

The impact of the epidemic on the Chinese real economy

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Abstract. The real economy is the foundation of a country's economy, the fundamental source of wealth creation, and an important pillar of a country's prosperity. A developed real economy is a reliable guarantee for long-term social stability. The emergence of the new crown epidemic directly affects major domestic consumption and service industries such as accommodation, retail, catering, entertainment and tourism, and the delay in resumption of work will also have a certain impact on industrial production and even exports. The recovery and development of the real economy is a new test for Chinese overall economic development. The impact of the stagnant development of the real economy due to the impact of the epidemic is a problem that we need to solve urgently now. This article will focus on the impact of the emergence of the new crown pneumonia epidemic on my country's real economy and how we should respond.

Keywords: Epidemic, Real economy, Industry.

1. Introduction

With the outbreak of Covid-19 in 2019, people in all countries around the world are suffering from the Covid-19. While people suffer physical devastation, they also suffer economic devastation, especially the real economy. Of course, everything has two sides. Some industries have suffered a serious blow, while others have achieved technological innovation and increased interests because of the epidemic. In this article, I will describe some phenomena of the impact of the Covid-19 on the real economy. And look forward to the future of the real economy.

The COvid-19 has a direct impact on consumption and service industry, destroying the total demand. The epidemic has directly led to the closure of shops and the cessation of public activities, causing heavy damage to consumption and service industries. The service sector accounts for 68 per cent of the global economy. Some of the effects are already on the horizon. Boeing and others suspended production in some factories, while Marriott Hotels and others announced a pay cut for senior executives and arranged for some employees to take vacations. What's more, employment pressure is rising rapidly. Under the impact of the epidemic, the stagnation of production and business activities has a direct impact on the labor market. The International Labour Organization predicted on March 18 that the epidemic may lead to 25 million unemployment worldwide, 3 million more than the global financial crisis in 2008. The number of Americans applying for unemployment benefits in the previous week, announced on the 26th, reached 3.283 million, breaking through 700000 for the first time since statistics were available, far exceeding the highest of 667000 during the financial crisis.

2. The impact of epidemic on global economy

As the impact of the epidemic intensifies, international organizations and market institutions have lowered their forecasts for global economic growth in three rounds. The first round was at the end of February this year, when it was generally believed that the epidemic would only have a short-term impact on China, with limited impact on the global economy. As predicted by the International

Monetary Fund on February 22, the global economic growth rate in 2021 will still be 3.2%, only 0.1 percentage point lower than that predicted in January. The second round was in early March, when the epidemic began to spread globally, and the global growth rate was generally predicted to drop to about 1%. The OECD forecast on March 2 was 1.5% - 2.4%, and the International Financial Association forecast on March 5 was 1%. The third round is that with the outbreak of the global epidemic, it is generally predicted that the global economy will fall into recession this year. The International Monetary Fund said that the negative growth of the global economy in 2020 may exceed the extent of the 2008 financial crisis. On March 23, the International Financial Association lowered the forecast value of global economic growth this year from 1% to - 1.5%. Furthermore, I will list some specific examples, such as China, the world's second largest economy, to illustrate my point of view. The impact of COVID-19 on the automobile manufacturing industry. China is the world's largest country in automobile production and marketing, and 50% of Wuhan's manufacturing industry is related to automobile manufacturing. The spillover effect of the epidemic on automobile manufacturing is also emerging. At the peak of the epidemic in Wuhan, Hyundai Motor of South Korea announced to close its largest production base in South Korea, becoming the first automobile factory affected by the epidemic. With the resumption of work and production and the relaxation of purchase restrictions in many cities, the auto industry is accelerating its recovery. COVID-19 has also impacted the tourism industry. The epidemic has sharply reduced tourism, dinner and accommodation. With the improvement of the epidemic situation, catering, accommodation and tourism have gradually recovered. The contribution rate of tourism to GDP has reached 11%. In 2019, there were 160 million outbound tourists in China. Affected by the epidemic, tourism entered the cold winter and affected related industries. The vast majority of the accommodation, catering and tourism industries belong to small, medium-sized and micro enterprises. They have made great contributions to China's economy in terms of taxation, employment and innovation. The epidemic situation will cause difficulties for the operation of these enterprises.

In addition, the impact of the epidemic on the financial industry is easy to be ignored. The real economy and finance are a community of shared destiny, and the decline of the real economy has also affected the financial industry. During the epidemic period, it is particularly important to maintain the liquidity of the market to avoid the depletion of liquidity of enterprises due to the impact of the epidemic. It is necessary to increase financial support for the real economy to achieve the symbiosis and prosperity of finance and the real economy. At the same time, the impact of SARS on the wholesale and retail and real estate industries is relatively small, but the COVID-19 epidemic still has a significant impact on the wholesale and retail and real estate industries. In the above article, I explained the negative impact of COVID-19 on the global economy. Another industry has developed due to COVID-19. The economic benefits increased significantly. That's the medical industry. In particular, the performance of pharmaceutical enterprises was strong, even in the early days of the outbreak of the epidemic was not weak. When many global economic industries suffered from short-term stoppages and sharp shrinking demand, pharmaceutical enterprises still maintained production and achieved basically stable drug supply, especially meeting the patients' demand for drugs in use. In addition, with the global spread of the epidemic, many pharmaceutical enterprises take the advantage of the momentum to vigorously develop vaccines and treatment schemes without affecting the normal operation of other businesses. The emergence of novel coronavirus variants has further stimulated the demand for vaccine booster shots and new therapies, and has brought substantial economic benefits to relevant pharmaceutical companies. Similarly, in the process of epidemic prevention and control, many life science enterprises also seized the opportunity of novel coronavirus testing and achieved considerable economic benefits. However, the medical industry is not singing all the way. For example, at the beginning of the outbreak of the epidemic, a large number of operations were delayed, leading to the deterioration of the earnings and cash flow of related enterprises. However, given the importance of medical products and services, market demand rebounded relatively quickly.

3. The impact of epidemic on Chinese real economy

Data from the National Bureau of Statistics shows that since the founding of the People's Republic of China, the scale of Chinese service industry has become larger and larger, its development forces have grown stronger, and its influence on the national economy has also grown, and it has played a stable role in economic growth and employment. And new industries and new forms of business in the service industry are emerging one after another. The service industry has gradually become the largest industry in China's economy and an important foundation for Chinese stable economic growth. In 2019, Chinese tertiary industry, that is, the service industry, accounted for 53.9%. However, in this new crown pneumonia epidemic, the traditional service industry has been greatly affected. In order to respond to the country's call and bring the epidemic under better control, residents have been isolated at home to reduce human-to-human contact, and all walks of life have also stopped production and work, which has had a direct impact on Chinese physical service industry. Traditional The physical service industry is almost completely shut down.

In 2019, Chinese tertiary industry, that is, the service industry, accounted for 53.9%. However, in this new crown pneumonia epidemic, the traditional service industry has been greatly affected. In order to respond to bring the epidemic under better control, residents have been isolated at home to reduce human-to-human contact, and all walks of life have also stopped production and work, which has had a direct impact on Chinese physical service industry. Traditional The physical service industry is almost completely shut down.

The impact of epidemic on catering. According to data, in 2019, the national catering revenue was 4,672.1 billion yuan, a year-on-year increase of 9.4%, which was higher than the growth rate of total retail sales of consumer goods in the same period. Catering consumption has become an important force in the domestic consumer market. Judging from the data of the catering industry in the past five years, since 2015, the national catering revenue has maintained a steady double-digit growth. In 2015, the national catering revenue reached 3,231 billion yuan, a year-on-year increase of 11.7%, reaching the peak growth rate in recent years. However, due to the impact of the epidemic, catering stores cannot operate, resulting in the inability of employees in catering stores to work. Coupled with the pressure on staff wages and housing rents, catering companies will face severe challenges. The Spring Festival has always been a peak consumption period. This time, people all over the country are quarantined at home, and most consumption activities have stopped. According to the "Report on the Impact of the New Coronary Pneumonia Epidemic on China's Catering Industry in 2020" released by the China Cuisine Association, compared with the Spring Festival in 2019, 78% of catering companies lost more than 10% of their revenue during the epidemic; 9% of them lost revenue. More than 90% of the revenue; 7% of the companies have a revenue loss of between 70% and 90%; and only 5% of the revenue loss is less than 70%. The epidemic has put my country's brick-and-mortar catering industry into operating difficulties.

The impact of epidemic on tourism. Data show that in 2019, the comprehensive contribution of China's tourism industry accounted for 11.05% of the total GDP, reaching a record high since 2014. From 10.39% in 2014 to 11.05% in 2019, the comprehensive contribution of China's tourism industry to the total GDP has been steadily rising. In 2019, the number of domestic tourists was 6.006 billion, and the total number of inbound and outbound tourists was 300 million; tourism directly and indirectly employed 79.87 million people, accounting for 10.31% of the total employment population in the country. It can be said that the tourism industry can drive the development of the national economy and is also a major driving force for the domestic economy. Usually, the Spring Festival is the main travel time period in China, and it is the golden period of business development for the tourism industry. During this period, a large number of tourists travel to foreign scenic spots. As far as the situation during the epidemic is concerned, the tourism industry has almost stagnated. Affected by the epidemic, China has adopted many strong control measures: closing cities, closing roads, and isolating people at home. As a result, residents cannot go out, and the flow of people is greatly reduced. Therefore, the tourism industry has lost its source of income. In addition, the financial pressure of

employee wages, house rents, and loss of up-front investment is huge, and the tourism industry is facing a very severe test.

4. Conclusion

The recovery and development of the real economy after the epidemic requires the cooperation of many parties. Of course, the emergence of this epidemic has brought us new opportunities and challenges. The epidemic has promoted the development of online industries and brought new opportunities to traditional industries. Although online shopping has been familiar to people a long time ago, during the epidemic prevention and control period, people were isolated at home and deeply explored the habit of online consumption. Most physical stores have chosen a combination of online and offline methods to provide people with Online purchases and offline home delivery services have allowed our economy to develop to a certain extent.

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