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Emilia-Romagna International School of Policy

# XXXVI. c.MET05 Policy Research Meeting

*Opening Speech: **Hailin Lan** (South China University of Technology)*

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# **Chinese firms' reaction beyond the Covid-19 shock**

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**01**

**General overview for China**

**中国概况**

# 1. General overview for China

## 中国概况



- The outbreak of COVID-19 **brings great shock** to the world, including China.
- After the outbreak of COVID-19, China's economy **experienced a stop** and has **recovered steadily** since May 2020.
- As to regards to the Chinese firms, they struggled very hard time, and those managed to step to the recovery track **face multiple survival situations according to different sectors.**
- First, the general economic map can be shown as the following data:

- COVID-19的爆发，给包括中国在内的世界**带来了巨大的震撼。**
- COVID-19爆发后，中国经济**经历了一个停顿**，从2020年5月开始**稳步复苏。**
- 对于中国企业来说，他们的日子过得非常艰难，而那些成功步入复苏轨道的企业，则**根据不同行业面临着多种生存状况。**
- 首先，总体的经济地图可以显示为以下数据。

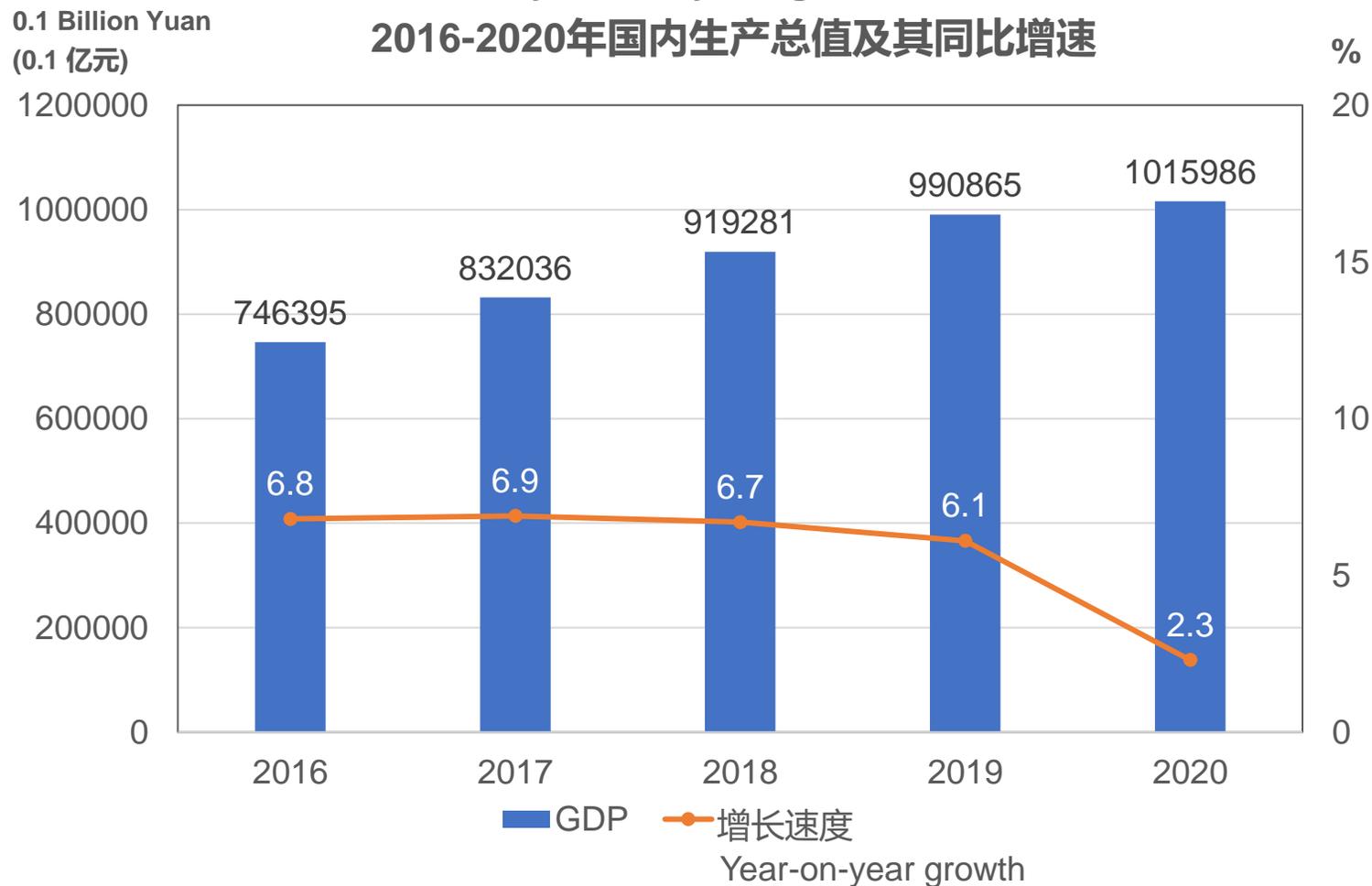


# Key indicators of China's economic development since Covid-19 outbreak——GDP

## 疫情爆发以来中国经济发展关键指标变化情况——国内生产总值GDP

### GDP and its year-on-year growth in 2016-2020

### 2016-2020年国内生产总值及其同比增速



In 2020, China's GDP **broke through 100 trillion RMB**. This growth rate exceeded 1.9% predicted by International Monetary Fund(IMF) in the world economic outlook report on October 13, 2020. **China is the only major economy that has achieved positive growth around the world.**

2020年GDP**突破100万亿人民币大关**，增速超过国际货币基金组织于2020年10月13日在《世界经济展望报告》中预测的1.9%，**是全球唯一实现正增长的主要经济体。**

Note: GDP is calculated at current price, and year-on-year growth rate is calculated at constant price.

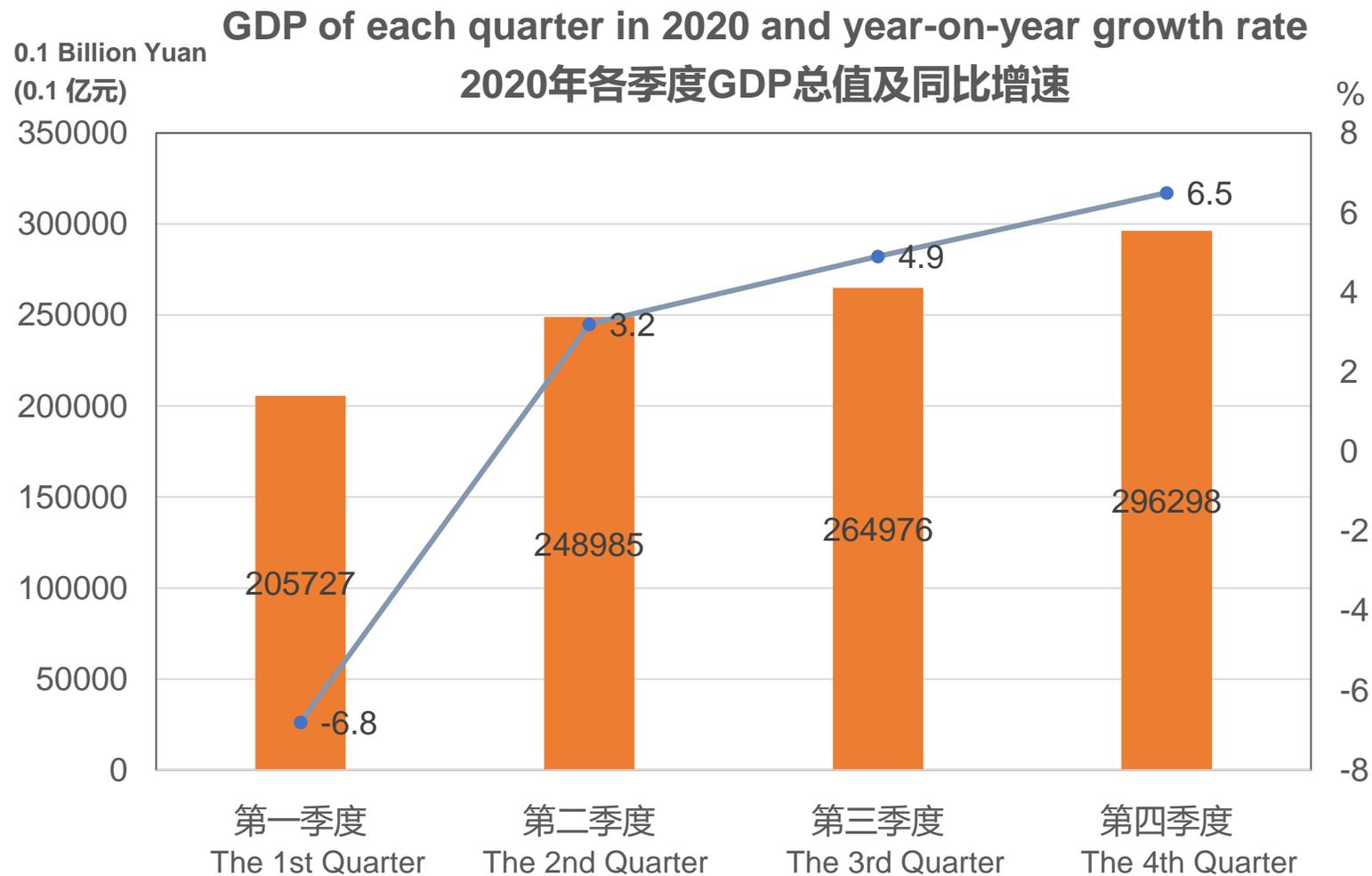
备注：GDP以现价计算，同比增速以不变价计算

Source: National Bureau of Statistics

数据来源：国家统计局

# Key indicators of China's economic development since Covid-19 outbreak——GDP

## 疫情爆发以来中国经济发展关键指标变化情况——国内生产总值GDP



Economy showed negative growth in the first quarter. As the epidemic was stabilized, positive growth was achieved in the second quarter, and **the growth rate accelerated in the third and fourth quarters.**

第一季度负增长，在疫情稳定后，第二季度实现正增长，**第三、四季度增速加快。**

Note: GDP is calculated at current price, and year-on-year growth rate is calculated at constant price.

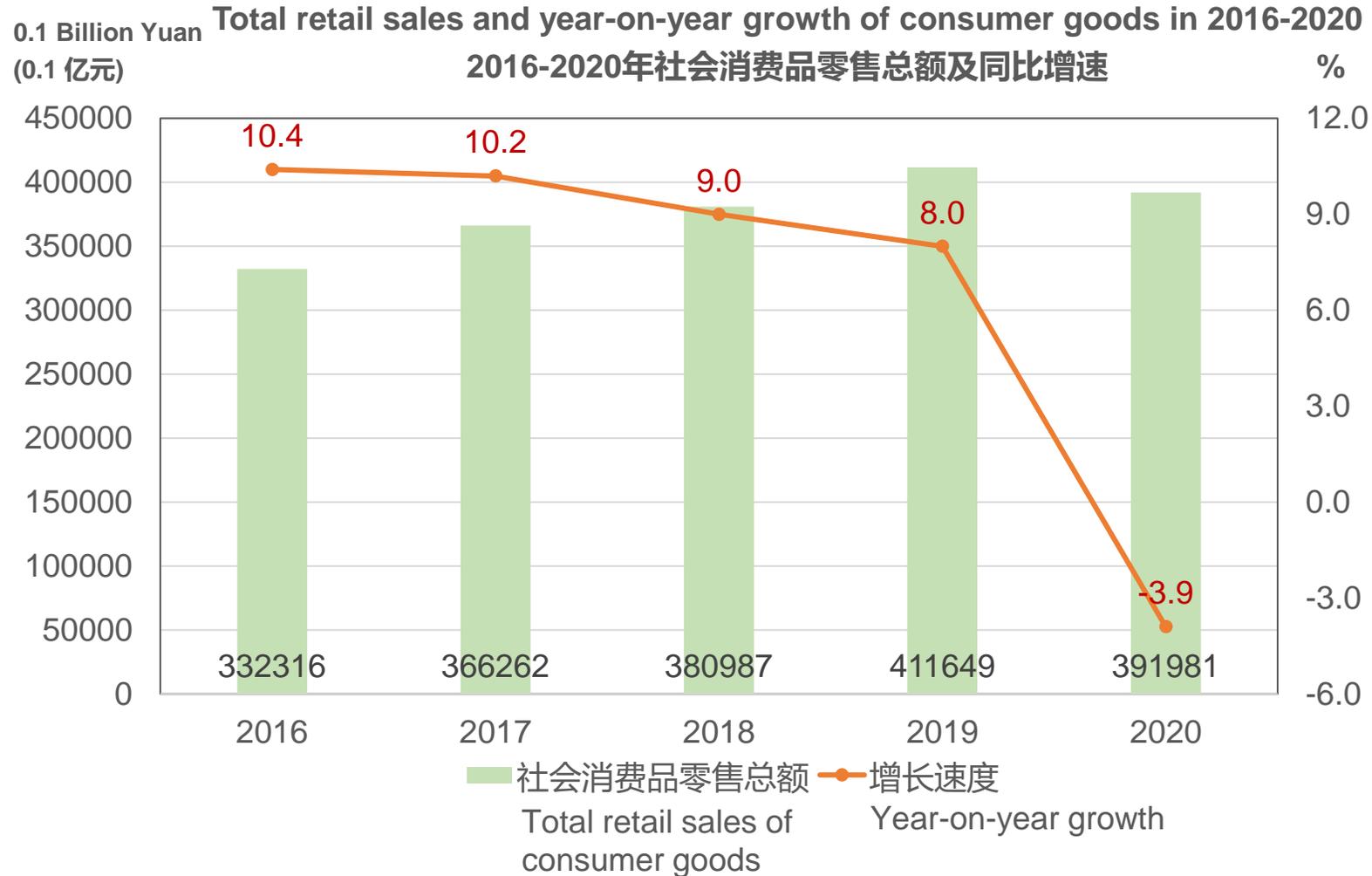
备注：GDP以现价计算，同比增速以不变价计算

Source: National Bureau of Statistics

数据来源：国家统计局

# Key indicators of China's economic development since Covid-19 outbreak—Total retail sales of consumer goods

## 疫情爆发以来中国经济发展关键指标变化情况——社会消费品零售总额



The total retail sales of consumer goods in 2020 decreased by 3.9% compared with last year, **and the retail industry was greatly affected by the epidemic.**

全年来看，社会消费品零售总额比去年下降3.9%，**零售业受疫情冲击较大。**

Note: the total retail sales of consumer goods are calculated at current prices, and the year-on-year growth rate is calculated at constant prices.

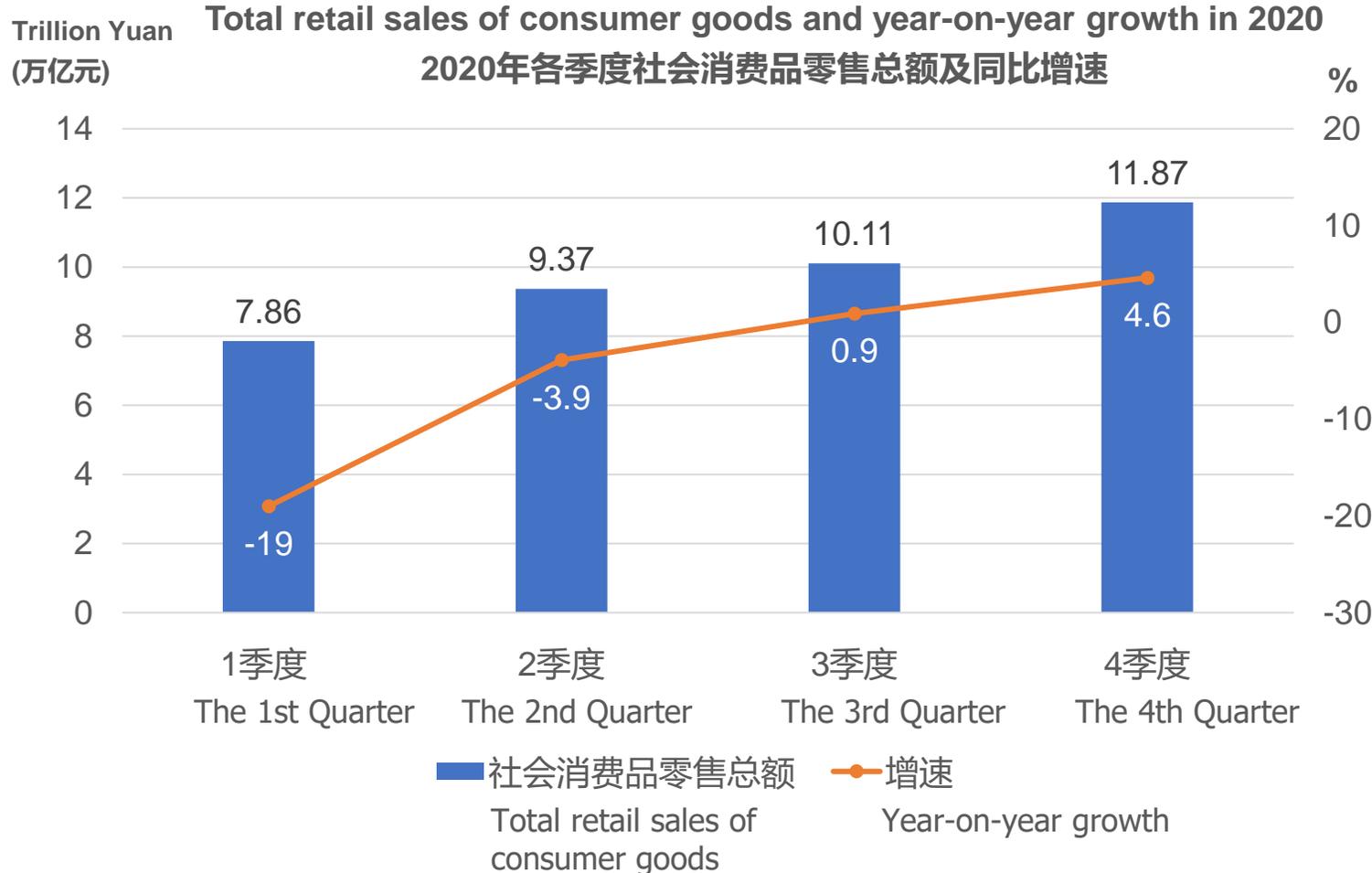
备注：社会消费品零售总额以现价计算，同比增速以不变价计算

Source: National Bureau of Statistics

数据来源：国家统计局

# Key indicators of China's economic development since Covid-19 outbreak—Total retail sales of consumer goods

## 疫情爆发以来中国经济发展关键指标变化情况——社会消费品零售总额



- **Market sales showed a quarterly recovery trend.**
- In the first quarter, the consumer market was significantly impacted by the epidemic, and the market sales dropped by 19.0%.
- With the continuous improvement by the epidemic prevention and the continuous effective policies and measures from the central to the local, **the market subject accelerated the resumption of work and production**, and the consumer demand of residents was released steadily. In the second quarter, the decline of market sales was significantly narrowed, and the growth rate in the third quarter turned positive for the first time. In the fourth quarter, the total retail sales of consumer goods increased by 4.6%, 3.7% faster than that in the third quarter.
- 分季度看，**市场销售呈现逐季恢复态势**。
- 一季度，消费市场受到疫情明显冲击，市场销售大幅下降19.0%。
- 随着疫情防控形势不断好转以及中央和地方的多项政策措施持续显效，**市场主体加快复工复产，居民消费需求稳步释放**。二季度市场销售降幅明显收窄，三季度增速首次转正。四季度，社会消费品零售总额同比增长4.6%，增速比三季度加快3.7个百分点。

Source: National Bureau of Statistics

数据来源：国家统计局

Note: the total retail sales of consumer goods are calculated at current prices, and the year-on-year growth rate is calculated at constant prices.  
备注：社会消费品零售总额以现价计算，同比增速以不变价计算

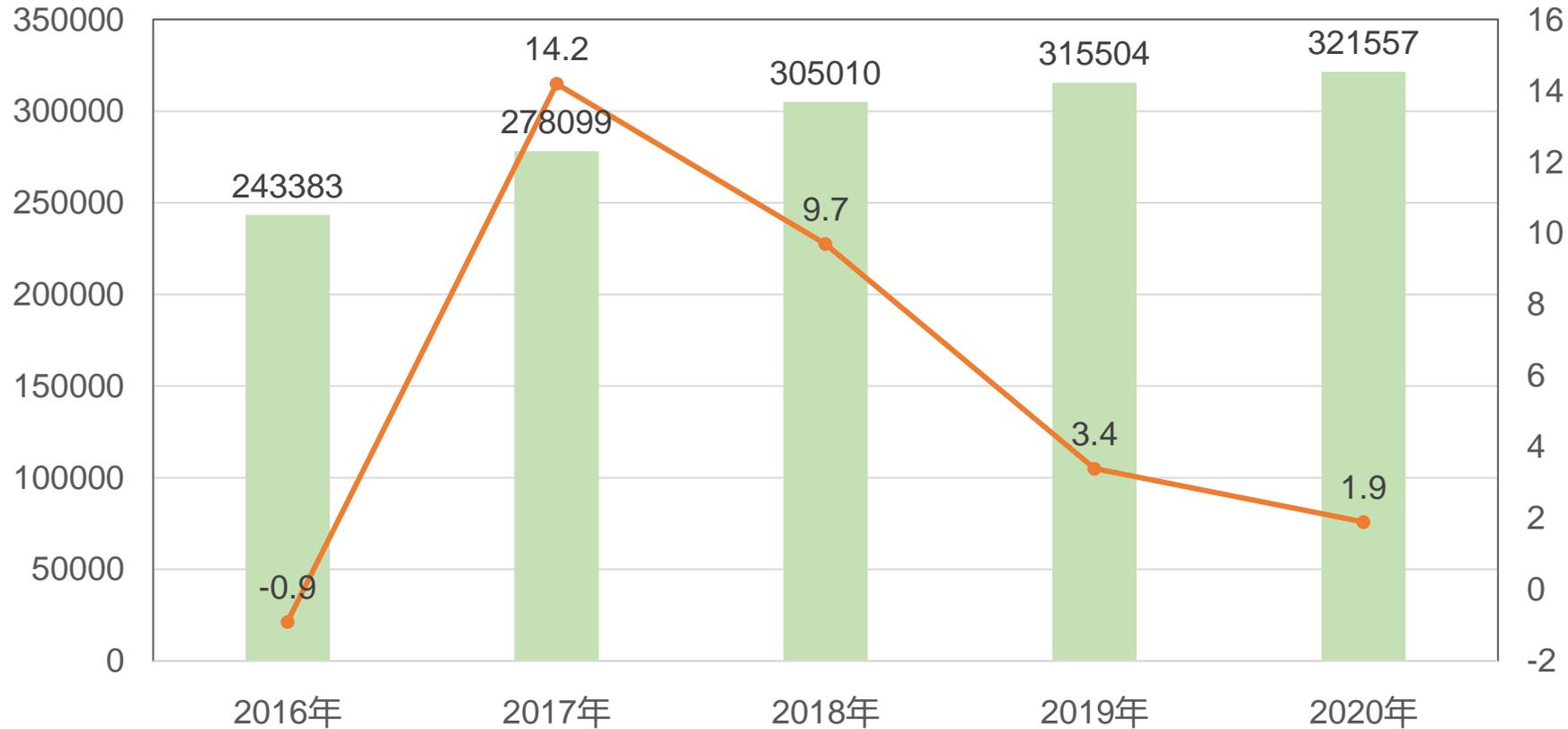
# Key indicators of China's economic development since Covid-19 outbreak—Total import and export value of goods trade

## 疫情爆发以来中国对外贸易关键指标变化情况——货物贸易进出口总值

Total import and export volume of goods trade and year-on-year growth in 2016-2020

0.1 Billion Yuan  
(0.1 亿元)

2016-2020年货物贸易进出口总额及同比增速



**In 2020, the total value of import and export of goods trade was 32.16 trillion RMB, with a year-on-year growth of 1.9%,** among which, the annual export reached 17.93 trillion yuan with an increase of 4%; the annual import was 14.23 trillion yuan RMB, down 0.7%.

**2020年全年货物贸易进出口总值为32.16万亿元人民币，同比增长1.9%。**其中，2020年全年出口17.93万亿元人民币，增长4%；2020年全年进口14.23万亿元人民币，下降0.7%。

Source: General Administration of Customs  
数据来源：海关总署

# Key indicators of China's economic development since Covid-19 outbreak—Total import and export value of goods trade

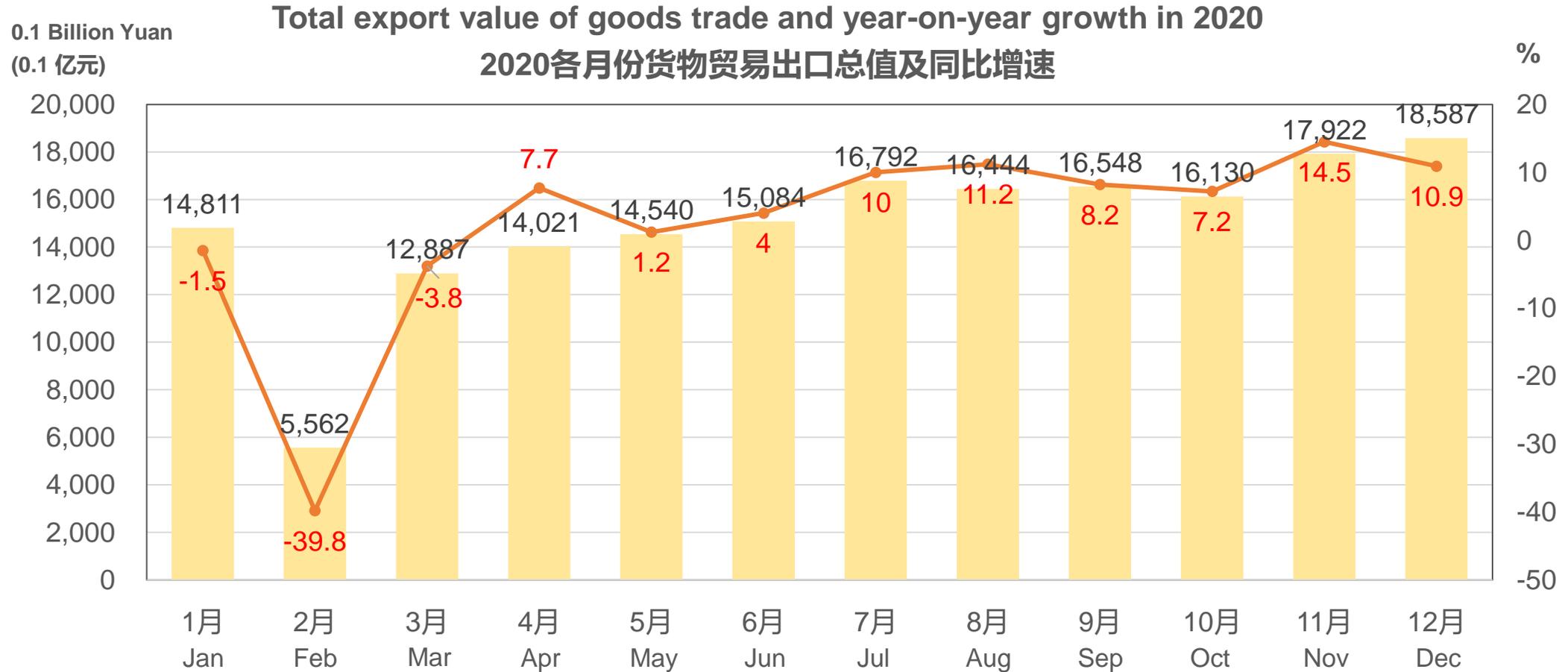
## 疫情爆发以来中国对外贸易关键指标变化情况——货物贸易进出口总值



Source: General Administration of Customs  
数据来源: 海关总署

# Key indicators of China's economic development since Covid-19 outbreak—Total export value of goods trade

## 疫情爆发以来中国对外贸易关键指标变化情况——货物贸易出口总值



■ 货物贸易出口总值    —●— 同比增速  
Total export value of goods trade    Year-on-year growth

Source: General Administration of Customs  
数据来源: 海关总署

# Key indicators of China's economic development since Covid-19 outbreak—Total import value of goods trade

## 疫情爆发以来中国对外贸易关键指标变化情况——货物贸易进口总值



Source: General Administration of Customs  
数据来源: 海关总署

# Resumption of work and production in China since the epidemic 疫情爆发以来中国复工复产情况

**The whole country (except Wuhan) began to resume work from February 10,** and

Wuhan began to resume work from March 11. As of March 31, the average return-to-work rate of above-scale enterprises was 98.6%, that of small and medium-sized enterprises was 76%, and that of personnel was 89.9%.

**全国（除武汉外）从2月10日开始陆续复工，**武汉从3月11日拉开复工序幕。截止3月31日，全国规模以上企业平均复工率为98.6%，中小企业复工率达76%；人员平均复岗率为89.9%。

Source: Data news lab, the 21<sup>st</sup> Century Business Herald  
数据来源：21财经—数据新闻实验室

截至3月31日

## 全国复工率地图



# 02

Four stages of Chinese enterprises'  
response to the epidemic

疫情以来中国企业应对的四个阶段

## 2. Four stages of Chinese enterprises' response to the epidemic

### 疫情以来中国企业应对的四个阶段

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- Although the development of enterprises in different industries is different, generally speaking, they have experienced the following four stages:
  - **The first stage:** from the end of January to March 2020, a shutdown phase;
  - **The second stage:** from the end of March to May 2020, resuming work and production as soon as possible;
  - **The third stage:** from June to October 2020, most industries starting to recover;
  - **The fourth stage:** after October 2020, most industries having achieved growth.

- 尽管不同产业的企业发展情况不同，总体而言，经历了以下四个阶段：
  - **第一阶段：**2020年1月底-3月，停摆；
  - **第二阶段：**2020年3月下旬至5月，抓紧复产复工；
  - **第三阶段：**2020年6月至10月，大部分产业开始恢复；
  - **第四阶段：**2020年10月以后，大部分产业实现了增长。



## Stage One (January to March): Shutdown

### 第一阶段（1-3月份）：停摆



- As the epidemic happened during the Chinese Spring Festival, most enterprises stopped production for about a month or a half;
  - The industries related to epidemic prevention and control kept production during the sprint festival holidays, while the industries related to living security basically started production right after the holidays;
  - Export oriented enterprises, or enterprises embedded in the global industrial chain, mainly consider how to resume production and work as soon as possible to complete the order delivery. For example, Broad-ocean Motor Company sent people to Vietnam to ensure the delivery of orders, while Xinbao Electrical Appliances Holdings accurately selected employees to return to the factory to start work;
  - With the rapid development of online economy, digital economy and residential economy in China, such as online education, e-commerce and infrastructure related to online office, some new formats, such as live broadcasting and contactless restaurants, has emerged as the times required.
- 
- 由于疫情的发生正值中国春节期间，大部分企业停产停工大概一个月或者一个半月；
  - 与疫情防治有关的行业基本没有停产，而与生活保障相关的行业在春节后基本正常开工；
  - 出口型企业，或嵌入于全球产业链的企业，主要考虑的是如何尽快复产复工以完成订单交付。例如大洋电机派人去越南保障订单交付，新宝电器则精准选择员工回厂开工；
  - 中国国内线上经济与数字经济、宅经济，例如在线教育、电子商务、线上办公有关基础设施等高速发展，一些新的业态，例如直播、无接触餐厅应运而生等。

## Stage Two (March to May): Gradually resume production and work

### 第二阶段（3-5月）：逐步复产复工



- **Enterprises began to resume production and work by various ways and innovative means**
    - Resume domestic and international business activities through network and videos, such as real estate sales, interior decoration industry, international business, etc;
    - Find and support new parts suppliers from other provinces in China to solve supply chain problems, such as automobile industry;
  - **Governments at all levels have given a lot of policies to support enterprises to resume production and work**, including increasing loans, reducing or delaying the payment of taxes, subsidizing various kinds of expenses (such as transportation expenses), etc.
- 
- **企业采用多种方式和创新手段开始复产复工**
    - 通过网络和视频手段恢复国内和国际商务活动，例如房地产销售、室内装修行业、国际商务等等；
    - 寻找和扶持国内其他省份的新的零配件供应商，以解决供应链问题，例如汽车行业；
  - **各级政府对企业复产复工给予了很多政策支持**，包括增加贷款、减免或者推迟缴纳税费、补贴各种费用（例如交通运输费）等。

## Stage Three (June to October): Rapid recovery

### 第三阶段（6-10月）：快速恢复



- Due to the rapid expansion of the epidemic to the world, while China's epidemic has been effectively controlled, **domestic enterprises are forced to implement import substitution**, including all kinds of raw materials and spare parts that cannot be obtained. Domestic enterprises can only settle for the second best and use the products of wholly foreign-owned enterprises, joint ventures and domestic enterprises to replace imported products. China has huge domestic market scale and industrial supporting capacity, and many enterprises began to layout the supply chain in China.
- Because most of the countries in the world, including China, residents are required to stay at home, **the demand of China's small household appliance manufacturing industry was growing rapidly**. For example, the orders of Xinbao Electrical Appliances have basically increased by 50%, and the number of small household appliance enterprises in China has rapidly increased from 30000 to more than 100000.
- **Due to the increase of national investment in infrastructure construction and the development of automobile transportation during the epidemic period**, China's various truck, engineering and agricultural vehicle manufacturing industries have developed rapidly.
- The development of the above industries not only drives other industries, **but also promotes the domestic substitution of raw materials and spare parts for these enterprises**.
- 基于疫情迅速向全球扩大，而中国疫情得到了有效控制，**国内企业被迫开始实施进口替代**，包括各种无法获得的原材料、零配件，国内企业只能退而求其次，使用外国独资、合资和国内企业的产品替代进口产品。中国国内巨大的市场规模与产业配套能力，许多企业开始在国内布局供应链。
- 由于全球大部分国家，包括中国居民被要求呆在家中，**因此带动了中国小家电制造行业的需求迅速增长**，例如新宝电器的订单基本上增加了50%，中国小家电企业的数量从3万家迅速上升到10万家以上。
- **由于国家对基础建设的投资增加和疫情期间汽车交通的发展**，中国各种卡车、各种工程和农用车制造行业迅速发展。
- 上述行业的发展不仅带动了其他行业，**而且也推动了这些企业中原材料、零配件的国产替代。**

## Stage Four(after October): Rapid development

### 第四阶段（10月份以后）：迅速发展阶段



- With the full recovery of the domestic market, the government and the public have confidence in the effective control of the epidemic, **the residents have begun to retaliate consumption** (such as marriage, catering, short distance tourism and other industries), and the digital economy, mobile economy, environmental protection and health industries have made new development.
  - Some labor-intensive industries that have been transferred and abandoned have recovered. **The explosive development of export-oriented industries in coastal areas** has led to supply and demand bottlenecks in maritime transportation, raw materials, equipment and spare parts industries, and prices have risen rapidly;
  - **Industries with import substitution of key and core parts have received a lot of government and private investment.** For example, the chip industry is estimated to achieve about 5% import substitution in 2020, and the proportion may reach more than 10-20% in 2021.
- 
- 国内市场全面恢复，政府和市民对有效控制疫情具有了信心，**居民开始了报复性的消费**（例如结婚、餐饮、短途旅游等行业），数字经济、移动经济、环境保护和健康行业都有了新的发展。
  - 本来已经转移和放弃的一些劳动密集型性的行业又重新恢复，**沿海地区出口导向的行业爆发性的发展**，导致了海上交通、原材料、装备行业、零配件行业出现了供需瓶颈，价格迅速上涨；
  - **以关键和核心零配件进口替代为核心的行业获得了大量的政府和民间投资**，例如芯片行业，估计2020年实现了5%左右的进口替代，而2021年这个比例有可能达到10-20%以上。

# 03

**The main characters of Chinese enterprises' response to the epidemic**  
**疫情以来中国企业应对行动的主要特点**

### 3. The main characters of Chinese enterprises' response to the epidemic 疫情以来中国企业应对行动的主要特点



- Chinese enterprises have shown strong vitality and resilience, and they have a strong desire to survive. They take various measures to survive.
- Chinese enterprises have strong reaction capability and innovation ability.
- Chinese enterprises have a strong learning ability, actively use the new generation of information technology to solve problems, while learning while reforming.
- Chinese enterprises have shown strong trust in the government, and they have formed good cooperation with the government in epidemic prevention and control during resumption of production and work.
- The government showed strong support for precise resumption of production and work, and the relevant policies and measures are effective.

- 中国企业表现出很强的活力和韧性，求生存的愿望十分强烈，主动采取各种措施求生存。
- 具有很强的反应速度和创新能力。
- 具有很强的学习能力，积极采用新一代信息技术来解决问题，边学习边改革。
- 企业表现出对政府较强的信任，疫情防控与复产复工方面与政府形成很好的合作。
- 政府的精准复产复工支持力度大，相关政策措施比较有效。



# 04

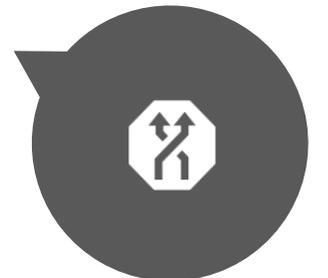
**How to view the rapid development of import substitution during the epidemic period?**  
**如何看待疫情期间进口替代的迅速发展？**

## 4. How to view the rapid development of import substitution during the epidemic period? 如何看待疫情期间进口替代的迅速发展？



- Import substitution has always been a basic strategic choice and a long-standing trend in China's economic development.
- With the global industrial chain division of labor and the global trade system being perfected, the speed of import substitution is relatively slow. Economically speaking, Chinese enterprises do not own the necessity and strength to quickly achieve import substitution, such as chips and some key spare parts.
- Before the outbreak of the epidemic, the global trade war launched by the U.S. government, especially the Sino US trade war, the controlling of key parts, especially chips, as a means of trade war, caused damage to the division system of global industrial chain. The Chinese government and enterprises had to achieve import substitution through independent research and development.

- 实现进口替代一直是中国经济发展的一个基本战略选择和已经长期存在的趋势。
- 在全球产业链分工和全球贸易体系日趋完善的情况下，进口替代的速度相对比较慢，因为从经济上说中国企业没有必要和实力去迅速实现进口替代，例如芯片和一些关键零配件。
- 疫情爆发以前，美国政府所发动的全球贸易战，尤其是中美贸易战中将控制关键零配件，尤其是芯片作为贸易战的手段，这就给全球产业链分工体系造成了破坏，中国政府和企业不得不通过自主研发实现进口替代。



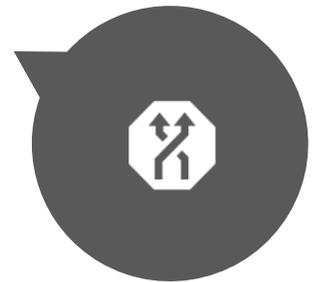
## (Continued)

(续)



- After the outbreak of the epidemic, the drawbacks of Global trade, industrial division and even transportation system have been fully exposed. As the fastest country to resume manufacturing, China had to solve the difficulties in the process of economic recovery through import substitution. **If the epidemic can not be quickly controlled, then this emergency replacement is likely to become a long-term replacement.**
- After the outbreak of the epidemic, Chinese consumers had to stay at home, had to consume at home, and were afraid to buy imported products (frozen goods as the epidemic transmission medium), which would lead to the decline of consumption desire for foreign daily necessities and food. **After the epidemic, this abnormal situation should return to normal to a certain extent.**

- 疫情爆发以后，全球贸易、产业分工，甚至运输体系的弊端充分暴露。作为最快恢复制造的国家，中国不得不通过进口替代解决经济恢复过程中所面临的困难。**如果疫情不能够迅速得到控制，那么这种应急替代很有可能变成长期替代。**
- 疫情爆发以后，中国消费者不得不在呆在家中、不得不在国内消费，以及害怕购买国外进口产品（冷冻货物作为疫情传播媒介）等等，都会导致对国外生活用品和食品的消费欲望下降。**疫情之后，这种情况应该在一定程度上恢复正常。**



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**Thank you**  
**谢谢!**



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