

## CHINA'S POST-CORONAVIRUS ECONOMIC SITUATION

*Açar sözlər: Çin, COVID19, iqtisadiyyat, böhran, dəyişikliklər*

### Summary

In modern times, the United States, Russia, and China are among the world's economic giants. However, China is now moving towards becoming the most economically developed country. As a result of state reforms in 1979, China's economic development was marked by the prospect of free trade, and thus China became one of the hegemons of our time. However, every rise has a decline, and this decline has manifested itself in the Chinese economy. Due to the COVID19 virus in Wuhan, China, the country suddenly became the center of a pandemic. Educational institutions have shut down, companies have gone online, tourists have been given limited access to the country, and even travel to China from most countries has been suspended. Another country that was hit by a second pandemic after China was Italy, and just two months later, after China, Italy, then the United States, then Russia, and Brazil fell into the pandemic. The first country affected by the pandemic, of course, was China. Because the entrances and exits of a country with great economic development were suddenly stopped and ticket offices were closed. Buddha stopped the inflow of foreign currency into the country. However, if we look at developed countries such as Italy and France, China has suffered less from the pandemic than Italy, France, and Russia. China prevented the spread of the pandemic, took a number of measures at the state level, and thus there was almost no infection with COVID19 in China in March. China, albeit partially, has re-entered the country and resumed life. As a result of these measures taken by China, economic development within the country has already resumed.

**Key words:** China, COVID19, economics, crisis, changes

### Introduction

Although China is the second largest country in the world with a large land area, it has a dense population. Population growth and changes in the demographic structure have led the country to a different structure. Especially since 2003, when China adopted a growth model based on export, investment and high savings rates, it is increasingly seen as a country trying to change its economic structure by focusing on domestic consumption and high-value, technology-oriented production. This change affects all members of the world economy and distinguishes the economic ties of these participants. On the other hand, China has a slowing growth rate. Based on this, China is an example of all macroeconomic and microeconomic changes within the new norm.

The People's Republic of China has a significant position among the world's population, with 25% of the world's population and economic development. The country's economic performance is thought to be linked to high economic growth rates, despite its competitiveness and population. On the other hand, China, a developing country, is a model for Central Asian countries with economic success and the same goal, and a model for Central Asian countries undergoing economic transformation. The socio-economic indicators of 1978 are very important for China, which is so prominent among the countries of the world.

In particular, China is a leading country in the practice of state capitalism, and the state plays an active role in the market as a producer, controller and regulator. Under this model, which can be described as a kind of new development state approach, China has become a country that invests in the global economy with state-owned companies.

The influence of China and its model of state capitalism has expanded to such an extent that it has been interpreted as the Beijing Agreement against the Washington Agreement (e.g., Ramo, 2004): State capitalism against south-west Anglo-Saxon liberal capitalism. The main point here is that this model does not imply a closed model like the old state capitalism, but rather goes through a process of articulation with global capitalism.

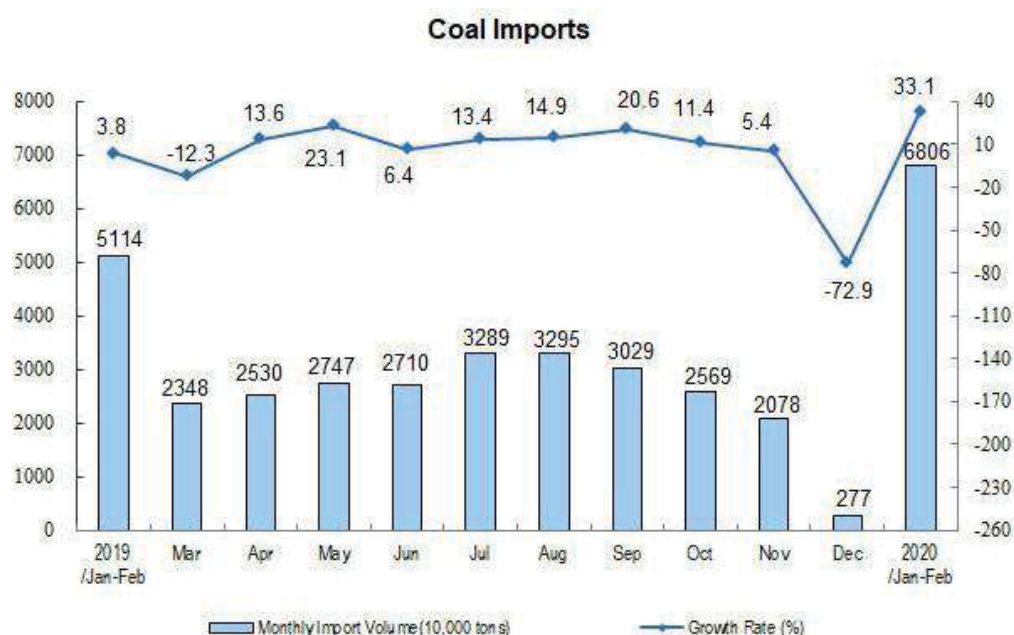
China, the world's second-largest economy by gross domestic product (GDP), is taking new steps to maintain this figure and increase its voice in global economic policy. The most modern and largest of these is the Belt and Road Project (One Belt One Road / New Silk Road). This project, which has both geopolitical and economic goals, tends to create a Eurasian-based world economy. China, which tends to shift the center

of global capitalism to its pioneering South with the Belt and Road Project, has transformed globalization, which can be described as a process of fragmentation of production, by removing all obstacles to the free movement of Western capital in the world.

### Impacts of COVID-19 on the Chinese economy

Despite the sudden start of COVID-19 and the change in the world economic and political balance, the Chinese national economy was able to withstand the impact of COVID-19 in the first two months. Under the strong leadership of China's Central Committee, it has strengthened ties in all regions and departments. However, along with the decline in production in many sectors, there were declines in the economy[2p. 521-550].

Coal and electricity production declined in January-February, while crude oil and natural gas production continued to increase. In January-February, 490 million tons of raw coal were produced, the average daily production was 8.15 million tons, a decrease of 6.3 percent year on year; 68.06 million tons of coal were

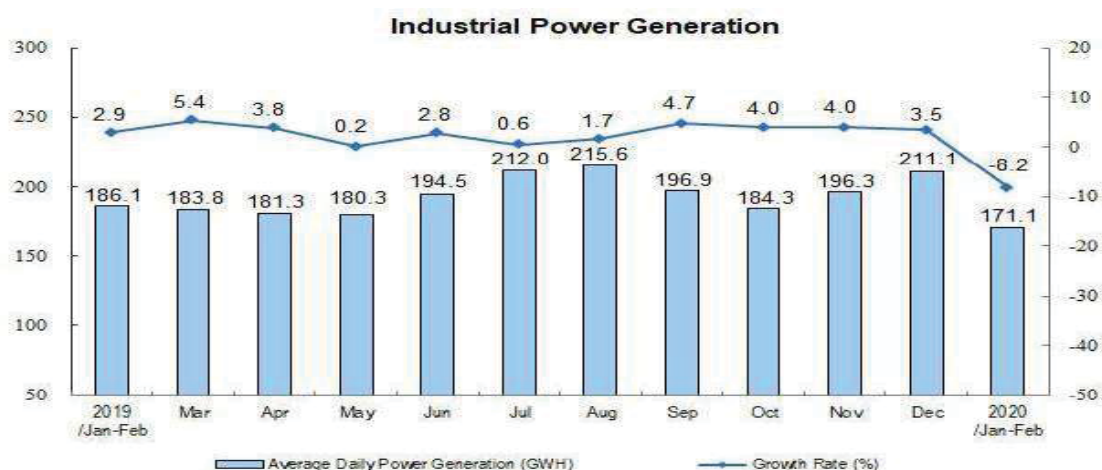


imported, which is 33.1 percent more than a year earlier. The comprehensive trade price of port coal also began to rise[1, p.14]

Although crude oil production continued to increase, refining volumes declined. International crude oil prices fell sharply, and on February 28 the FOB price of Brent crude oil fell by \$ 16.5 or 24.3% compared to December last year to \$ 51.3 per barrel [4, p. 2160].

Energy production also declined. About 1,026.7 billion kWh of electricity was generated in January-February, which is 8.2% less than the annual average of 17.11 billion kWh. In terms of range, thermal energy and hydropower have declined significantly, nuclear and wind energy have declined slightly, and solar energy production has steadily increased. Among them, thermal energy decreased by 8.9%, hydropower by 11.9%, nuclear energy by 2.2%, wind power by 0.2%, and solar energy by 12.0% [3, pp.37-41].

According to the research, due to the spread of the COVID-19 pandemic in China, the profits of many industrial sectors decreased: iron ore smelting industry 28.3%, oil and gas extraction industry 23.7%, agriculture and food processing industry 2.2%, computer and other electronic materials industry 87.0%, automotive industry 79.6%, electrical machinery and equipment industry 68.2%, chemical raw materials and chemical products industry 66.4%, general equipment industry 62, 3%, the textile industry decreased by 59.3%. Special equipment production industry decreased by 55.1%, coal mining and washing industry by 45.6%, non-metallic mineral products industry by 37.0%, ferrous metal smelting and rolling industry by 34.4%, electricity, heat production and sub-industry by 19.4%, oil, coal and other fuel processing industries turned from profit to loss in the same period[5, p. 190].

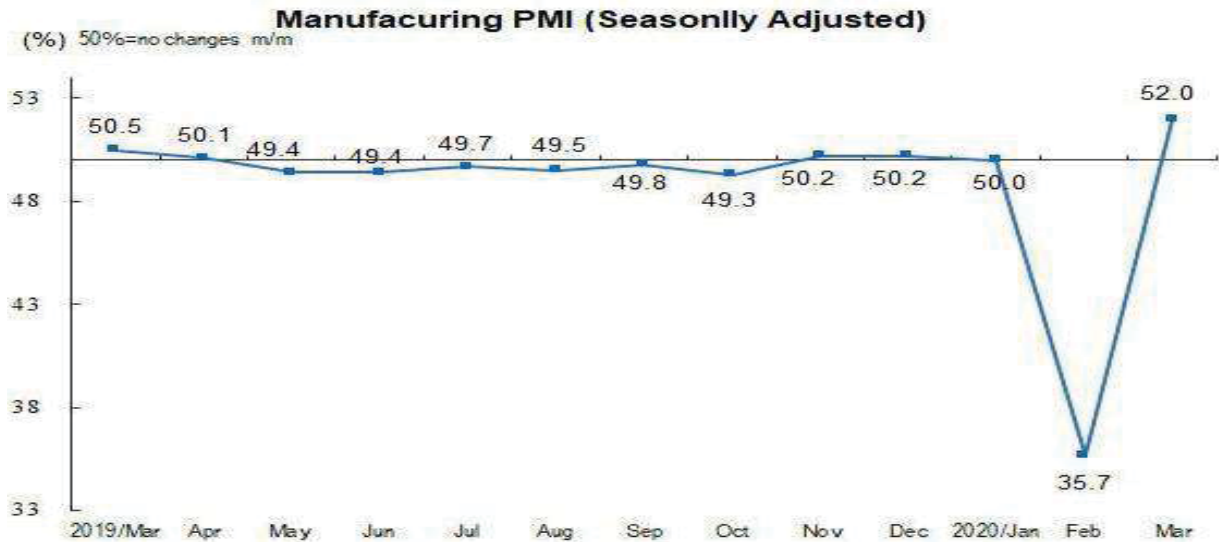


### Key financial indicators of the largest industrial enterprises in January and February 2020

Industry	Revenue		Expenses		Total gain	
	January February (100 billion yuan)	Annual growth (%)	January February (100 billion yuan)	Annual growth (%)	January February (100 billion yuan)	Annual growth (%)
Total	116164.4	-17.7	97661.3	-17.8	4107.0	-38.3
Coal mining and washing industry	2513.1	-16.3	1826.1	-12.9	192.0	-45.6
Oil and gas production	1345.3	8.1	789.5	2.8	324.6	23.7
Ferrous metal mining industry	451.1	-5.9	363.0	-5.3	4.0	-86.2
Non-ferrous metal mining industry	281.1	-18.8	207.7	-17.3	25.5	-33.4
Non-metallic mining and dressing industry	332.5	-24.4	253.0	-25.3	23.5	-31.3
Other mining industry	0.3	-80.0	0.2	-81.8	0.0	-100.0
Agriculture and by-product processing industry	5762.6	-10.6	5187.4	-10.9	218.3	2.2
Food production	2375.6	-15.0	1818.9	-15.0	168.3	-33.5
Production of wine, beverages and delicate tea	1924.1	-19.9	1213.4	-21.5	299.5	-21.9
Tobacco industry	2887.6	9.0	768.6	-3.9	424.7	31.5
Textile industry	2216.9	-30.5	1974.7	-30.6	40.5	-59.3
Textile and clothing, clothing industry	1487.9	-28.1	1256.9	-28.4	55.0	-42.1
Leather, fur, feathers and their products and footwear industry	1124.2	-28.3	966.5	-28.4	54.8	-36.1
Wood processing and wood, bamboo, rattan, palm, straw products	792.1	-27.5	705.2	-27.2	25.8	-41.2
Furniture production	647.2	-30.6	541.9	-30.2	13.8	-67.5
Paper and paper products industry	1375.4	-26.1	1171.2	-27.9	54.1	-22.5

Culture, education, industrial beauty, sports and entertainment products	1311.7	-25.7	1133.5	-26.1	45.4	-42.3
Oil, coal and other fuel refining areas	6709.5	-4.0	5887.6	1.5	-21.2	-116.7
Production of chemical raw materials and chemical products	7212.7	-21.0	6209.2	-19.6	156.7	-66.4
Pharmaceutical production	3124.2	-8.6	1746.3	-7.9	414.9	-10.9
Manufacture of chemical fiber	835.8	-28.4	764.7	-29.2	4.0	-74.5
Rubber and plastic products industry	2444.7	-26.3	2082.7	-26.7	60.1	-52.9
Non-metallic mineral products industry	5172.9	-21.9	4324.0	-21.7	266.6	-37,0
Ferrous metal smelting and rolling processing industry	8219.4	-11.4	7659.3	-11.5	128.9	-34.4
Non-ferrous metal smelting and rolling processing industry	5960.5	-13.5	5610.2	-14.1	85.6	28.3
Metal products industry	3296.1	-25.2	2880.5	-25.3	80.9	-49.0
General equipment production	3600.4	-25.7	2996.6	-25.3	82.1	-62.3
Manufacture of special equipment	2751.0	-22.9	2200.5	-22.6	78.0	-55.1
Automotive industry	7489.4	-31.0	6444.6	-30.1	100.2	-79.6
Manufacture of railway, shipbuilding, aerospace and other transport equipment	983.0	-24.7	840.5	-24.6	9.6	-75.3
Manufacture of electrical machinery and equipment	5732.4	-25.5	4900.7	-24.9	88.8	-68.2
Manufacture of computers, communications and other electronic equipment	11825.4	-14.7	10558.4	-14.8	25.0	-87.0
Manufacture of tools	618.2	-25.2	480.5	-24.3	8.4	-71.7
Comprehensive use of waste resources	419.7	-19.3	386.7	-18.9	13.6	-34.6
Metal products, machinery and equipment repair industry	146.8	-9.3	129.4	-3.6	1.5	-80,0
Production and supply of electricity and heat	9890.3	-6.8	8835.8	-6.7	479.9	-19.4
Gas production and supply	1494.9	-13.2	1346.3	-13.1	59.5	-34.5
Water production and supply	399.6	-4.8	307.8	-1.9	8.8	-68.7

At the same time, the pandemic has increased the volatility of financial markets. China's Procurement Manager Index (PMI) fell sharply in February. The PMI is formed around 50 points. An index score below 50 indicates the expectation of a bad trend in the economy, while a score above 50 indicates an expectation of growth in the economy. Thanks to the measures taken in March, the resumption of work at enterprises and the resumption of production was accelerated. The PMI index increased by 52.0% in manufacturing, compared to the previous month by 16.3%. The non-manufacturing business activity index was 52.3%, up 22.7% from the previous month [6, p.2-13].



Demand for domestic production affected by COVID-19 fell in January-February and increased pressure on employment prices. The pandemic has little effect on agricultural production. The supply of agricultural products is mostly stable. China is a country with a strong economy and a strong ability to repair itself. Although COVID-19 dealt a heavy blow to some areas, it led to the development of some areas and an increase in production capacity. The production of protective materials has grown rapidly in a short period of time to meet the urgent needs of the virus to prevent and control it. During January and February, protective masks increased by 127.5% and alcohol production by 15.6% [7, p. 56-66].

In doing so, China demonstrated its productive capacity.

The resumption of production continues unabated. The 4.5% increase in the financial industry production index proved it. According to the China Automobile Dealers Association, the average daily retail sales of cars in the first week of February was 811, while in the fourth week the figure reached 16,000.

### Conclusion

China is the only country with all the industrial categories listed in the UN Industrial Classification. Over the years, it has accumulated strong production capacity and played a key role in the fight against the pandemic.

The spread of the COVID-19 virus and the ban on people leaving their homes have paved the way for the continued and development of online consumption, ie the digital economy, e-commerce and services, and even the education sector. The conditions have been created for the strong, potential and good development of the digital economy. Online sales increased by 11,233 billion yuan in January and February. Also, the production index of software and information technology services increased by 3.8%.

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Göndərilib: 15.01.2021

Qəbul edilib: 16.01.2021