

HEALTHCARE

## No end in sight for China's "Dynamic Zero" COVID policy

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*People's Daily recently published three op-eds that support China's current "Dynamic Zero" policy, denting hope of a speedy return to pre-pandemic normalcy. Image credit: Shutterstock*

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For three consecutive days since Oct. 10, *People's Daily*, the official Chinese state media publication, published three op-eds that reaffirm the correctness of China's current "Dynamic Zero" COVID-19 control policy.

The op-eds are all under the alias Zhong Yin, widely believed to reflect the policy direction of the Chinese Communist Party (CCP).

The three pieces respectively call for more "**faith and patience**" in "Dynamic Zero," stating that the policy is **sustainable** and must be upheld, and **disparaging** complacency or "lying flat" in the face of the virus.

The core rationale throughout these articles points out the virus' increased contagiousness and the upcoming flu season as posing a huge threat to China's 267 million over-60-years-old population and other vulnerable groups.

While the approach will be continuously tailored to protect economic growth, "lying flat," referring to the practice of co-existing with the virus, would be an admission of inability to successfully confront the epidemic and therefore must not be adopted in China.

**The Jing Take:** The importance of these op-eds is in their timing.

Published on the eve of the pivotal 20th CCP National Congress, the three pieces signal that chances are minuscule for an immediate relaxation of the current COVID-19 policy post congress.

For a while, there were **speculations** that the congress might provide a turning point, after which the country would relax its zero-COVID stance. The op-eds dispel this notion.

It is unlikely that there will be a dramatic rollback of the current regulations so soon after *People's Daily* has gone to great lengths to defend them.

For luxury brands, the op-eds serve as yet another reason to abandon expectations, if any, that China's retail might return to pre-pandemic levels soon after congress.

**Mobility and border restrictions**, as well as frequent COVID tests, will remain in place for the foreseeable future and most certainly for the remainder of 2022. Even if Beijing were to loosen its policy, the changes will be gradual and spread out over time.

This means that the vast majority of Chinese consumers will continue to shop for luxury items domestically and remain cautious about long-distance trips.

For reference, during the recent weeklong National Day October **holiday**, there were 422 million trips down 18.2 percent year-on-year and constituting 60.7 percent of trips made during 2019's October holiday. Tourism revenue fell 26.2 percent year-on-year to \$40.4 billion (287.2 billion RMB), reaching just 44.2 percent of the 2019 level.

As such, brands should be refining existing retail strategies to adapt to emerging changes in China's "Dynamic Zero" approach, instead of banking on a return to pre-pandemic normalcy in the near future.

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