

China, 14.05.2020

Country	Gov measures for Swiss subsidiaries in country	Economic Outlook 2020	Movement of goods	Movement of people
China	✓			

Red = critical situation / expected GDP decline bigger than 5% compared to previous year

Yellow = difficult situation / expected GDP decline up to 5% compared to previous year

Green = normal or almost normal situation / remaining GDP growth compared to previous year

1. General Situation

DESCRIPTION OF THE CURRENT SITUATION

- Find latest information here at the [State Council of P.R. China](#)

GOVERNMENT MEASURES

- China's central and local governments have been rolling out a series of supporting policies to shore up the confidence of businesses and ease some of their compliance burdens.

Measures announced by Central Government include:

- Tax & Fee Reduction
 - The Ministry of Finance (MOF) published the notice on the extension of value added tax reduction applied to small-scale taxpayers
 - After exempting value added tax, the Central Government further promotes tax deduction and gives SEMs an extension on paying income taxes
- HR & Social Insurance
 - ❖ The Central Government suggests to strengthen the financial support to help businesses ensure employment
- SMEs
 - ❖ The Central Government rolls out policies about value added taxes and inclusive financing taxes to further support SMEs

Details and updates regarding the supportive measures can be found on the website of [EUCCC](#) and [Dezan Shira](#)

Foreign enterprises in China will equally enjoy the supportive policies, for instance phased tax cuts, postponed payments, deduction and waiver of social insurance fees, and discounts in utilities fees.

ECONOMIC OUTLOOK (ECONOMIC DEVELOPMENT, EFFECTS ON INDUSTRIES)

Economic Development and Outlook

- China's economy suffers a historic slump due to Covid-19. Its GDP fell 6.8% in the first quarter year-on-year according to the data released by [National Bureau of Statistics of China](#).
 - World Bank: China's 2020 GDP forecast is 2.3%
Growth in China is projected to decline to 2.3 percent in the baseline and 0.1 percent in the lower case scenario in 2020, from 6.1 percent in 2019. Containment of the pandemic would allow for a sustained recovery in the region, although risks to the outlook from financial market stress would remain high.
(Source: World Bank [East Asia and Pacific: Countries Must Act Now to Mitigate Economic Shock of COVID-19](#))
 - China's economy is recovering from Covid-19, but has yet to return to normal; Indicators like traffic congestion and coal consumption have shown a meaningful improvement, but China is not yet at the full recovery stage
(Source: UBS [China: out of lockdown - into recovery?](#))
- **Effects on industries:**
 - Covid-19 has revealed a number of behavioral changes in China, such as the shift from offline to online, which present investment opportunities in sectors like after-school tutoring, financial services and healthcare; leading companies will benefit from ongoing consolidation in many industries as small firms struggle;
(Source: UBS [China: out of lockdown - into recovery?](#))
 - The impact of coronavirus COVID-19 outbreak with a prolonged shutdown of business operation could be devastating on China's economy. Recreation industry was estimated to suffer the most with a drop by 5.8 percentage points from the baseline of no virus outbreak. Transportation, trade and communication services were other hard-hit industries.
Details see Statista [Estimated percentage point change in economic industries caused by the outbreak of coronavirus COVID-19 in China in 2020](#)
 - On impact: A very fair and local estimation conveys that the general sentiment on businesses involved in sales and production is largely negative – both over the short- and medium-term. 26 percent respondents (on average, China-based Chambers of Commerce) see a decrease of 20 percent revenue in their business for 2020 and one third of respondents see inevitable reductions of yearly targets.
On opportunities: Several companies are not silently watching – they have adapted like chameleons to the situation and stretched their brand, reshuffled their production lines, and catered to new needs. In short, they have listened to the market and taken a risk or two, making COVID-19 the main propeller for [new growth in some sectors](#) and reviving dormant potential in others.
(Source: China Briefing [COVID-19's Grim Milestones: Impact on Business is Real but Opens Up New Growth Areas](#))

2. Movement of goods

- There are no restrictions on the movement of goods.
- China has taken new measures to strengthen the quality control over exports of anti- epidemic supplies, including products for medical use, such as COVID 19 test kits, medical face masks, medical protective suits, ventilators and infrared thermometers, as well as non-medical use face masks. The suppliers are required to be included into the list of National Medical Products Administration ([NMPA](#)) and into the lists of Chinese Chamber of Commerce for Import and Export of Medical and Health Products ([CCCMHPIE](#)). In addition, the exporters are required to provide additional documentation during customs clearance. More details, see S-GE website [China and Switzerland: New customs conditions for medical goods](#)

3. Movement of people

RESTRICTIONS ON ENTRY FROM SWITZERLAND

Suspending the entry of foreign nationals

From midnight (0 a.m.) of March 28, 2020, China [suspended](#) the entry of most foreign nationals, citing the temporary measure as a response to the rapid spread of COVID-19 across the world. According to the [announcement](#) was made by China's Ministry of Foreign Affairs (MoFA) on March 26, foreigners who hold the following visas, even valid ones, are not allowed to enter China now:

- Chinese visa;
- Residence permit;
- APEC business travel card; and/or
- Port visa.

The ban also applies on those who are planning to enter the country under the following policies:

- 24/72/144-hour visa free transit policy;
- Hainan 30-day visa free policy;
- 15-day visa free policy for foreign cruise group tours through Shanghai Port;
- Guangdong 144-hour visa free policy for foreign group tours from Hong Kong or Macao SAR; and/or
- Guangxi 15-day visa free policy for foreign tour groups of ASEAN countries.

However, those who hold the following visas will not be affected:

- Diplomatic, service, courtesy, or C visas; and
- New visa successfully applied for from Chinese embassies or consulates overseas after the announcement of the Ministry of Foreign Affairs.

RESTRICTIONS ON MOBILITY WITHIN THE COUNTRY

- Quarantine policies in provinces/cities are implemented differently and will be adjusted continuously according to the development of the pandemic. Details and updates can be found at EUCCC [Travel Policies to and from Cities in China](#) and China Briefing [China's Travel Restrictions due to COVID-19: An Explainer](#)