



DEZAN SHIRA & ASSOCIATES

Your Partner for Growth in Asia

China's Reopening After Zero-Covid

A Progress Report



July 2023

Today's Speaker



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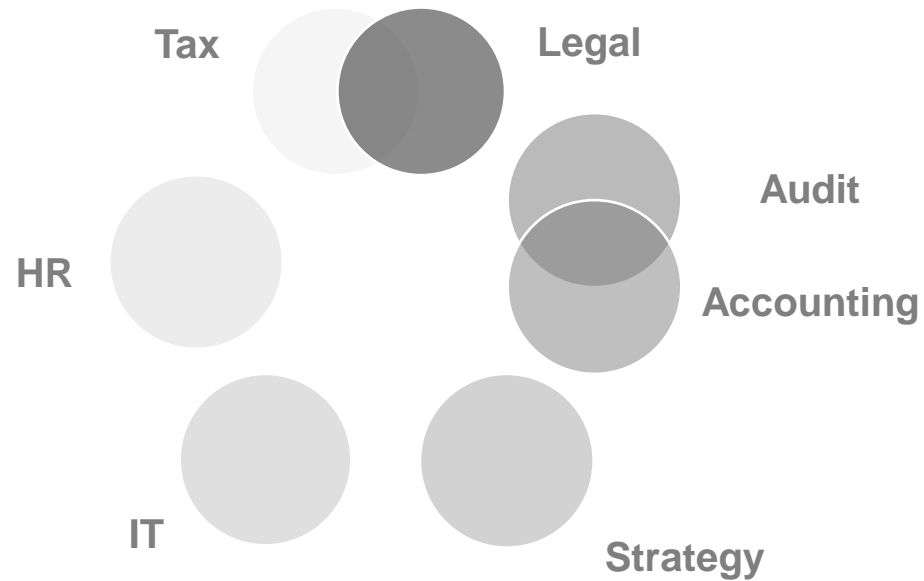


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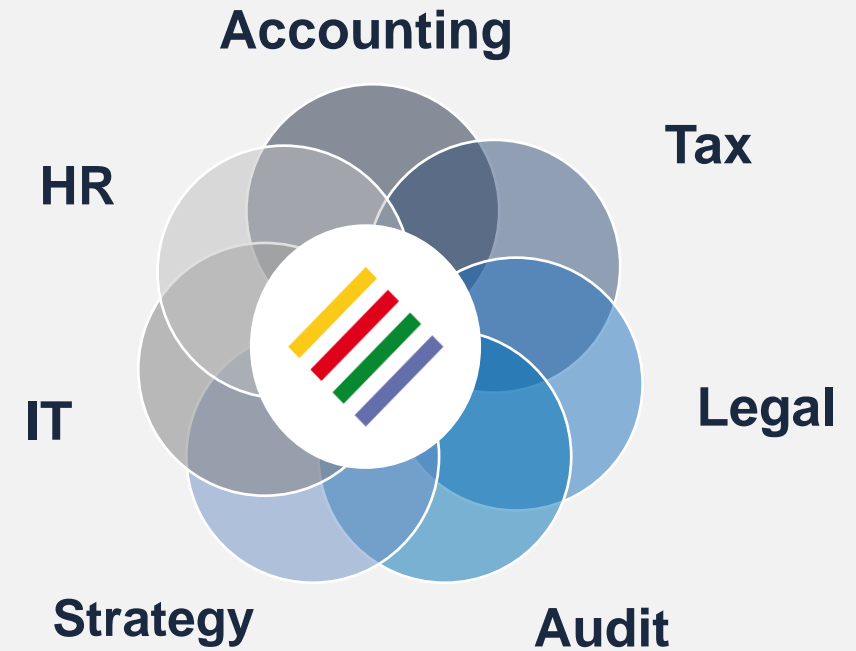


Our Services *integrated solutions*

Traditional Model



Dezan Shira & Associates' Integrated Pan-Asia Model



Investor Resources



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Asiapedia is a collection of these resources based on the experiences we made on the ground.



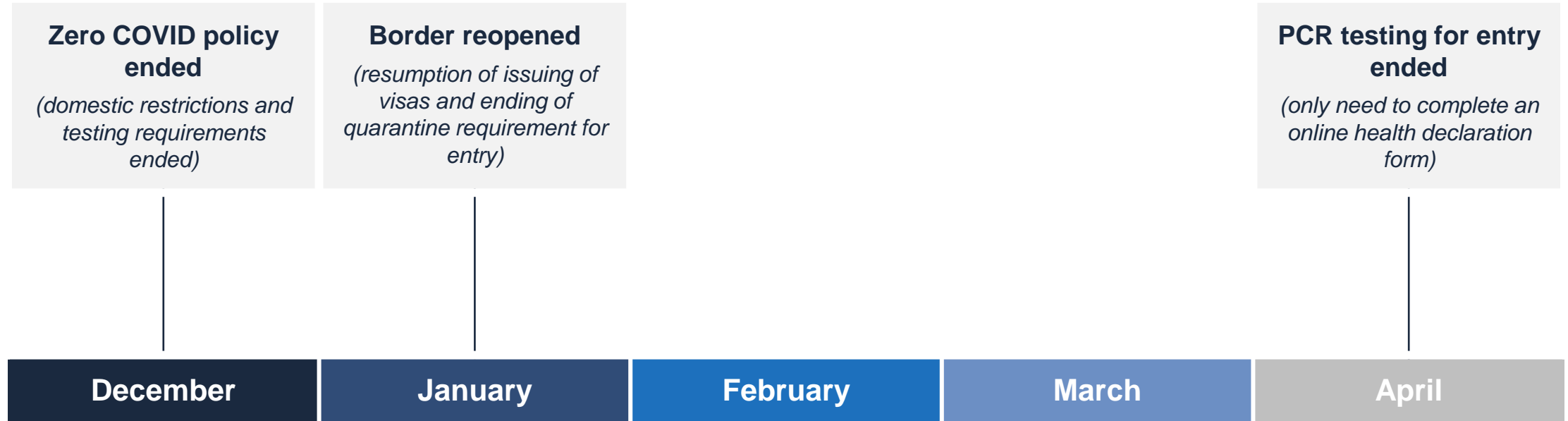
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3. Economic Outlook

Removal of Zero COVID *timeline*

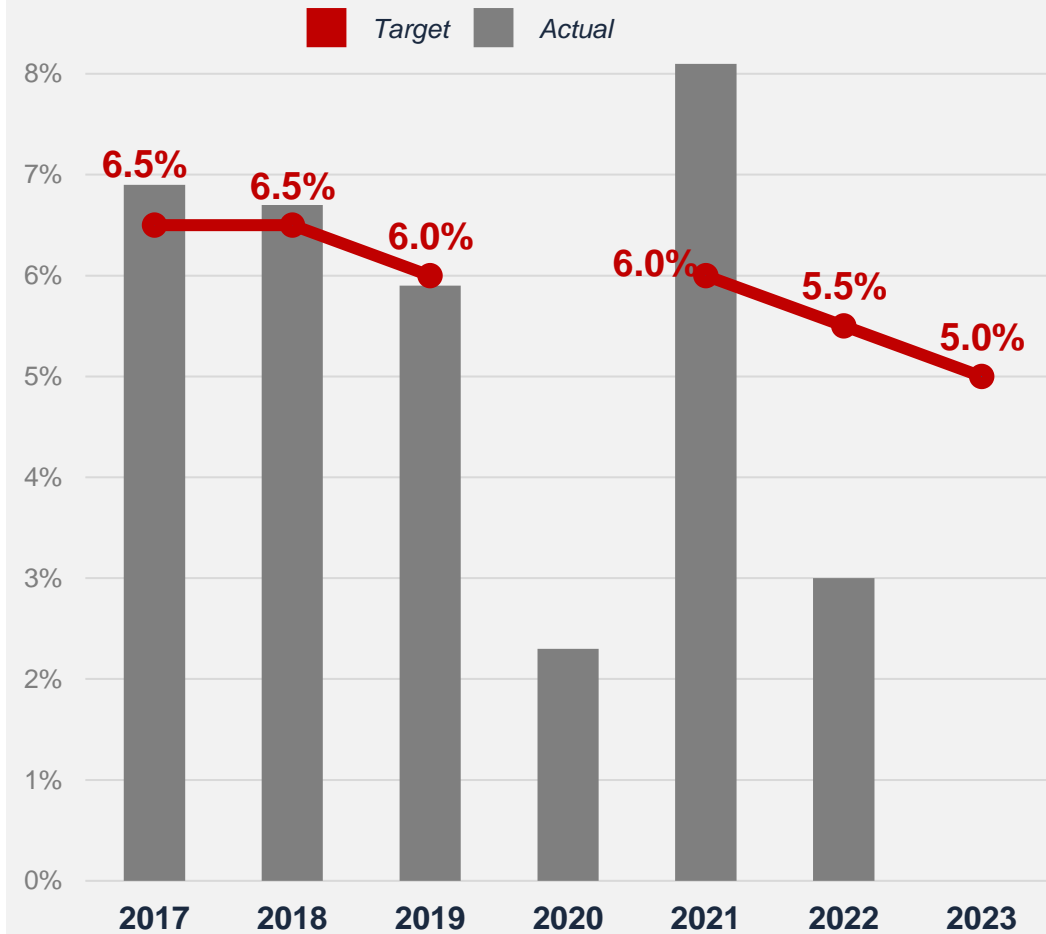


Recent Economic Trends

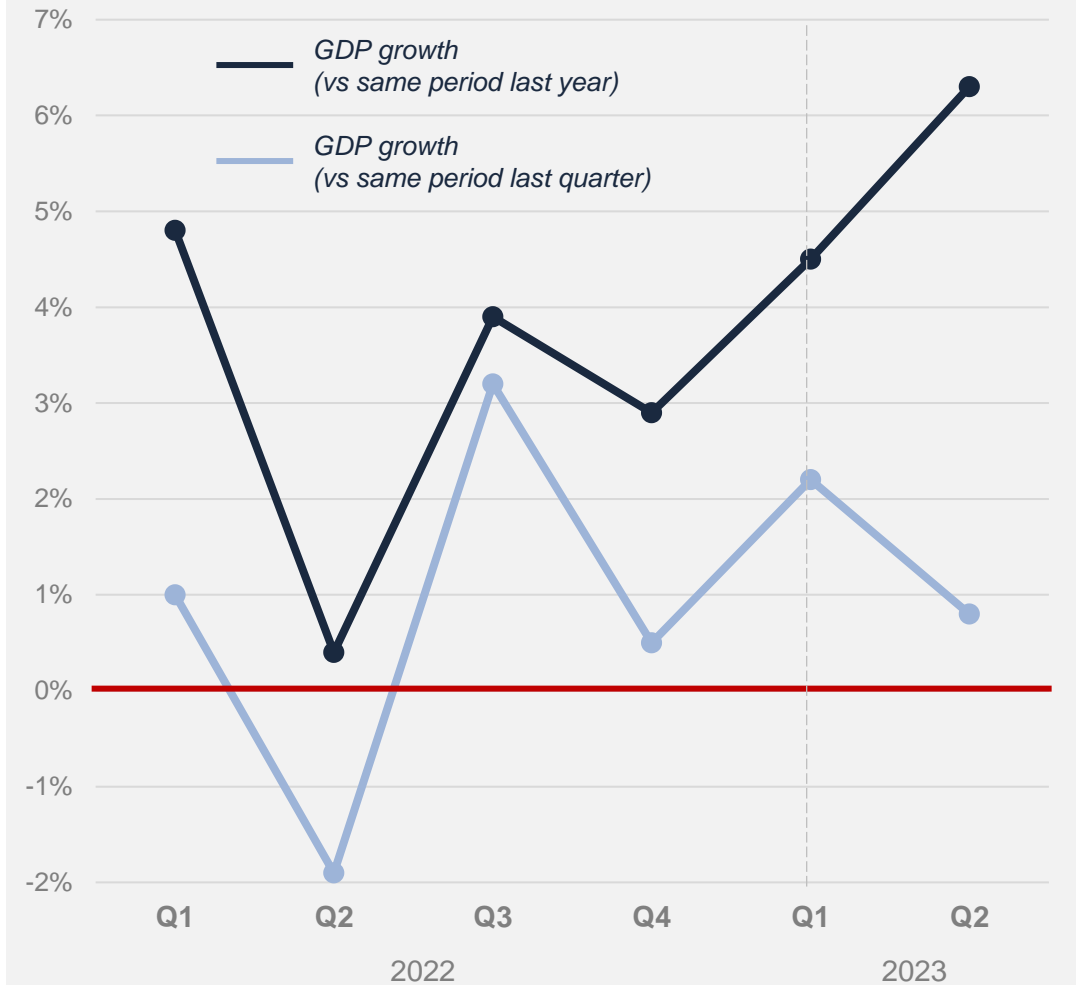


Gross Domestic Product *targets and recent performance*

Annual GDP Growth Target v Actual (y/y % change)



Quarterly GDP Growth (y/y and m/m % change)



Factors Influencing Economy



Slowing Property Sector



Sluggish Consumer Growth

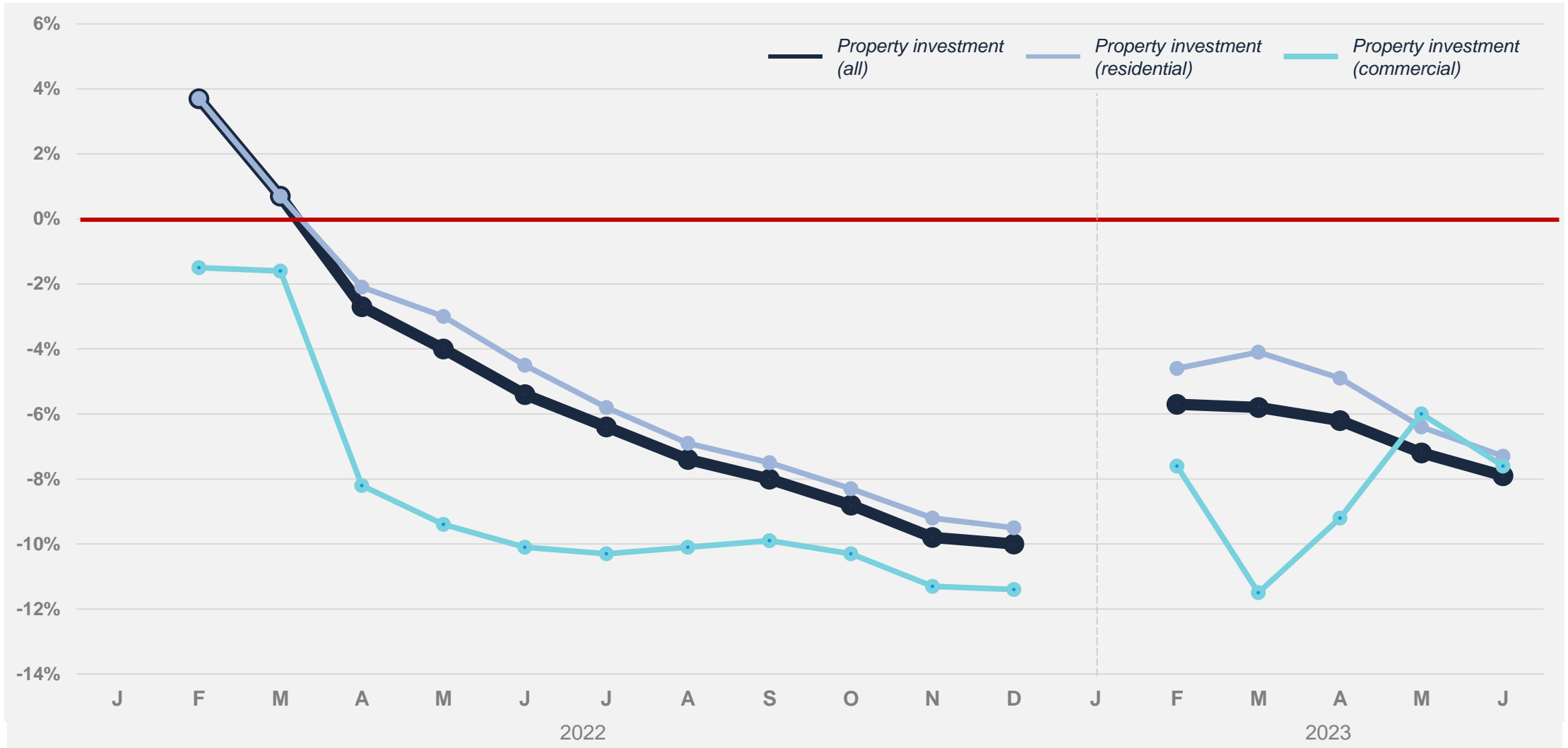


Weak Global Demand



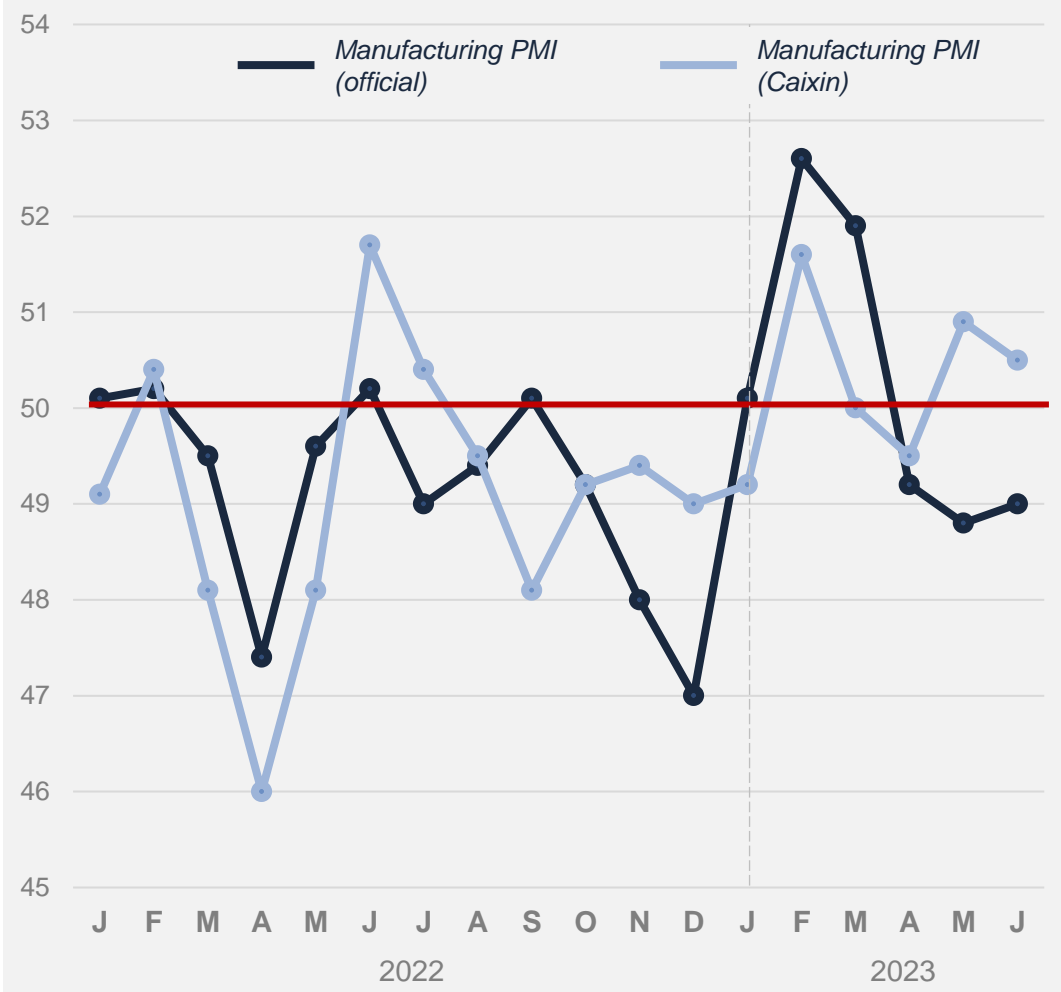
Decreasing Foreign Investment

Property Market *investment in types of properties (y/y % change)*

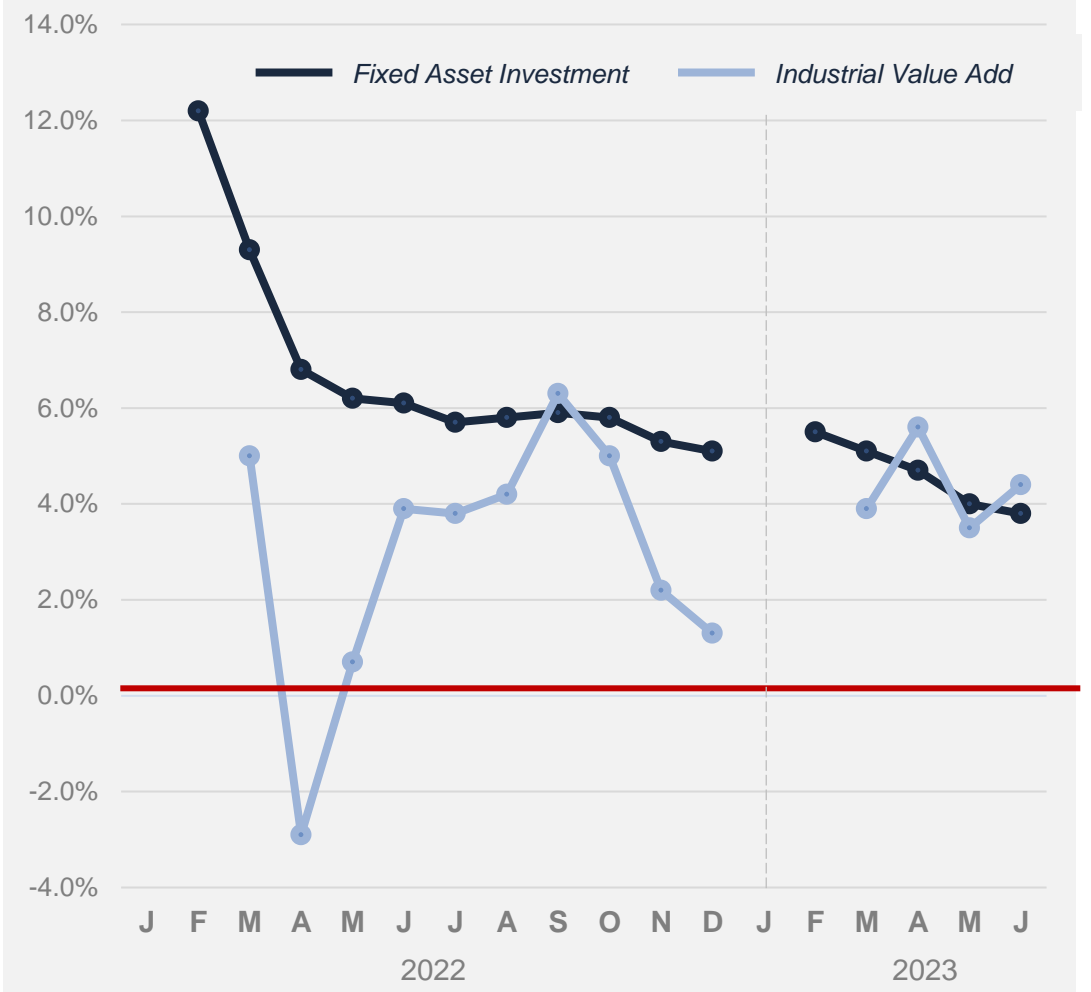


Manufacturing & Industry

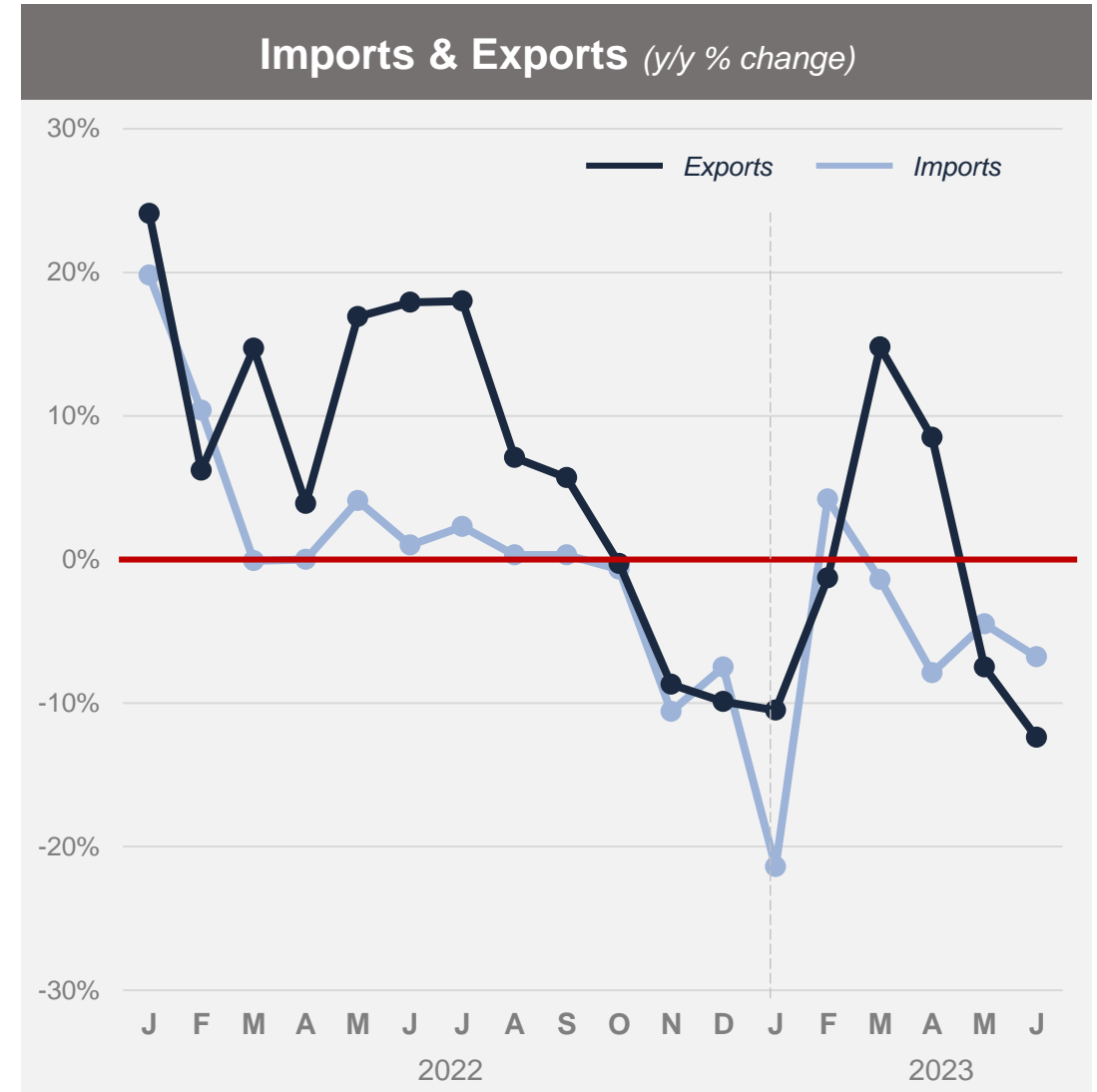
Purchasing Managers Index (PMI) - Manufacturing



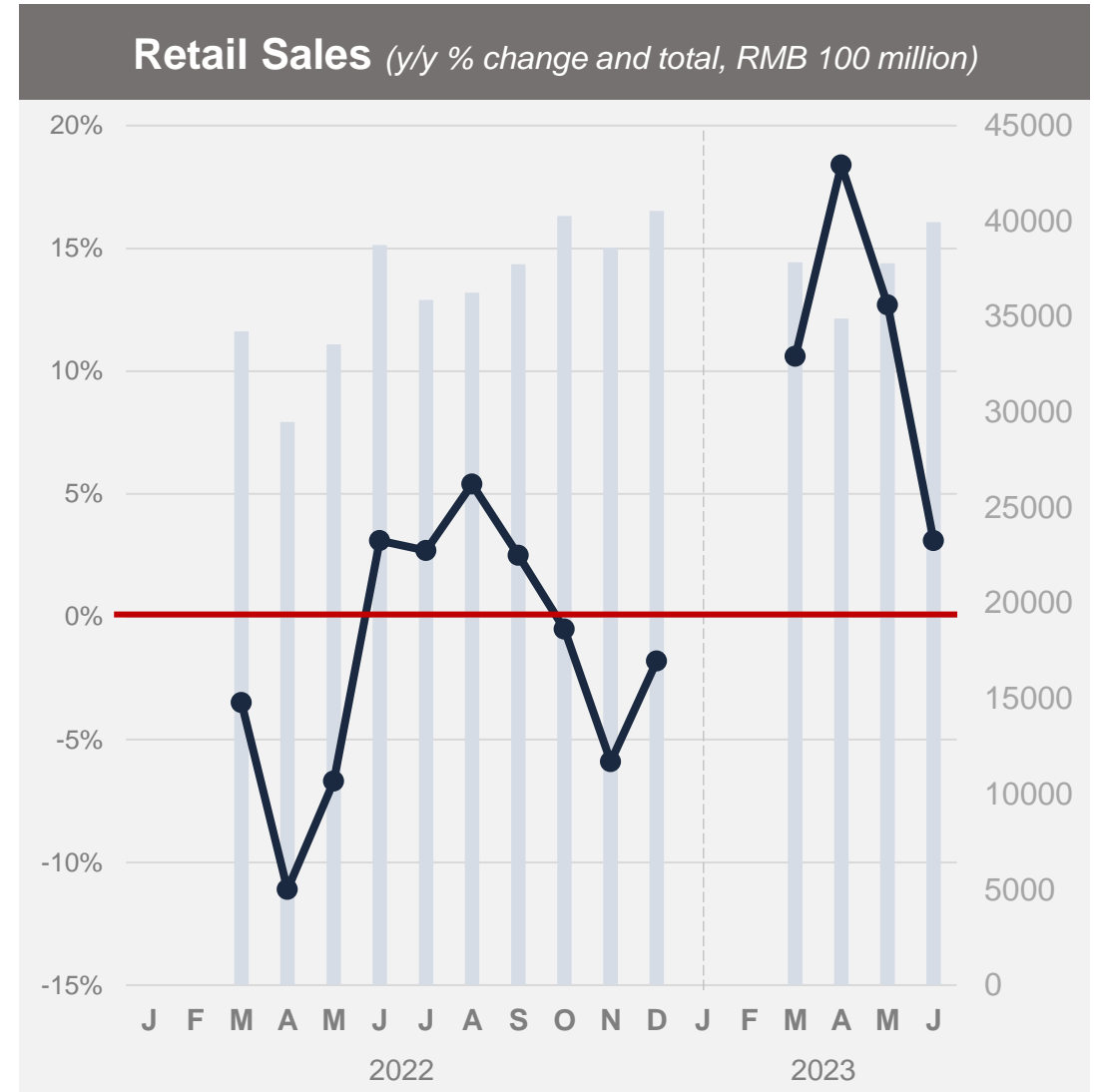
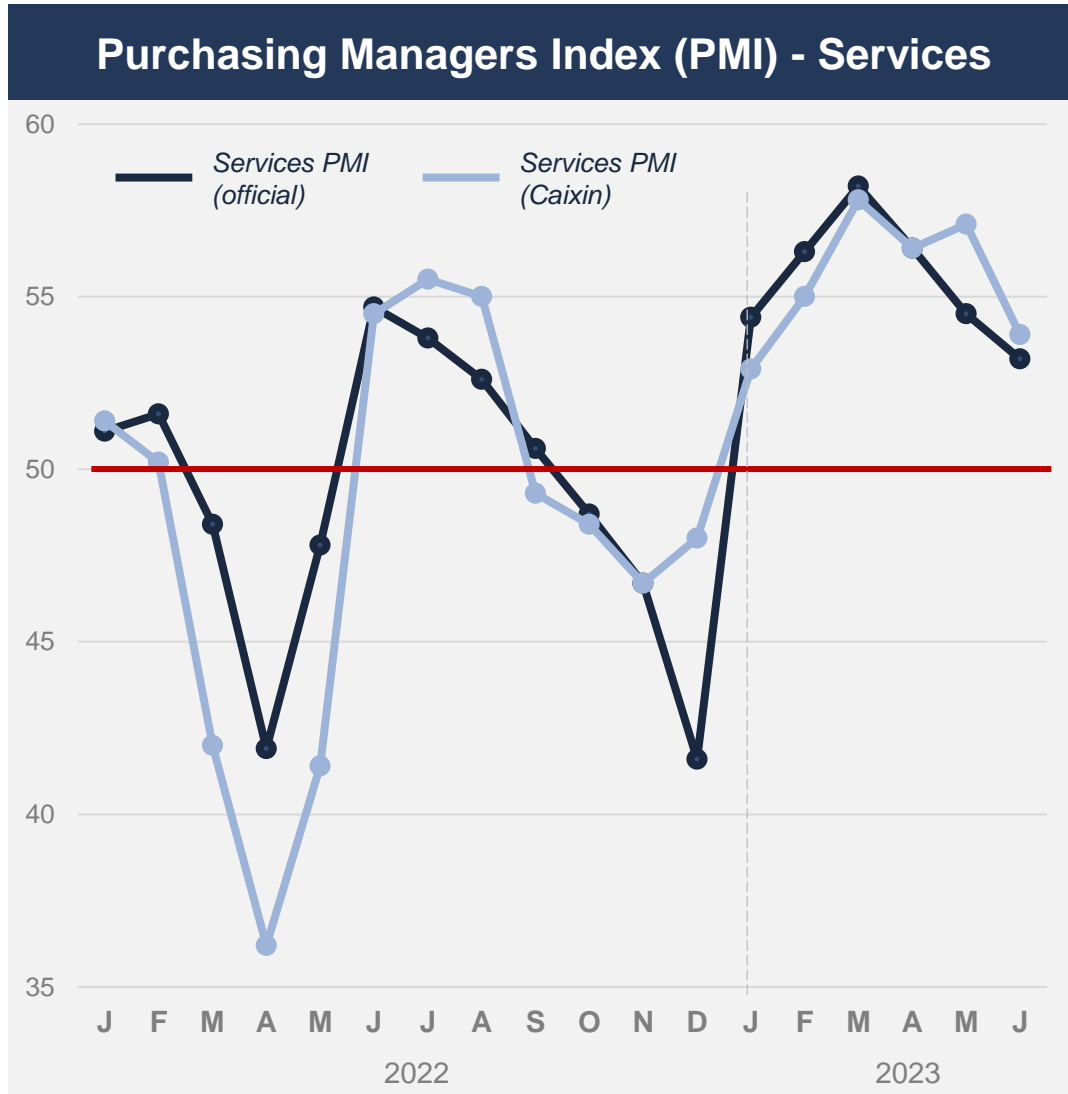
Investment & Value Add (y/y % change)



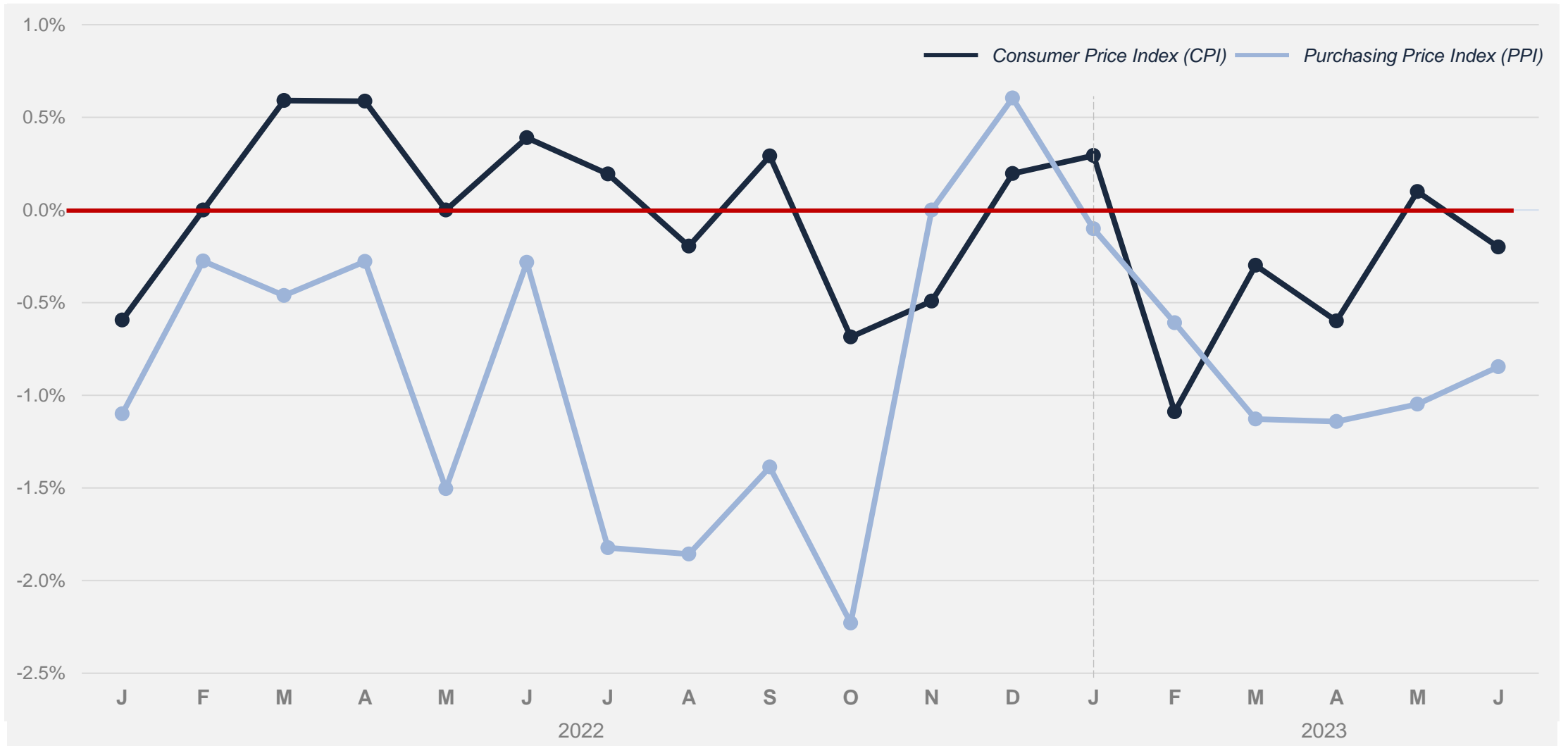
Trade *imports & exports*



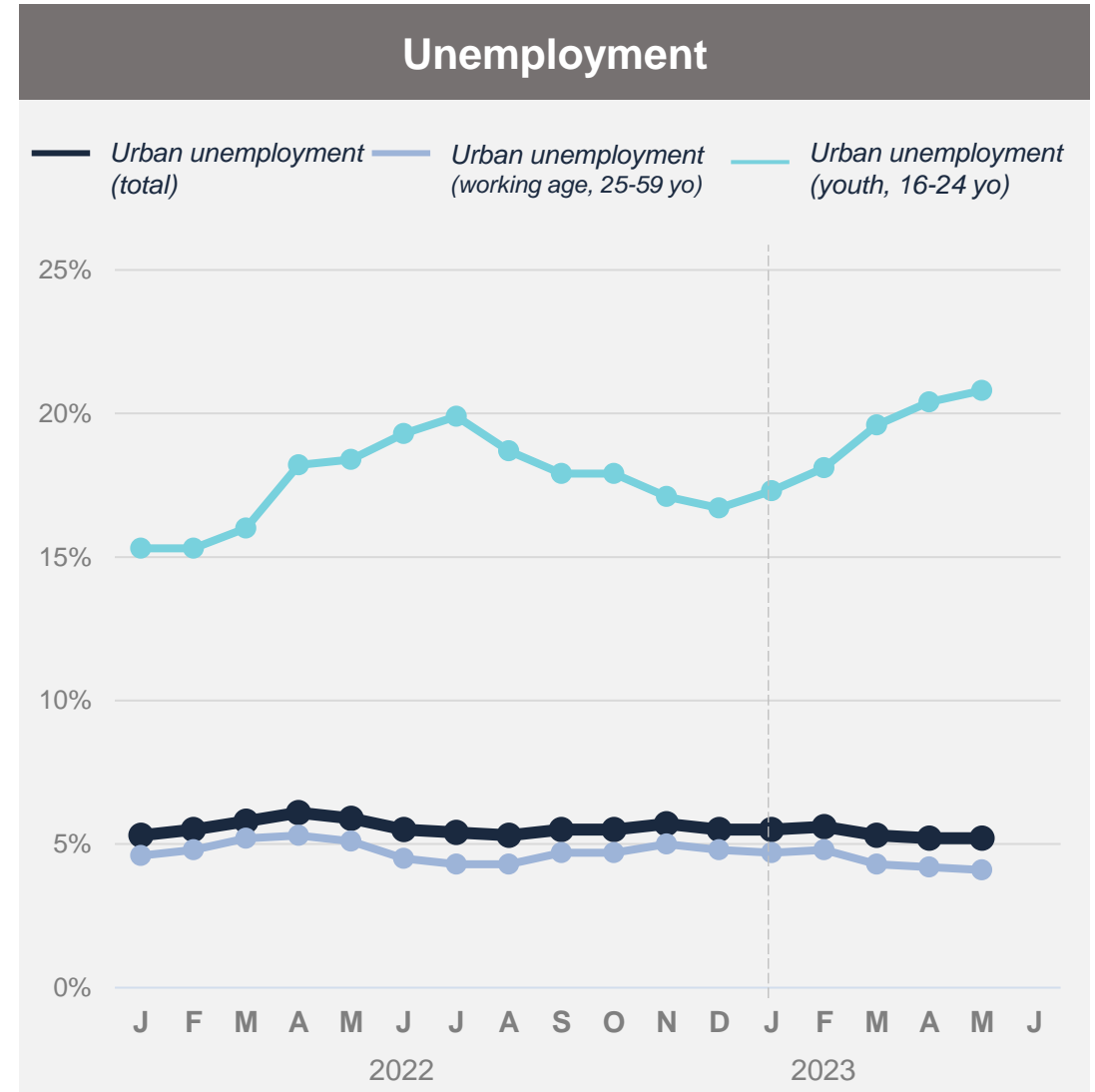
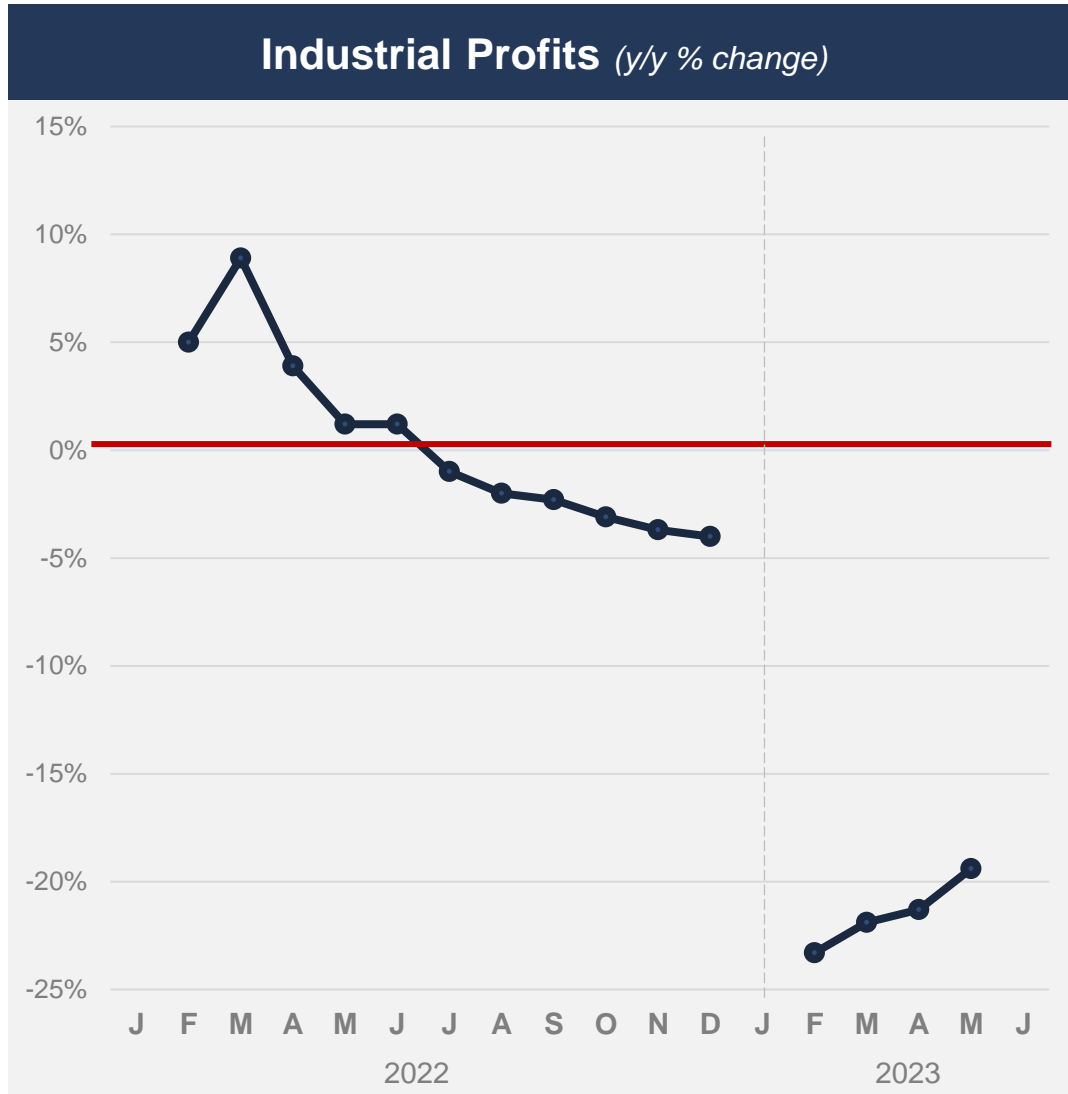
Services & Consumer Spending



Price Indexes *Consumer Price Index (CPI) and Purchasing Price Index (PPI) y/y % change*



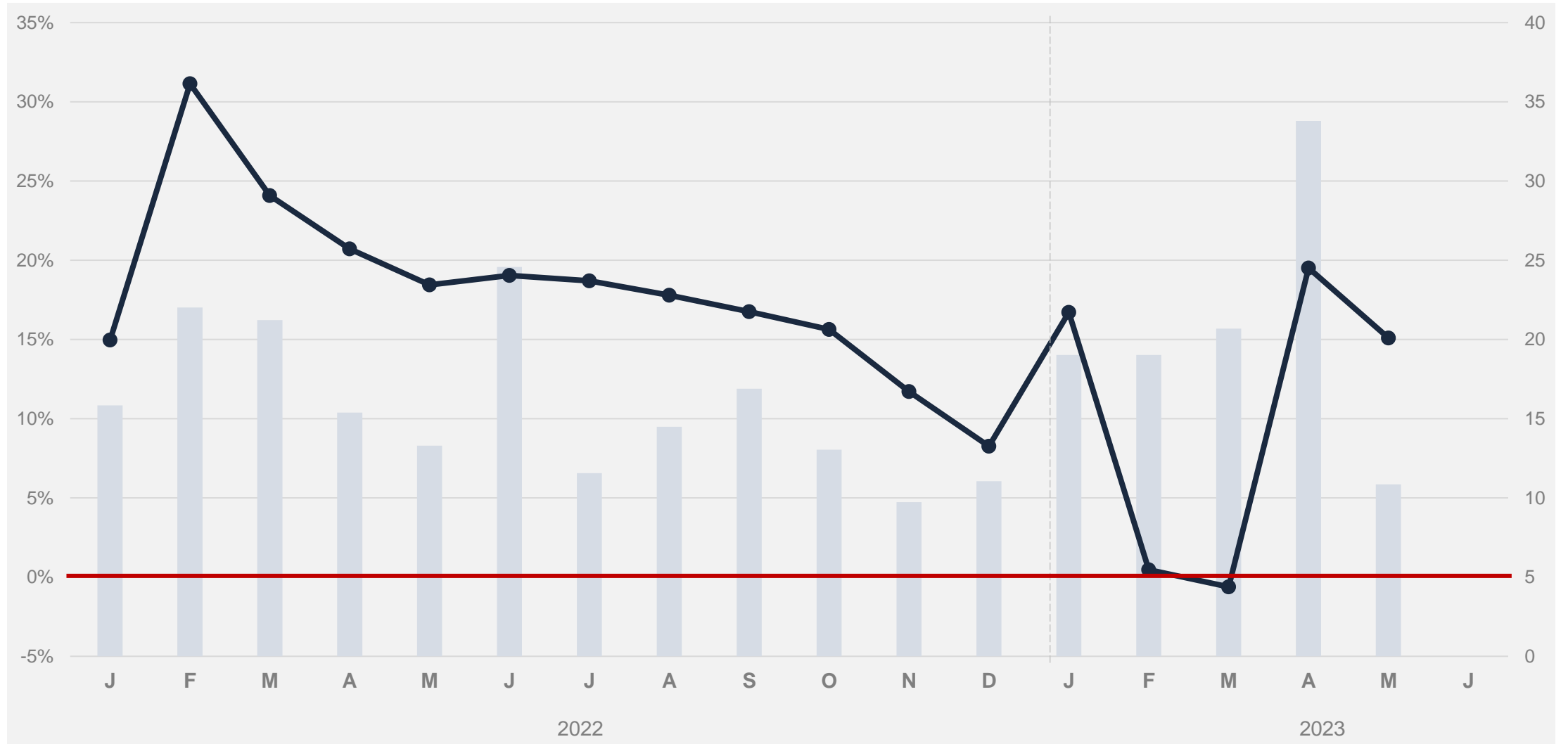
Services & Consumer Spending



Economic Outlook

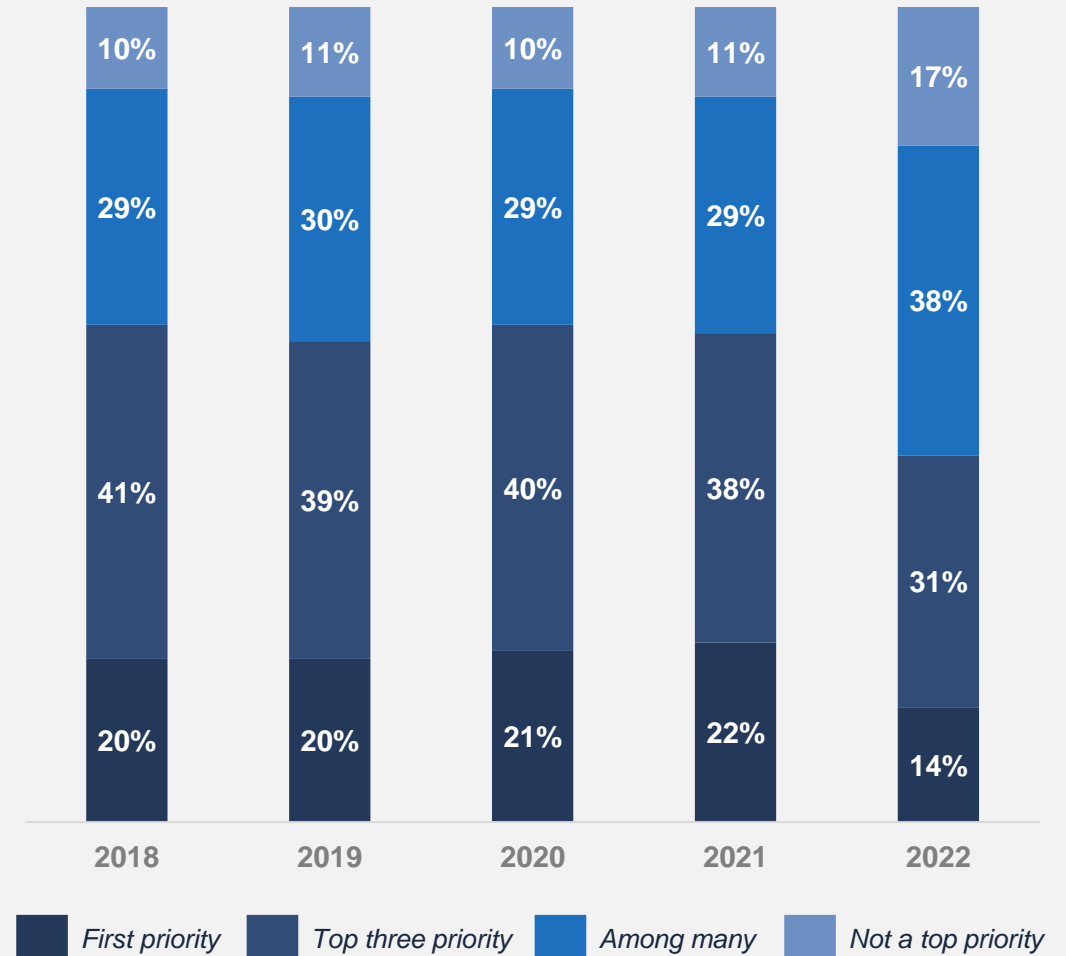


Foreign Direct Investment (FDI) *FDI flow and accumulated FDI growth (y/y % change)*

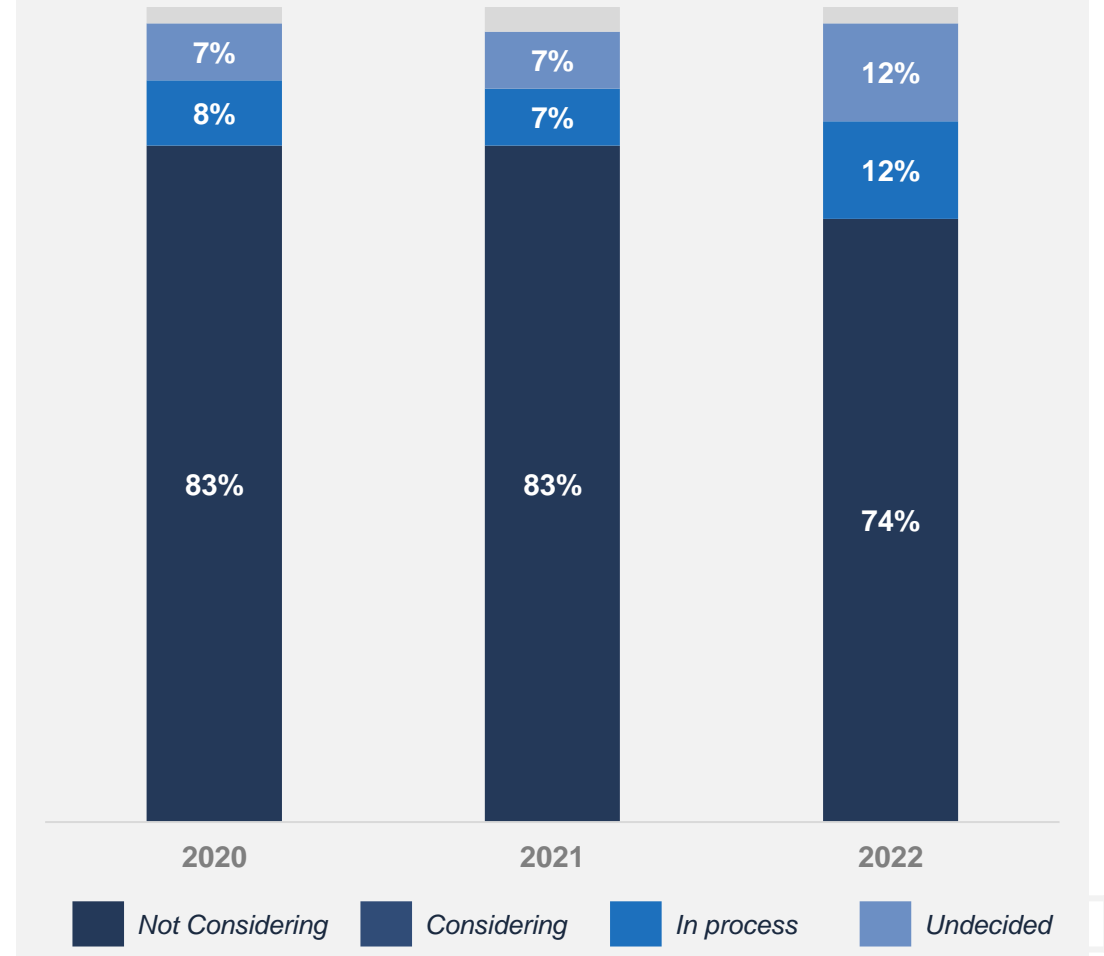


Business Confidence Survey *AmCham China 2023*

China's Rank in Near Global Investment Plans



Relocating Sourcing or Manufacturing Outside China



Factors Influencing Economy



Geopolitical Tensions



China Retaliatory Policies



Domestic Policies



Domestic Actions Against Foreign Companies

Foreign Relations Law *overview*

Basis

- Safeguard China's sovereignty, security, and development interests
- Protect and promote the interests of the Chinese people
- Build China into a great modernized socialist country
- Realize the great rejuvenation of the Chinese nation

Actions

- Has right to take measures “against acts that harm [its] sovereignty, security, and developmental interests in violation of international law and fundamental norms of international relations”
- Treaty implementation or application must not “harm national sovereignty or security, or the societal public interest”

Enforcement

- Ramping up “legislation in foreign-related fields,” especially legislation to protect Chinese citizens and entities from foreign sanctions, interference, and long-arm jurisdiction
- Expanding extraterritorial application of Chinese laws
- Improving the ability of Chinese courts to apply foreign laws
- Training more Chinese jurists to understand and apply foreign and international law

National People's Congress (NPC) Legislative Agenda 2023

Scheduled		Unscheduled		
June	<ul style="list-style-type: none"> ➤ Foreign Relations Law ➤ Administrative Reconsideration Law ➤ Marine Environmental Protection Law ➤ Foreign State Immunity Law 	Revision	<ul style="list-style-type: none"> ➤ Law on the Oversight by the Standing Committees of People's Congresses at All Levels ➤ Public Security Administrative Punishments Law ➤ Cultural Relics Protection Law ➤ Law on the Prevention and Control of Infectious Diseases ➤ Frontier Health and Quarantine Law ➤ Mineral Resources Law ➤ Science and Technology Popularization Law ➤ National Defense Education Law ➤ Criminal Law Amendment (XII) 	
August	<ul style="list-style-type: none"> ➤ Company Law ➤ Value-Added Tax Law ➤ Civil Procedure Law ➤ Administrative Litigation Law 		New Laws	<ul style="list-style-type: none"> ➤ Patriotic Education Law ➤ Public Health Emergency Response Law ➤ Academic Degrees Law ➤ Preschool Education Law ➤ Tariff Law (and other tax laws) ➤ Energy Law ➤ Atomic Energy Law ➤ Law on Ensuring Food Security ➤ Social Assistance Law
December	<ul style="list-style-type: none"> ➤ Rural Collective Economic Organizations Law ➤ Charity Law ➤ Financial Stability Law ➤ Civil Compulsory Enforcement Law ➤ Emergency Response and Management Law 			



Stimulus

Private Sector Support

- Party Central Committee and the State Council released guidelines to support the private sector, including
 - Ensure private companies receive equal treatment to their state-owned counterparts
 - Remove market access barriers that hinder private business
 - Expand private companies' access to financing
 - Better include input from private companies in the policymaking process

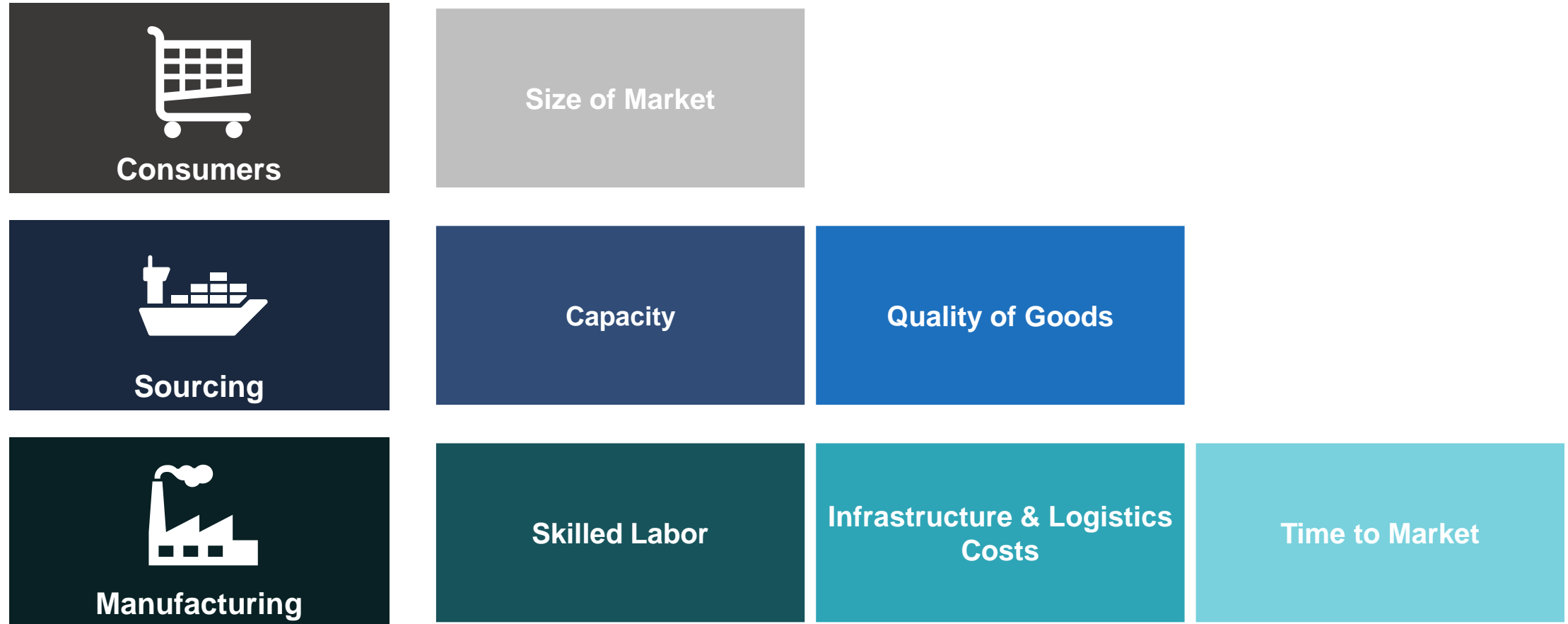
General Business Support

- National Development and Reform Commission (NDRC) has noted that two new policies to support (private) business will be launched soon

Consumption

- National Development and Reform Commission (NDRC) has noted new policies to boost consumption will be introduced

Reasons to Invest in China *compared to other investment destinations*





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