

# Impacts of China lifting Covid measures for arrivals

China will lift Covid measures for international arrivals. This will benefit foreigners visiting China as well as residents in China visiting foreign locations. The measures should initially benefit the travel and hospitality sectors as well as catering. Then gradually it will lead to an increase in the mobility of residents in the country



## China eases Covid measures for international arrivals

China will [ease border controls](#) from 8 January 2023. This is a policy response to match the [management of Covid](#) in China that will be downgraded from class A to class B.

The most important measures is that there will be no nucleic acid tests nor quarantine for international arrivals. International arrivals in China only need to take a PCR test within 48 hours before departure, and only those with negative results can enter China. There is no need to apply for a health code; travellers only need to declare their health status on the customs card.

## Likely impacts

**International travel flows will increase**

The removal of quarantine when entering Mainland China means business travels will resume very soon. It also means that residents who still have a valid visa visiting foreign countries can travel without the need of quarantine when they return to Mainland China. Both will bring increased activities to travel-related industries, like airlines, hotel accommodations and catering.

Even with the current spike in the number of Covid cases business travels should resume quickly as people in most locations outside China have gotten used to living with Covid. We believe that leisure travels into Mainland China will resume more likely from the Easter holiday.

### **Domestic resident mobility should pick up as well**

The positive impact of these easing measures should go beyond international travellers. The easing could also reduce the level of worries of Covid among the general public, and gradually they would not perceive Covid as a big threat. This should increase mobility within the country from the first quarter of 2023, and therefore consumption as well.

## **How long will it take for the Chinese economy to recover to pre-Covid levels?**

It is really about timing when it comes to the question of economic recovery to the pre-Covid level. The tricky part is that even though the Chinese government is working hard to open the domestic economy with an easing of Covid measures or even eliminating most of them, the timing is not perfect. Our house view is that the US and Europe could enter a mild recession in the first half of 2023. As such, there will be fall in external demand, export-related activities, including manufacturing, should slow, which would derail the recovery of the Chinese economy.

We therefore expect that the Chinese government will increase fiscal strength to support the domestic economy by continuing construction of uncompleted home projects and plans for more transport, energy and technology infrastructure.