

## ANALYSIS OF CHINA'S ECONOMY IN THE POST-EPIDEMIC ERA

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Three years into the epidemic, China's economy has stagnated, and with the announcement of full liberalisation of the epidemic at the end of 2022, there are concerns about whether China's economy will recover in 2023. This paper analyses the challenges China will face based on economic data for 2022 and early 2023, Inflation, unemployment rate, and the real estate sector, respectively.

**Keywords:** epidemic; liberalisation; inflation; unemployment rate; real estate.

## АНАЛИЗ ЭКОНОМИКИ КИТАЯ В ПОСТЭПИДЕМИЧЕСКУЮ ЭПОХУ

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Через три года после начала эпидемии экономика Китая стагнирует, а после объявления о полной либерализации эпидемии в конце 2022 года возникают опасения относительно того, восстановится ли экономика Китая в 2023 году. В данной статье анализируются проблемы, с которыми столкнется Китай, на основе экономических данных за 2022 год и начало 2023 года, инфляции, уровня безработицы и сектора недвижимости.

**Ключевые слова:** эпидемия; либерализация; инфляция; уровень безработицы; недвижимость.

According to the China Epidemic Control Centre, the epidemic in China will be fully liberalised on 7 December 2022, with the abolition of nucleic acid testing, health codes and entry quarantine checks. Why will China, which has always been a «dynamic zero» country, turn around in December 2022? There are several reasons for this: 1. the economic situation, China's economic development in 2019–2022 is affected by the epidemic and the international situation, according to data released by the Chinese Bureau of Statistics, China's GDP growth rate in 2020 is 2.24 % much lower than the

5.95 % in 2019. 2. the public opinion situation, since the outbreak of the epidemic at the end of 2019, China's strict preventive and control measures have continued for three years long, there have been calls for full liberalisation. So what will happen to China's economy in the context of full liberalisation?

The reopening in 2023 could pose an inflationary challenge for China, with a surge in people's consumer demand leading to higher consumer prices. According to the latest data from the National Bureau of Statistics, year-on-year, the CPI rose by 2.1 % in January 2023, an increase of 0.3 % from the previous month. In terms of monthly, the CPI turned flat from the previous month to rise by 0.8 % [1]. In particular, with the liberalisation of the epidemic, demand for travel and recreational consumption increased substantially, with prices of air tickets, movie and performance tickets, and tourist attractions rising by 20.3 %, 13.0 %, 10.7 % and 9.3 % respectively. In terms of January 2023 data alone, China's reopening implies a strong rebound in consumption mainly in the first half of 2023, with a gradual normalisation in the second half of the year.

The overall employment situation improved in 2022 due to the impact of the epidemic, and the unemployment rate will still pose new challenges to China's economic development after full liberalisation in 2023. In terms of 2022 data, the employment situation was basically stable in the first quarter, with the average unemployment rate of adults aged 25–59 in the main employment group at 4.9 %, unchanged from a year earlier. the national urban survey unemployment rate was 5.3 % and 5.5 % in January and February respectively. However, the urban survey unemployment rate rose to 5.8 % in March as the epidemic worsened in some areas [2]. The unemployment rate will drop after the epidemic is released, but I believe that after this epidemic, most young people will prefer stable jobs such as teachers, civil servants and administrative jobs. Before the epidemic, young Chinese who were well off would choose challenging jobs such as do a business, sales and marketing. The onset of the epidemic and the rising unemployment rate has forced them to change their fixed mindset and choose jobs with more stability than before [3–4].

Within the last 20 years, the real estate sector has been the backbone of China's national economy, and we know from the World Bank's release of its June China Economic Brief that China's real estate investment accounts for 13 % of GDP. However, the real estate sector has seen a significant decline since the last two years, with investment in the sector falling by 10 % year-on-year in 2022 and sales falling by 26.7 % compared to 2021. Houses are not just consumer goods for the Chinese, they are also investment projects. However, during the epidemic, real estate was restricted from operating sales, the vast majority of property transactions were reduced, and the investment climate was not as good as it once was. So will the real estate sector increase dramatically after the epidemic is liberalised in China? The value of sales in January 2023 fell by 47.7 % on a year-on-year basis. It is clear from the figures that the real estate market remains on a downward trend due to a lack of demand and purchasing power. In the short term, China's real estate sector will still not recover until the epidemic.

Although the epidemic policy has been improved and people can live and work normally, China's economic development in 2023 still faces many challenges. Inflationary trends, the rising unemployment rate among China's youth and the

continued downturn in the real estate sector will all affect China's full economic recovery.

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