

China, 22.07.2020

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

According to the State Council: 2020 Government Work Report ([CN/EN](#)), the government will continue to lower the VAT rate and the pension insurance rate for enterprises and cut taxes and fees by about RMB 500 billion (US\$70 billion). Tax and fee reduction policies introduced early this year that are due to expire by June will all be extended till the end of the year. They include "exempting micro, small, and medium businesses from contributions to basic old-age insurance, unemployment insurance, and work injury compensation insurance schemes", and "reducing or cancelling VAT for small-scale taxpayers", among others. The payment of income tax on small and micro businesses and individual businesses will be postponed to next year.

- 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](#).
 - China's Q2 GDP growth recovers to 3.2% after steep slump, beats forecast according to the data released by [National Bureau of Statistics of China](#)
 - Apart from the recovery in trade, growth in the second quarter was driven by the agriculture sector, which rose 3.9%, higher than 3.5% in the previous quarter. While fixed asset investments in infrastructure, commercial buildings and other areas took a beating, demand for excavators, integrated circuits and industrial robots pushed up industrial-product output 4.4%, compared with the previous quarter's 8.4% contraction. Total retail sales remained negative at 3.9% but recovered from the 7.6% logged in the first quarter, partly due to spending on basic living goods and medical supplies.
(Source: Nikkei Asia Review [China's Q2 GDP growth beats forecasts and recovers to 3.2%](#))
 - For the first time since the Great Depression, “both advanced and emerging market economies will be in recession in 2020,” IMF chief economist Gita Gopinath warned. There will still be “substantial differences across individual economies,” however: China is forecasted to post economic growth of 1%, in part because the country got a head start on its recovery.
(Source: IMF [World Economic Outlook Update, June 2020](#))
 - Economists upgraded their forecasts for China's economic growth this quarter and for 2020, signaling more optimism that the country is on track for a gradual recovery.
(Source: Fortune [Economists are increasingly optimistic about China's economic recovery and GDP growth](#))
- **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.

The special new visa is related to entering china through normal channel or fast track channel

- These two channels are introduced to facilitate the entry into China of foreign employees essential for business operations.
- For example: the clarification of entry measures for foreign employees into Shanghai during the travel ban (normal and fast track channels).

Currently there are two channels, a **normal channel** and a **fast track channel**, which is only available to employees of companies whose country of origin has signed a fast track agreement with China. Employees entering Shanghai following the fast track procedure will be allowed to start work within 48 hours after arrival, subject to negative COVID-19 test results and certain conditions explained below. Those entering Shanghai following the normal procedure will be subject to a 14-day quarantine at a designated central facility.

Various countries' embassies and chambers of commerce have been negotiating with the Chinese government to establish fast track channels. Till 3rd June, China has signed fast track agreements with Germany, France, South Korea, UK, Japan, and Singapore.

Detailed entry measures for foreign employees into Shanghai during the travel ban (normal and fast track channels) is available on the website of [EUCCC](#)

International Flight Restrictions

- On 19. May, Civil Aviation Administration of China (CAAC) issued a notice that it extends "**Five Ones**" policy until **October 2020** if not longer and airlines should not sell tickets for flights that won't take place. The "**Five Ones**" allow each Chinese airline to fly one route once a week to any one country. Foreign airlines can send **one flight a week to one city in China**.
- On 4. June, Civil Aviation Administration of China (CAAC) **adjusted policies for International passenger flights**, allowing more foreign carriers to resume flights to China on a once-a-week basis starting from 8th June key changes include:
 - i. Foreign airlines that have been unable to operate flights to China over the past few months due to the novel coronavirus pandemic can choose a qualified Chinese city for entry
 - ii. Airlines can file their pre-flight plans with the CAAC for the period to Oct. 24, 2020
 - iii. CAAC will also introduce a **reward and suspension mechanism**, with detailed policies for the carriers to increase or suspend flights. If all inbound passengers of an airline test negative for novel coronavirus for three weeks in a row, the operating airline will be allowed to increase the number of flights to two per week. If the number of passengers testing positive reaches five, the airline's flights will be suspended for a week. The suspension will last four weeks if the number of passengers testing positive reaches 10. For example: Starting from 22. June 2020, China Southern flight CZ392 from Dhaka to Guangzhou will be suspended for 4 weeks, after 17 passengers onboard were tested positive for COVID-19 on 11. June.

China Requires negative COVID-19 tests for inbound air passengers

- On 21st July, the Civil Aviation Administration of China released a notice jointly issued with the General Administration of Customs and the Ministry of Foreign Affairs, as part of efforts to curb cross-border spread of COVID-19 amid increased international travel. According to the notice, all passengers flying to China, whether Chinese citizens or overseas travelers, should take a nucleic acid test at medical institutions designated by Chinese embassies no more than five days before making the trip. Chinese air passengers are required to take photos of and upload the negative nucleic acid test results via an epidemic prevention mini program on China's WeChat instant messaging platform. Foreign travelers should apply for a declaration of health status from the Chinese embassy with a valid written report of a negative test result. The airlines will check health QR codes or health declarations ahead of departure, and travelers who fail to produce such codes or documents will be denied boarding. Passengers who provide false certificates and information will face legal liabilities.

The move came after the civil aviation regulator suspended several international flights recently for at least a week because some passengers on those flights tested positive for the novel coronavirus.

(Source: [COVID-19 tests required for inbound passengers](#))

Flight Possibilities

- Regarding the arrangement of commercial flights, the Swiss company is advised to check directly with the airlines, i.e. Lufthansa, Swiss, Air China etc., because the situation is changing constantly. Please be aware:
 - ✓ Even though published on airline website, no confirmation and guarantee that flight will be operated (published flights are almost systematically cancelled)
 - ✓ Some communicated LX flights are cargo flights
 - ✓ No transit solution via Hong Kong
 - ✓ No transit solution via Singapore
- In addition, SwissCham is offering Swiss business people a possibility to travel to China. SwissCham has liaised with the German Chamber of Commerce in China, who is organizing charter flights from Frankfurt to China and has given SwissCham the opportunity to sign up for a certain amount of seats in their China bound charter planes. The registration process for the first three charter flights, scheduled for beginning/mid of July, has been closed already. There might be further charter flights organized by the German Chamber with the opportunity to book seats for Swiss Business people, however this is not confirmed and SwissCham currently has no further information at this stage. For charter flight schedule, questions about the procedure or return flights Germany-China, please check the FAQ, which is provided by [AHK](#)

If the Swiss company is interested to be informed on and listed for further charter flights Frankfurt-China, please contact SwissCham Beijing:

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Entering China (Policies - in principle)

- The current quarantine policy applied for the inbound travelers is, that on arrival in China all inbound travelers (no matter Chinese or Foreigners) are required to undergo nucleic acid testing (NAT) & 14-Day-Quarantine (MANDATORY and at own costs!). Details please refer to [EUCCC Travel Policies to and from Cities in China](#)

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](#)