COVID-19 flares again in China

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China is experiencing a second wave of COVID-19 infections, centred on Beijing. Despite aggressive testing and quarantine measures, the number of cases continues to climb, with 22 of the 26 confirmed infections countrywide on Saturday occurring in the Chinese capital of more than 20 million people. Three of the six asymptomatic cases detected on the day were in Beijing.

While the numbers are relatively small compared to the US, Brazil, India and Europe, the outbreak is a warning that the highly infectious and deadly coronavirus can rapidly re-emerge if restrictions on movement and gatherings are removed. Governments around the world are pushing for a return to work in unsafe conditions so as to boost corporate profits.

Beijing had gone for some days without a new COVID-19 case being detected. Local authorities reported on June 9 that the last active case had been discharged from hospital. Restrictions in the city were being lifted and widespread temperature checks were being wound back. The opening up proved to be premature, however.

On June 11, a 52-year-old man with symptoms tested positive for COVID-19. The source of the infection was traced to the huge Xinfadi wholesale market that supplies more than three quarters of the city's fruit and vegetables. Over the past 10 days, 227 cases have been detected.

Large areas of Beijing have been placed in lockdown, with people in high-risk areas being barred from leaving the city for other areas of the country. Outward-bound taxi and car-hailing services have been suspended. Quarantine measures have been imposed on around 90,000 people in 22 medium-risk residential neighbourhoods in Beijing

The city's health authorities have rapidly ramped up testing and contact tracing for workers and visitors to the Xinfadi market, including tens of thousands of food delivery workers who provide food to restaurants and food outlets. Reportedly, some 360,000 tests have been done.

Just days after the first case was detected, PepsiCo shut one of its food processing plants in the Daxing district of Beijing after at least one employee tested positive. According to a senior disease control official, Pang Xinghuo, eight people at the plant had been infected.

Last week Xu Hejiang, a Beijing city government official, warned that "the risk of the epidemic spreading is very high" and promised "resolute and decisive measures." Health officials spoke of putting Beijing in "wartime mode." The heaviest impact was in working-class areas, however.

Krish Raghav, a correspondent for the *Guardian*, observed that who was impacted by the "war" was determined by social class and geographic proximity. "Many of the initial cluster of cases were working-class migrants: restaurant workers who lived in the same dormitory, seafood sellers, drivers," he explained. "Thousands of frontline retail workers were tested over the next few days."

"But walk around the hutongs around Beijing's Art Museum—an area of upscale shops and restaurants—and you could see that nothing was different: barbecue stalls spilled out into the street and raucous picnics continued with face masks around the chin."

The distinction is not accidental. As in other countries, the Chinese government is determined to re-open the economy as quickly as possible, making workplaces and factories among the most likely places for new outbreaks.

Two months ago, Chaoyang District of Beijing was evaluated as a high-risk area. Concerns have been raised about a second wave of infections, but the government has been more intent on restarting the economy and getting workers back into the workplaces

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than in preventing a fresh COVID-19 outbreak.

Even before the pandemic the Chinese economy had been slowing, with a huge contraction in the first quarter of 6.8 percent. With the potential for a second quarter of negative growth, Premier Li Keqiang declared at the National People's Congress in May that he would not set a growth target for the year.

Commenting on the COVID-19 outbreak in Beijing, Hao Zhou, an economist at Commerzbank in Singapore told the *Financial Times*: "The economic recovery will be much more uneven compared to what we thought a few weeks ago. Things will be much more complicated."

There have been some signs of rising industrial production, car sales and spending on services in May amid optimism that the spread of COVID-19 had been brought under control, but its re-emergence could rapidly change the economic outlook. A sharp recent drop in rail passenger numbers in Beijing is one indication of how rapidly economic activity can change.

"Even without a Wuhan-style shutdown, the local economy [in Beijing] will suffer and fears of contagion will propagate," Aidan Yao, an economist at Axa Investment Managers, told the *Financial Times*.

An economic slowdown in China would also affect the global economy, dampening expectations that a rapid Chinese revival—with its demand for parts and raw materials and supply of key manufactured goods—would assist struggling economies elsewhere.

There are deep concerns in Beijing about the impact of the economic slowdown. The Chinese government has regarded 8 percent annual economic growth as necessary to maintain high levels of employment and prevent social unrest. The official jobless figures have been rising, particularly for young people. The employment rate for people aged 16–24 is at nearly 14 percent, or more than twice the figure for the workforce as a whole.

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