

# CHINA WATCH

## Market & Policy Monitoring

May 2021

This report offers information on commercial, political and economic developments in China.

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## SITUATION SUMMARY

China continues to keep the virus under strict control. The focus is now on increasing the speed of vaccinations.

In June, Pfizer/BioNTech could be the first foreign vaccine to get approved in China.

The government announced a travel bubble with Macao. Local and foreign residents can now apply for visas to enter China, including for tourism.



## RECENT DEVELOPMENTS



### Total covid-19 vaccine shots: over 243 million

Authorities plan to inoculate 40% of China's 1.4 billion people by June 2021 and achieve herd immunity by early 2022. Foreigners in certain cities can get vaccinated with Chinese vaccines.



### COVID-19 cases in April

China reported a few new Covid-19 cases in April. Most of them in the southwestern province of Yunnan, presumably imported from neighboring Myanmar.

## INTERNATIONAL TRAVEL

Passengers bound for China are required to pass a nucleic acid test as well as an IgM antibody test. Passengers should also obtain a green health code or a health declaration form before boarding the flight. Please find updates from China's Embassy in Denmark [here](#).

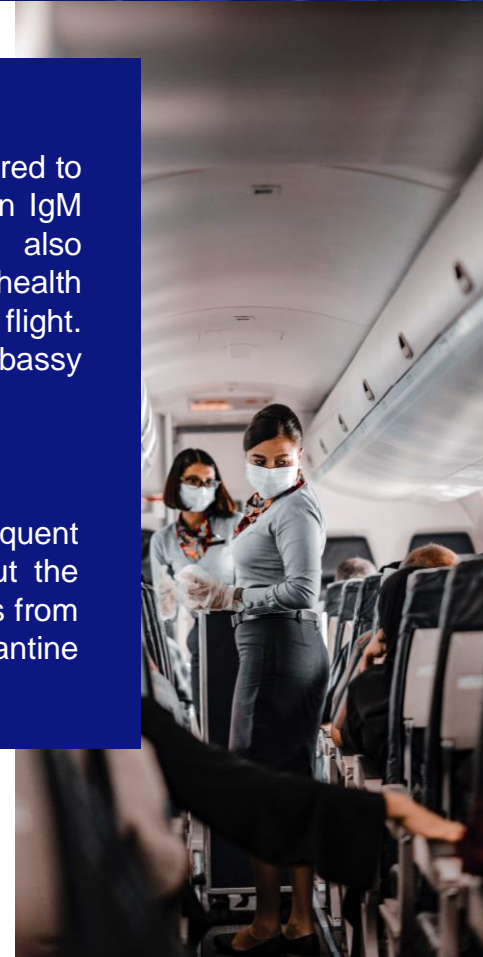
## QUARANTINE

Regulations are still subject to frequent change and local implementation. But the rule of thumb is that incoming travelers from abroad should expect 14 days of quarantine at a designated facility.

## TRAVEL

### DOMESTIC TRAVEL

There are currently no medium or high-risk areas in China. Domestic travel is back to normal. Showing a green health code (i.e., documentation of health status) at local checkpoints is still a formal requirement but implementation is becoming more lax in many cities.



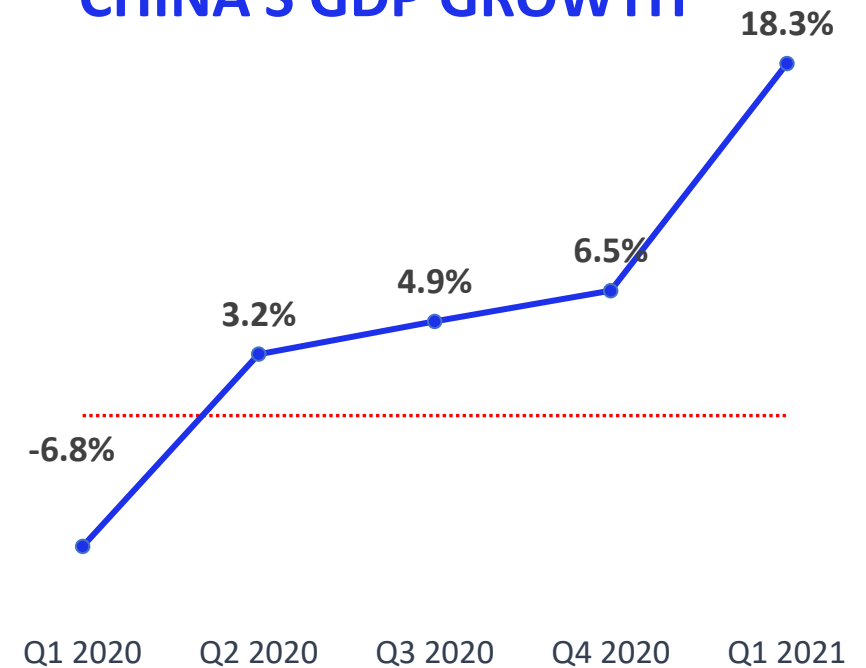


## ECONOMIC GROWTH

### Goodbye to GDP targets – but growth still anticipated

China's government has not set formal growth targets for 2021 and beyond. However, the economy is expected to grow by 6% this year, and by an average of 5-5.7% in the next five years.

## CHINA'S GDP GROWTH



SENSE  
CHINA



## KEY INDICATORS March 2021

### Quick Take

The demand side showed positive signals of recovery in March. Consumption picked up with retail sales expanding to a year-high.

Supply and demand in the manufacturing sector continued to expand in March but the expansion pace has slowed in the last 4 months. Overseas demand showed the first signs of recovery this year.

DEMAND

**Retail sales of consumer goods**

+34.2% Y/Y

**Consumer Price Index**

+0.4% Y/Y  
-0.5% m/m

**Unemployment (urban areas)**

5.3%



SUPPLY

**Industrial Production**  
(January-March 2021)

+24.5%

**PPI Manufactured Goods**

+4.4% Y/Y  
+1.6% m/m

**PMI (April 2021)**

Official: 51.1  
Caixin: 51.9



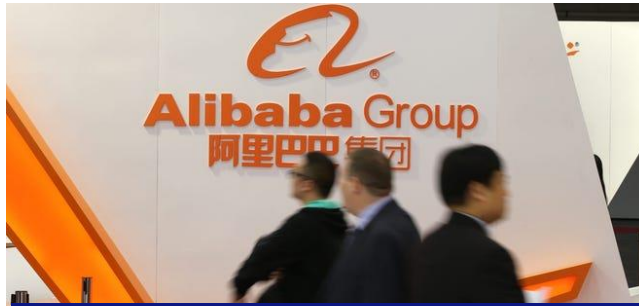
TRADE

**Exports (US dollar terms)**  
+30.6% Y/Y

**Imports**  
+38.1% Y/Y

**Trade Balance**  
\$13.8 billion





## Alibaba Receives Record Fine

Alibaba Group, the world's largest internet company, received a record fine of RMB 18.2 billion for antitrust violations. China's latest Five-Year Plan outlines the government's objectives to improve the business environment and regulate the market. Alibaba was fined 4% of its 2019 domestic revenue on the grounds of having abused its dominant market position requiring merchants to choose between their platform and those of its competitors. By punishing the country's largest internet platform, Beijing is sending a clear signal that big tech companies are being closely monitored.



## New Measures for Growth

The city of Shenzhen is launching a new green system to measure economic development. The Gross Ecosystem Product (GEP) includes the value of the contributions of nature to economic activity and will be used alongside GDP to measure government performance. China is slowly moving away from only considering GDP targets to measure growth. The government is currently running several initiatives in various cities with the objective of developing green development KPI systems.

















## Spurring Innovation from the Inside

China's government has announced around RMB 550 billion of tax benefits for companies conducting research and development. Among the changes, micro and small enterprises will see their taxes cut by half, the VAT threshold for small-scale taxpayers will be raised to RMB 150,000 in monthly sales, and more sectors will be able to qualify for the monthly VAT credit refund policy for advanced manufacturing enterprises.

# UPCOMING ACTIVITIES

**Sense China** offers a series of business development programs with focus on the Chinese market. The table below presents the next program activities. All activities are advertised independently.

Find out more at [SenseChina.dk](https://SenseChina.dk)

NEW RETAIL	EMERGING TECH	SMART & GREEN	FOOD for the FUTURE	SPORT for BUSINESS	PUBLIC AFFAIRS
		<p><b>MARKET INSIGHTS</b> <i>Seminar with cases, tools, best practices about China's sustainability agenda.</i></p> <p> <b>17/06/21</b>  <b>CPH / Online</b></p>		<p><b>BUSINESS TUTORIAL</b> <i>Tutorial about company sports marketing. Introduction by top speaker followed by Q&amp;A.</i></p> <p> <b>10/06/21</b>  <b>Online</b></p>	
<p><b>GO2MARKET TRAINING WORKSHOP</b> <i>Strategic and practical inputs for business planning in China</i></p>			<p> <b>04/08/2021</b></p>	<p> <b>Copenhagen</b></p>	
<p><b>CHINA TOUR</b> <i>On-location market training with company visits, user experiences, roundtable discussions, pitching sessions, and more.</i></p> <p> <b>11/2021</b>  <b>Shanghai</b></p>	<p><b>CHINA TOUR</b> <i>On-location market training with company visits, user experiences, roundtable discussions, pitching sessions, and more.</i></p> <p> <b>TBD</b>  <b>Shanghai</b></p>		<p><b>MARKET INSIGHTS</b> <i>Seminar with cases, tools, best practices about the food sector in China.</i></p> <p> <b>10/09/21</b>  <b>Online</b></p>		<p><b>MARKET INSIGHTS</b> <i>Seminar with cases, tools, best practices about the public affairs discipline in China.</i></p> <p> <b>10/10/21</b>  <b>Online</b></p>