

UDK 332

**STUDY ON THE IMPACT OF COVID-19 ON REGIONAL ECONOMIC
DEVELOPMENT IN CHINA**

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Introduction. The global COVID-19 epidemic has seriously endangered the safety of human lives and caused great damage to the survival and development of enterprises, the production and life of residents, international trade activities and other fields. China's regional economy has been severely affected by the epidemic, with the economic and social development of Hu Bei province the most affected. The epidemic has both opportunities and major challenges for the future development of China's regional economy. Therefore, putting forward relevant countermeasures to deal with the epidemic has become an issue worthy of discussion..

Key words: COVID-19, Regional Economy, Impact, Countermeasures

Aim: The purpose of the article is to characterize the development of the global COVID-19 epidemic, analyze its impact on regional economic development in China, and, finally, propose appropriate countermeasures and proposals for the epidemic.

Materials and methods: The work used the methods of abstract - logical research of the impact of changes associated with the epidemic on the regional economy, which was supported by the methods of statistical analysis and synthesis of economic indicators of regional development, graphic methods allowed to display the results obtained, and the generalization methods to draw appropriate conclusions and proposals

Results and discussions. The COVID-19 outbreak at the end of 2019 is a major public health emergency with the fastest transmission rate, the widest infection range and the greatest difficulty in prevention and control since the founding of China. Therefore, the impact of the epidemic on China's economy has gradually become an important issue attracting attention. COVID-19 is also spreading rapidly around the world, which has had a huge impact on the world economy. At present, policy makers around the world are faced with the dilemma between epidemic prevention and control and economic recovery.[1]

As the world's second largest economy, China has always had very close economic exchanges with other countries. China suffered a brief recession in the early days of the outbreak, with economic growth slowing by 6.8% in the first quarter of 2020 compared with the same period last year. Under the extremely unfavorable situation at home and abroad, China's regional economy was severely impacted by the global COVID-19 epidemic. Beijing, Shanghai, Guangdong, Jiangsu, Zhejiang, Shandong and other provinces all experienced negative economic growth in the first quarter of 2020. Under the impact of the epidemic, the business income of the vast majority of enterprises and industries decreased significantly.[2] The speed of economic recovery after the epidemic is often highly related to the economic foundation of each region, and the economic recovery of developed regions is faster. At the same time, the epidemic is also a severe test for China's regional industrial transformation and upgrading. Zhu Kunfu and other scholars preliminarily judged that the epidemic would undoubtedly accelerate the risk of the outward migration of China's industrial chain [3], which was also questioned by some scholars [4]. However, from a backward perspective, although the epidemic is a major crisis that human beings are currently facing, it is also the outbreak period of a new round of scientific and technological revolution and industrial transformation, and the epidemic may become an important opportunity for China's digital transformation [5].

Medical experts pointed out that compared with SARS virus, novel coronavirus has stronger infectiousness, higher disease rate, more ways of transmission and more

asymptomatic infected people. Therefore, if we want to control the spread of the epidemic, we will face higher difficulty, longer cycle, higher human and material resources and financial costs. It is difficult to balance the prevention and control of the epidemic with economic recovery, and the risk of another outbreak is very high

At the provincial level, we have divided the country into 31 provinces, autonomous regions and municipalities according to the severity of the epidemic, which are classified as severely affected areas, severely affected areas and generally affected areas. Among them, Hubei Province is the worst-affected area.

For the worst-hit province of Hu Bei, the GDP in the first quarter of 2020 was 98.144 billion US dollars, with a year-on-year economic growth rate of -39.2%, a huge decline. Based on the analysis of the severity of the epidemic, it can be seen that most provinces adjacent to Hu Bei Province are severely affected, while more developed areas, such as Beijing and Shanghai, are also relatively severely affected.

Figure 2 and Figure 3 show the comparison of GDP change and year-on-year economic growth rate of Hu Bei Province in the first quarter from 2016 to 2020..

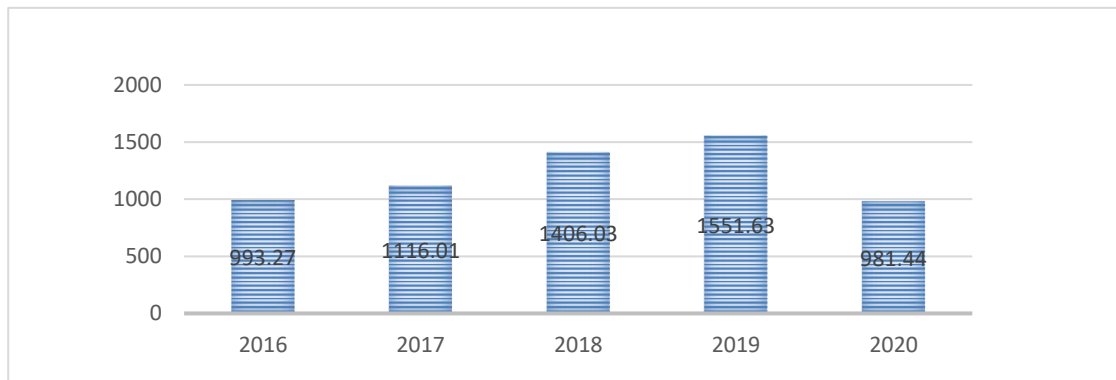


Figure 1: Total GDP of Hubei Province in the First Quarter of 2016-2020 (USD 100 million)

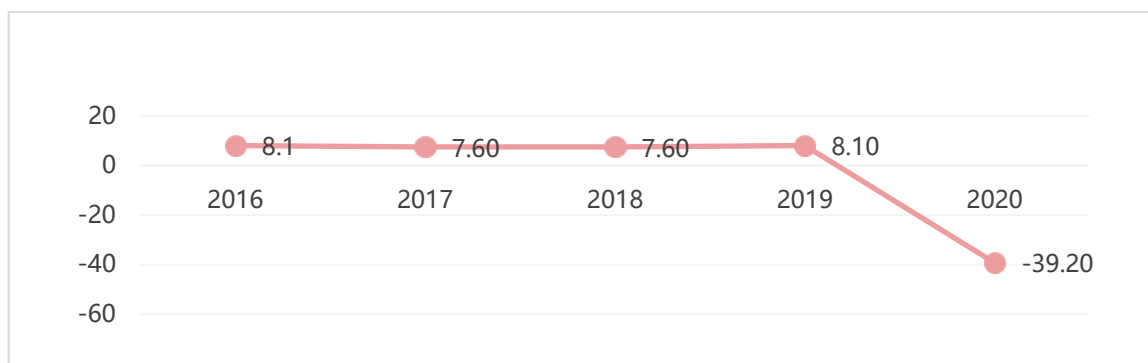


Figure 2: Year-on-year GDP Growth Rate of Hubei Province in the First Quarter of 2016-2020 (%)

Data sources: National Bureau of Statistics of the People's Republic of China

As can be seen from Fig. 1 and Fig. 2, the total GDP of Hu Bei Province showed a gradual rise in the first quarter from 2016 to 2019. In 2020, due to the impact of COVID-19, the total GDP of Hu Bei Province in the first quarter dropped to \$98.144 billion. In the first quarter of 2016-2019, the year-on-year GDP growth rate of Hu Bei Province was relatively stable, which was 8.1%, 7.6%, 7.6% and 8.1%, respectively. However, due to the sudden outbreak of COVID-19 in 2020, the year-on-year GDP growth rate of Hu Bei Province in the first quarter was -39.2, with a great decline. Therefore, the spread of novel coronavirus has caused huge economic losses in Hu Bei Province.

In 2019, the GDP of Hu Bei province will reach US \$705.1 billion, and the added value of the primary industry will reach US \$58.6 billion, an increase of 3.2%. The secondary industry added US \$293.8 billion, up by 8.0%; The added value of the tertiary industry reached US \$352.6 billion, up 7.8%. In 2019, China's GDP reached 15.2441 trillion yuan, with Hu Bei's GDP accounting for 4.6% of the country's total. In 2020, the province's GDP reached 668.4 billion US dollars, down by 5.0% compared with the previous year. Among them, the added value of the primary industry reached US \$63.6 billion, with a growth rate consistent with that of the previous year. The added value of the secondary industry reached US \$261.9 billion, down 7.4%; The added value of the tertiary industry reached US \$342.9 billion, down 3.8%. This epidemic has a great impact on the momentum of rapid economic growth in Hu Bei Province, which is not only due to the trauma to the industry in the epidemic prevention and control stage, but also due to the disadvantages of the business environment and governance capacity exposed in the epidemic prevention and control process, which will affect the attraction of talents and capital.[7]

Thus, the main consequences of the epidemic were:

(1) In the first quarter, the total retail sales of social consumer goods in all regions declined significantly compared with the same period last year, and the consumer market generally shrank.

(2) In 16 provinces, municipalities and autonomous regions, the drop was greater than the national level, and in Hu Bei, Xin Jiang, Hei Longjiang and Hai Nan, the drop exceeded 30 percent. Xin Jiang's wholesale, retail, accommodation and catering industries suffered the most, with their revenues falling by more than 35% year-on-year. Due to the severe downturn in tourism in Hai Nan, the catering industry revenue in February fell by more than 50 percent year on year, and the retail sales of duty-free goods on the outlying islands fell by 39.5 percent year on year.

(3) The year-on-year decline of the total retail sales of consumer goods in the eastern coastal region, the central region and the western region showed obvious polarization.

(4) In general, the impact of the epidemic on consumer economy in different regions shows a spatial pattern of higher in the north and lower in the south.

Influenced by the global epidemic, enterprises in southeast coastal provinces and cities such as Guang Dong, Zhe Jiang, Shan Dong and Fu Jian, especially foreign trade enterprises, are generally late in resuming work. Moreover, due to the continuous escalation and deterioration of the epidemic overseas, foreign trade businesses cannot be carried out normally even if they do not resume work, and the business operations of enterprises are deteriorating. All these signs indicate that the COVID-19 has led to a severe global economic recession, and the scale of trade between countries has shrunk significantly, including China. Because outbreaks in the first half of this year the first half of the time to keep factories and workers idle, foreign trade orders, delivery delays, or even cancel the situation has happened more, according to relevant statistics show that in the first half of the import and export of foreign trade to \$1.75 trillion in east China, fell 4.7% year on year, in which foreign trade big province of negative growth of Guang Dong and Jiang Su, respectively is 5.6% and 8.5% in the first half of the year.

Increasing policy support for the central region.

The economic development of Hu Bei Province has been seriously affected, and it has also made great sacrifices and contributions to the prevention and control of the epidemic. A package of policies should be introduced to support post-epidemic reconstruction in Hu Bei. For the whole central region, the epidemic has enlarged the gap within the region, thus intensifying the market segmentation. Therefore, the integrated governance thinking should be adopted to promote the overall development of the central region, further breaking administrative boundaries, and driving the integrated development of the central region with the support of trans-regional urban agglomeration.

The epidemic caused a large number of employees to lose their jobs, which deprived residents of the main source of income, greatly reduced their consumption power, and further affected the economy. Therefore, ensuring employees' employment is a primary breakthrough point for the government to promote regional economic recovery. On the one hand, it is suggested that relevant central departments should take measures such as "tax exemption and subsidy" to help enterprises resume production and work, and encourage enterprises to sign short-term "flexible employment" agreements with employees, so as to improve the employment rate of residents. On the other hand, it is suggested that local governments should introduce various forms of policies to encourage consumption and guide people to consume actively through measures such as "sending out consumption vouchers and issuing consumption subsidies", so as to stimulate domestic demand and stimulate regional economic growth [9].

Conclusion

As a typical external shock event, the COVID-19 epidemic has added a lot of uncertainty to China's macroeconomic operation. In the process of coping with the impact of the epidemic, a series of problems have also been exposed in China's economic development, such as strong dependence on industrial chain and weak resistance of small and medium-sized enterprises to risks. This has provided new opportunities for China to accelerate the transformation and upgrading of its industrial structure, build a mechanism to ensure supply chain security, and promote

high-quality economic development. At the same time, it should be noted that artificial intelligence, big data, cloud computing and other new economic and business forms generated by the Internet have shown strong vitality during the epidemic, and have become the key for some regions to effectively cope with the impact of the epidemic through the transformation and upgrading of traditional industries.

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