

MARKETING

## COVID-19 to have "limited impact on China's overall economic growth": Chinese academic

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*China's resiliency and ability to bounce back work in its favor. Image credit: Cheung Kong Graduate School of Business*

By LUXURY DAILY NEWS SERVICE

Li Haitao, dean's distinguished chair professor of finance and associate dean for Chinese MBA at Beijing-based [Cheung Kong Graduate School of Business](#), penned a piece on China's upbeat forecast for the year ahead.

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From the tenor it seems that the COVID-19 coronavirus will not much dent China's aspirations for growth.

Here is what Mr. Li had to say:

In 2019, China's economy seemed stable, but encountered headwinds, resulting in China's real GDP growth dropping by 0.6 percentage point from the previous year.

In 2020, the COVID-19 outbreak has presented a major threat to China's economic growth as the epidemic continues to spread globally, impacting the demand for goods and services and the resumption of industrial production.

Nonetheless, we believe this will have a limited impact on China's overall economic growth, since the government will implement supportive fiscal policy, and if the epidemic lasts, accommodative monetary and industrial policies should be sufficient to stabilize economic growth.

Thus, in 2020, we believe that China has numerous highlights to look forward to, in the fields of finance, consumer goods, manufacturing and technology.

In 2020, China's financial system reform remains underway. We foresee China to focus on issues such as the integration of the dual tracks of the interest rate system, defusing financial risks, deepening capital market reform and promoting the opening-up of China's financial markets.

The central bank has been continuously cutting the reserve requirement ratio since 2018, which we expect will be more clearly reflected in pricing in 2020. That is, transmission channels for capital prices will be opened as the dual tracks of the interest rate system are integrated, reducing the real economy's costs of financing.

Once implementation of new asset management regulations are completed in 2020, it is expected that existing assets will be handled more flexibly.

Rapid growth of disposable income has given the Chinese population increasingly strong purchasing powers for high-end consumer goods and services.

According to Bain & Company, China's overall luxury market was worth about 23 billion euros in 2018, and will sustain a compound annual growth of 9-10 percent until 2030.

After years of uninterrupted development, "Made in China" has undoubtedly contributed to China's reputation.

Despite ongoing concerns over outward relocation of manufacturing due to the escalation of China-U.S. trade frictions, China still offers a manufacturing solution that is second to none. The new-energy automobiles sector should remain one of Chinese manufacturing's key sectors in 2020.

In China's A-share market, technology was undoubtedly one of the best-performing sectors in 2019. There are reasons to believe that China may lead the global popularization of 5G, it ranks first worldwide in 5G patent applications with a 34 percent market share.

China has also become a leader in fintech and related fields, with the rapid spread of digital payment, supported by the continuous promotion of Internet giants like Alibaba and Tencent, and the construction of infrastructure such as QR code payment systems.

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