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# China pulls ahead among major economies in pandemic recovery

By

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TAIPEI, Taiwan — China, the first country to be struck by the novel coronavirus and the first to bring it under control with aggressive measures, is pulling ahead in the world's economic recovery.

But even China's comeback may be underwhelming.

That was the mixed message borne in figures released Monday that showed Chinese economic output grew 4.9 percent during the third quarter compared with a year ago, an impressive gain that nevertheless fell short of expectations, with most economists having predicted a growth rate of more than 5 percent.

Much of the gains in gross domestic product came after massive stimulus measures from the government, while employment and retail sales in China are still suffering, as they are in vast swaths of the world. But after China's economy contracted by 6.8 percent during the first quarter, its cumulative growth for 2020 is now narrowly in the black — a far cry from countries such as Britain, Germany and the United States, whose economies have shrunk in absolute terms.

It may be a preview of the post-pandemic world, economists say.

“China is unique among major economies in having already returned to its pre-virus level of output,” Neil Shearing, chief economist at Capital Economics, said in a note. Shearing pointed out that China has also benefited from its heavy reliance on online shopping and urged governments in developed countries to follow suit to contain the virus quickly and push through new rounds of stimulus.

In China, heavy industrial output in state-dominated industries such as steelmaking is often a lever the government can pull to boost the economy, as demonstrated by strong industrial production figures in the third quarter. But there were signs that

domestic consumers were helping put China's recovery on a broader, more solid footing — an encouraging sign for Chinese leaders, who have reiterated a need for self-reliance.

The restaurant industry narrowed its decline to about 3 percent, while consumer-goods spending rose 4 percent, according to figures released Monday. The service sector and the retail industry are still facing problems, Liu Aihua, spokeswoman for the National Bureau of Statistics, told reporters Monday. But those sectors are improving slowly as “people are willing to venture outside their home and spend money,” she said.

Liu warned that “complicated” external forces could cause uncertainty for China.

But at least domestically, she said, “the overall plan for epidemic prevention and development achieved remarkable results.”

After the announcement, stocks in Shanghai and Shenzhen fell less than 1 percent.

China's third-quarter GDP figures, while slightly underwhelming, reaffirmed estimates last week by the International Monetary Fund, which forecast China's economic growth for 2020 to come in at 1.8 percent, while the U.S. economy is expected to shrink by 4.3 percent and Germany's by 6 percent.

On China's streets, life is returning to normal. Car sales grew by 11 percent from a month ago, according to Monday's data. Earlier in October, more than 630 million Chinese took trips during the National Day holiday and spent about \$70 billion on tourism, all of it domestically because of travel restrictions, the Culture and Tourism Ministry reported. That was down from a year ago but still significant.

Last week, authorities in the eastern city of Qingdao tested more than 10 million people for the [coronavirus](#) within days and suspended two local officials after an outbreak of a dozen cases.

Eswar Prasad, a Cornell University economist and former head of the IMF's China division, said in an email that China will probably be the “key driver of global growth” in 2020 and 2021.

The country is in the “remarkable position of being the only major economy that will register positive growth in 2020,” he said.

In recent months, Chinese officials have presented their country's lead in the global recovery race as a boon to the world and an opportunity for trading partners. But they have also expressed concern about factors outside their control, such as low demand for Chinese goods amid a worldwide recession or the danger of an influx of imported coronavirus cases. Officials have also warned recently about choppy geopolitical waters, particularly tensions with the United States.

Looking ahead to the rest of the year, China's statistics bureau said in a statement Monday that the biggest threat to the country's continued recovery was that "the international environment is still complicated and severe with considerable instabilities and uncertainties."

In May, top leaders unveiled a major "dual circulation" strategy intended to make China more self-reliant by boosting domestic consumption as the pandemic eased and reducing dependence on rivals such as the United States and its allies for technology, financial capital and trade.

The ruling Communist Party's Central Committee is expected to hold a major meeting to expound on the strategy later this month.

Chinese President Xi Jinping hammered the message home last week as he traveled through the southern manufacturing hub of Guangdong, where he urged workers, party cadres and entrepreneurs to "take the path of indigenous innovation through self-reliance."

The world, Xi said, "has entered a period of turbulence and transformation."