

China's economic growth eases as recovery levels off after covid-19 pandemic

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China said Thursday that its economy grew 7.9 percent in the second quarter, as the country's rebound from the coronavirus pandemic levels off toward a steadier trajectory.

The world's second-largest economy "achieved a stable recovery in the first half of the year," Liu Aihua, a spokeswoman for the National Bureau of Statistics, said at a media briefing. "However, we must be aware that the pandemic is still spreading globally and the international landscape is complicated with high uncertainties and instabilities."

There are signs that officials are concerned the post-pandemic economic rebound may flag. China's central bank cut reserve requirements for banks last week, a move aimed at stimulating the economy by allowing more money to circulate instead of being held in reserve.

After ramping up its vaccination rate in recent months, Chinese authorities announced this week that half of the nation's people have been inoculated against the coronavirus, according to state media reports. The domestic economy has largely returned to normal operation, although authorities have maintained strict border controls, with three weeks of quarantine required for inbound travelers.

"China's growth trajectory is returning to a post-pandemic normal, with the government once again having to balance the imperative of maintaining strong growth with mitigation of financial and other risks," said Eswar Prasad, an economics and trade professor at Cornell University.

China is facing slower growth in the second half of the year, but that may not be a bad thing, said Andy Xie, an independent economist based in Shanghai.

"If the government manages to curb housing bubbles and bad debts, China will probably have a healthier economy, albeit somewhat slower growth," he said. "The question is whether they have the guts."

At Thursday's news conference, Liu acknowledged the recovery has been unbalanced, requiring further efforts from the government to maintain a stable course. Growth for the first half of the year was driven by industrial manufacturing and domestic consumption, she said.

China's economy is projected to grow 8.5 percent this year before slowing to 5.4 percent in 2022, according to a World Bank

In the first quarter, China reported a record 18.3 percent growth, with the figure skewed high due to a low comparison from a year earlier, when much of the country was shut down as the virus began spreading.

In recent months, China's government has also cracked down on a number of the country's most successful Internet companies, prompting discussion over whether Beijing may be willing to give up some economic growth in exchange for political stability.

Earlier this month, Chinese regulators ordered the removal of Didi Chuxing, the country's equivalent of Uber, from domestic app stores, dealing a blow to the company just days after its landmark U.S. listing. This followed an antitrust investigation into e-commerce giant Alibaba.

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