

Outbreak also offers opportunities

By Han Yonghui and Zhang Fan | China Daily | Updated: 2020-03-14 12:41



CAI MENG/CHINA DAILY

China is gradually resuming economic activities, and judging from the stable pace of resumption and a healthy growth rate in 2019, we are confident that the Chinese economy will rebound in the second quarter in 2020.

But the novel coronavirus outbreak will still have a big impact on the Chinese economy this year. In fact, S&P has lowered China's growth forecast from 5.7 percent to 5 percent while Citi Bank has reduced it to 5.3 percent—with the export growth rate expected to be around 0 or even negative.

However, the coronavirus outbreak has also created some opportunities.

To begin with, the outbreak is expected to boost the development of the digital economy based on internet of things (IoT), as working online has already become common in many tertiary industries, especially big internet companies.

Manufacturing, though, still lags in digitalization and informatization, and this is the fundamental reason why the secondary industry has borne the brunt of the epidemic.

Yet embracing digitalization may be comparatively easy for tier-one companies but not viable for most small and medium-sized enterprises. As such, the epidemic has stimulated the demand for establishing a comprehensive IoT ecosystem, including cloud computing, data storage, data transmission and man-machine interaction.

Besides, the outbreak will accelerate the fusion of online and offline retail, as the innovation of "delivery without touch" has already redefined "the last kilometer" in online shopping. Delivery lockers, self pick-up warehouses, and unmanned stores are expected to become more prevalent. Also, online shopping may no longer just supplement offline shopping, as the fusion of the two is becoming a trend, and drones could soon enter the delivery market.

New technologies, such as artificial intelligence (AI) and big data, could become the next driving force for the economy. And the applications some companies have developed using big data to predict the spread of the virus in a particular area could help control the epidemic.

Since the essential use of big data is to feed AI, after the epidemic is contained, the government, companies and consumers are expected to focus more on data collection and data-driven decision-making, and thus propel the development of big data and AI.

Moreover, the health crisis has prompted internet giants to promote the concept of "sharing employees". Retail companies such as Freshhema, a subsidiary of Alibaba, and JD.com are sharing their employees with other service industries that have a low-entry threshold. The emergence of "sharing employees" has not only challenged the traditional organization of enterprises, but also created new possibilities for companies. A company may no longer mean a physical "location", as it could be a non-physical "platform". Further, a platform may not be one company, but a combination of companies or employees. And platforms can provide more and better job opportunities for the people.

To seize these economic opportunities, China should announce timely tax cuts, provide fiscal aid and, more importantly, push forward social governance reform. The most precious thing in the fight against a crisis is confidence, and the greatest source of confidence for China would be economic recovery and finding solutions to the problems that have emerged in the fight against the virus. In fact, by promoting social governance reform China can better utilize the economic opportunities that have emerged because of the epidemic.

The lesson from the outbreak is that solving domestic problems remains a priority for China, as the country's development is not determined by what the outside world thinks about it, but how China will choose its path. The focus should be on whether the Chinese governance system is capable of timely reforming, self-repairing and adjusting itself.

The disease control mechanism, for instance, should suit the reality of China and meet the demand of a mega-society that is rapidly modernizing. Since no country can serve as a model, China has to "cross the river by feeling the stones", but at a steady pace.

And by pushing forward social governance reform, China will be able to not only establish a more flexible and effective system, which would help it to solve its problems and use its economic and political strengths to advantage, but also maintain prosperity in the long run.

Han Yonghui is a senior researcher at the Guangdong Institute for International Strategies, Guangdong University of Foreign Studies, and Zhang Fan is an assistant researcher at the same institute. The views don't necessarily represent those of China Daily.