

# IOE Webinar COVID-19 Business Response

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## Part I. The current situation and the economic impact in China with regards to COVID-19

First of all, this epidemic of coronavirus is the most severe public health emergency in China since its foundation. As of 17 March, there have been 69,601 COVID-19 patients that are cured and discharged from hospitals, and about 8,000 COVID-19 patients that are still in treatment in hospitals. Apart from Hubei province, which is the epidemic center of the coronavirus, there has been no new confirmed cases except imported cases. The achievement so far is attributed to the following measures :

- Creative use of classic three principles of infectious disease prevention and control (CCP) :Control the source of infection ;Cut the route of transmission ;Protect the vulnerable group.
- An Unified and Effective Commanding System ;
- Taking the 4-Early Measure and Mobilizing the General Public : Early detection, early reporting, early isolation, and early treatment.
- Coordinated Deployment of Medical Resources :patients beds increased from 5000 to 23000 with 16 makeshift hospitals established, over 40000 medical staff from across the country went to support Hubei.
- Prevention and control at community level: temperature check, health education, hygiene and disinfection in public places and rural areas.
- Strong support from the international community

I hope these measures can be inspirational to other countries in their battle against coronavirus.

### Impact on Chinese economy:

The epidemic inevitably has caused great impacts on Chinese economy. According to National Bureau of Statistics, from Jan. to Feb., industrial added value has decreased by 13.5% year-on-year, SOE 7.9%, Stock companies 14.2%, Foreign invested companies 21.4%, private companies 20.2%.

For service sector, it has decreased by 13.0%, and investment has decreased by 24.5% YoY.

In Feb. the national surveyed unemployment rate is 6.2%, the average weekly working hour of enterprise employees are 40.2 hours, 6.5 hours less than that in Jan.

Jan. to Feb., the volume of import and export has decreased by 9.6% YoY.

In general, the impact is temporary and containable. Now, not including Hubei province, over 95% of enterprises in industrial sector have resumed work, and on average 80% of employees have resumed their work in enterprises.

## **Part II. The biggest challenges for Chinese companies**

According to the survey done by CEC, quarantine, control of logistics, lack of protection facilities like facial masks are the most common problems for workers to resume their work.

For enterprises in manufacturing sector:

- Higher pressure from rising cost;
- Shortage in supply of raw material and parts from upstream companies (due to transportation control, resumption of upstream firms, etc.)
- Obstacles in marketing due to the control of the epidemic.

For enterprises in service sector:

- Higher pressure from rising operational cost including the cost of labor, tax and charges, cost of logistics, rising rent of property, maintenance of operation, etc. This is particularly outstanding in retail business and public service sector;
- Shortage of business demand. Amid this epidemic control and isolation measures, the demand from consumers and productive service are somewhat frozen, particularly serious in sectors of tourism, hospitality and entertainment.
- Capital shortage. Most of the cash flow in service enterprises come from business income and have generally high turnover of capital, but they are largely affected by their affiliated enterprises. This is most serious for enterprises in retail and real estate sector.

## **Part III. The response of CEC: What services did CEC develop for member federations and member companies with regards to COVID-19? Are there specific demands from CEC for the government?**

- **Survey:** At the end of Feb. CEC initiated a survey among the top 500 Chinese enterprises in manufacturing sector and top 500 in service sector on their resumption of work, difficulties for resuming work, support needed from the government and so on. The report based on the survey were completed and presented immediately to government for them to refer to when issuing new policies on

supporting enterprises to resume work.

- **Guidelines:** CEC, together with the Ministry of Human Resources and Social Security and All China Federation of Trade Unions, has issued Opinions on Maintaining Stable Industrial Relations and Supporting Enterprises to Resume Work during the Time of Fighting against COVID-19. It has been disseminated extensively to enterprises to guide and support them to maintain labor relations facing this difficult situation.
- **Government support:** The report based on the survey indicates that most enterprises hope to get policy support from government and financial support from banks. The national and local government then announced various policies that help enterprises to reduce their burden of resuming work, including tax reduction, mitigation of social insurance contribution, cost reduction of power, etc. CEC compiled all the policies in Q&A manner for companies to use at their convenience.
- **Publicity:** In the fighting against the coronavirus, many companies have made contributions in different forms to help Wuhan in particular to defeat the epidemic. CEC has collected many cases of best practice and published on its website and shared on other mainstream media.