuhuan, Xu Xuemei
and Liu Xiaowei)*

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北京市东城区台基厂头条3号, 100005
3 Toutiao, Taijichang, Beijing, 100005, CHINA
<http://www.ciis.org.cn/>

