

China: the consequences of the 'zero COVID' strategy

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In the first half of 2020, it seemed that, with its 'zero COVID' strategy, China had outperformed many other countries in its efforts to contain the pandemic. Two years on, when COVID-19 is no longer a critical issue for most of the world, the pandemic situation in China, whose population has not acquired collective immunity, is becoming increasingly difficult. Furthermore, the economy is grappling with challenges that the rest of the world has largely moved on from and is facing new ones arising from the Russian invasion of Ukraine. At the same time, the fight against coronavirus has become politicised and has largely become stripped of its health dimension. China is sinking deeper and deeper into self-isolation, which is beginning to have a negative impact on its international environment, and the continuation of its 'zero COVID' strategy is destabilising the global economic system by disrupting supply chains.

The strategy to combat SARS-CoV-2, christened 'zero COVID' by party propaganda, has evolved over the course of two years, adapting to the changing pandemic situation,¹ but its unchanging foundation remains the goal of a total elimination of infection in the population. Consequently, it is based on two basic mechanisms: the strict isolation in special centres of all infected persons regardless of their health status, and the seclusion at home or work of entire communities where even a single case has emerged until no new infections have occurred in the isolated group for a period of two or three weeks. Both measures require continuous mass testing and strict contact control and must be implemented within basic administrative units – regardless of the area they cover or the size of the population, which sometimes is in the tens of millions. The strategy is accompanied by the strict isolation of mainland China from the rest of the world. Travel to and from the country is restricted: foreigners are issued visas infrequently and only in exceptional circumstances, and the authorities are doing everything possible to discourage Chinese citizens from travelling. Visitors must undergo a seven-day quarantine in a special centre, stay in self-isolation at their place of residence for a period imposed by the local health authorities and undergo a series of tests for coronavirus.

The 'zero COVID' strategy was based on two assumptions: that SARS-CoV-2 could be completely eradicated and that the course of the pandemic would be similar to the 2002–2003 SARS epidemic (which ended with the disappearance of the pathogen, which evolved into a variant which is harmless for

¹ Cf. M. Bogusz, 'The delta variant in China: the 'zero infections' strategy', OSW, 11 August 2021, osw.waw.pl.



humans). More than two years later, both theories have been proven wrong. COVID-19 has become a globally endemic disease that, through a combination of vaccinations and outbreaks, most of the world population is getting better at, but at the cost of at least 6 million casualties worldwide.² At the same time, the Chinese population remains as vulnerable to it as in the first half of 2020, despite a mass vaccination programme that has officially covered more than 89% of the country's population. The lack of collective immunity is, among other things, a consequence of basing the vaccination programme only on domestic preparations, which already at the stage of clinical trials showed much lower efficacy and shorter duration of protection than the Western ones. Another problem is the low vaccination rate in the 80+ age group (61%).³ On the other hand, it is also the result of isolating the population from the coronavirus. As a result, not only has there been no mass acquisition of immunity through vaccination, the lack of contact of vaccinated people with the virus has also prevented the immunity gained through vaccinations from being spread. As a result, deviating from a 'zero COVID' strategy risks a rapid course of successive waves of infection with new SARS-CoV-2 variants, which, due to having evolved outside China in a population with acquired immunity, have a higher reproduction rate. In July this year, the Omicron BA.5 sub-variant, responsible for the current global increase in cases, reached China. As a result, although mainland China is still only recording hundreds of cases of new infections, this number is increasing.

The politicisation of the fight against a pandemic

While the 'zero COVID' strategy was an initial success in mid-2020, it quickly became important in China's domestic and foreign policies, and its role in healthcare was pushed into the background. Domestically, the Chinese Communist Party (CCP) leadership, headed by General Secretary Xi Jinping, used it to rebuild domestic legitimacy⁴ – damaged by the mistakes of late 2019 and early 2020, when a new disease was concealed and measures to prevent the spread of a then-unknown coronavirus were delayed, which was the initial cause of the outbreak of the COVID-19 pandemic. 'Zero COVID' mechanisms also resonate with an authoritarian turn in domestic politics, a return to tight control of the population and its ideological indoctrination.⁵ The strategy is also increasingly becoming a method of testing the loyalty of party cadres, who are evaluated based on their zeal in implementing even its most irrational elements. From this point of view, the tactics adopted to combat the coronavirus take on the characteristics of a mass political campaign. In doing so, it also fits in with Xi Jinping's programme to increase China's cultural, ideological and social distinctiveness. On the international arena, in turn, it has become one of the CCP's

points of ideological rivalry with the West and with the liberal democratic system. The success of the first two years of the pandemic was to be the ultimate proof of the superiority of the Chinese model.

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The politicisation of the 'zero COVID' strategy has led to a situation wherein any attempt to undermine it in public discourse is considered tantamount to calling the legitimacy of the CCP into question. Doubts raised by international organisations or experts are ignored as part of a political offensive by 'hostile external forces'. Criticism within the apparatus, on the other hand, is considered an element of

² See *WHO Coronavirus (COVID-19) Dashboard*, covid19.who.int.

³ To encourage seniors to vaccinate, it was reported at the end of July that the top leadership of the CCP had also been inoculated with the domestic vaccines.

⁴ See M. Bogusz, 'China: the traps of the 'people's war' against coronavirus', OSW, 28 May 2020, osw.waw.pl.

⁵ See M. Bogusz, J. Jakóbowski, *The Chinese Communist Party and its state. Xi Jinping's conservative turn*, OSW, Warsaw 2020, osw.waw.pl.

factional warfare and an attack on Xi Jinping, who is closely associated with the strategy in propaganda. As a result, the method of fighting the coronavirus has been held hostage to growing tensions within the party apparatus ahead of this autumn's scheduled 20th CCP Congress, which should elect a new Central Committee and replace the leaders of its bodies.⁶ At the same time, public resistance against the continuation of 'zero COVID' is growing. Censorship has so far been able to limit expressions of discontent, and the security services have been effective in pacifying isolated protests involving hundreds of people in separated neighbourhoods; the social control tools introduced as part of the strategy are instrumental in this. However, police action and propaganda are failing to dampen the growing disillusionment and feeling that things are not going in the right direction in the country. The weakening economy and the problems of containing COVID-19 are echoes of the question of the regime's internal legitimacy, which will have to be addressed in the medium term.

Unintentional deglobalisation?

While in 2020–2021 the 'zero COVID' strategy not only meant it was possible to avoid a significant proportion of deaths in China, but also saved the national economy from severe collapse, in 2021–2022 it has been generating difficult challenges. New variants of SARS-CoV-2, characterised by a greater infection rate, are forcing local authorities to impose more onerous restrictions and to keep them in place for longer than before. This is disrupting the economy, which is expected to post growth of 0.4% year-on-year in the second quarter of this year. Unemployment among young people entering the labour market is increasing. Problems are also increasingly affecting internal supply chains and those heading abroad. Dependence on exports has started to rise again over the past two years, which is slowly beginning to affect the overall economy. The persistence of zero COVID restrictions is limiting the potential for domestic demand to rebound and negatively affecting the revitalisation of the services sector. These were to be the main drivers of the change in the development model announced at the beginning of Xi Jinping's rule in 2012–2013. China was to reduce its dependence on exports and infrastructure investment, and its economy was to be based on domestic consumption and domestic supply chains, for which trade with the rest of the world and foreign investment were to become just an add-on ('dual circulation').

At the same time, the international environment is changing. Demand abroad, which was largely driven by the stimulation of anti-crisis programmes during the pandemic,

” Declining demand abroad (which had been bolstered in large part due to stimulation by anti-crisis programmes during the pandemic) and export volumes are already on a long-term downward trend.

is declining. Admittedly, rising inflation still preserves nominal export growth, but the volume of exports has changed little and is on a long-term downward trend.⁷ At the same time, sticking to a 'zero COVID' strategy discourages foreign entities from further investment and forces many global companies to diversify their supply chains or to withdraw from China. This is compounded by the international political situation and the acceleration – in the face of the Russian invasion of Ukraine – of the formation of two camps: China and Russia⁸ on the one hand and the US-led West on the other. As a result, most developed countries are warning companies to be more cautious about investing in China and restricting technology exports to the country by formal and informal means. As a consequence of all these developments, mainland China is gradually losing the advantage gained in 2020 and 2021.

⁶ See M. Bogusz, 'Omikron w Chinach – polityka „zero tolerancji” przed XX zjazdem partii', OSW, 20 January 2022, osw.waw.pl.

⁷ 'China's extraordinary export boom comes to an end', *The Economist*, 14 May 2022, economist.com.

⁸ See M. Bogusz, J. Jakóbcowski, W. Rodkiewicz, *The Beijing-Moscow axis. The foundations of an asymmetric alliance*, OSW, Warsaw 2021, osw.waw.pl; also, 'Koniec gry pozorów: demonstracyjna koordynacja między Pekinem i Moskwą', *Komentarze OSW*, no. 428, 23 February 2022, osw.waw.pl.

Perspectives

All indications are that the party leadership will pursue a 'zero COVID' strategy at least until next March, when the National People's Congress implements the personnel decisions of the 20th CCP Congress. The top priority for the Communist Party is to ensure political stability within the system. However, this strategy sustains the country's dependence on exports and, by strangling domestic consumption, it also defers any chance of increasing its economic self-sufficiency and resilience to foreign economic pressures. These directions of change advocated by Xi Jinping were supposed to guarantee the CCP government's internal and external security. However, with the serious shortcomings of the healthcare system (especially when compared to OECD countries), the Chinese leadership is faced with a difficult alternative: either abandon the 'zero COVID' strategy, with the risk of a wave of disease and the death of several million people, as well as serious political repercussions at home and a propaganda disaster abroad, or maintain it despite mounting economic problems and growing social discontent.

At the moment, the authorities are trying to respond to the situation by changing some of the solutions adopted in the strategy.

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Under the banner of a 'dynamic zero COVID strategy' (among other things) the quarantine rules for foreign arrivals have been systematised and standardised, being reduced from 14 to seven days. There is an emphasis on mass screening tests to detect new outbreaks as early as possible and to respond with 'micro-lockdowns' which, rather than isolating whole towns, will be restricted to individual settlements or neighbourhoods. Every Chinese resident will have access to a swabbing point no more than a 15-minute walk from their place of residence, and temporary isolation centres are being transformed into permanent centres. However, it is doubtful whether these measures will allow a return to a relatively normal socio-economic functioning and also be able to stop the spread of further SARS-CoV-2 variants.

Another major problem is the cost of the strategy. It is becoming an increasing financial burden for local authorities, which are also facing declining revenues due to reduced economic activity and tax breaks granted to businesses by Beijing. There are also a growing number of bankruptcies in private healthcare, which is the main provider of medical procedures in some regions, as lockdowns have deprived them of the ability to provide other services. Prolonged restrictions are also having an increasingly negative impact on education, especially in the countryside.

With the problems arising from the 'zero COVID' strategy dynamising and multiplying the negative socio-economic phenomena that have been growing for years, the Chinese leadership may be forced to take radical action in the medium term, which can be summarised as three alternative but not mutually exclusive options.

1. A departure from the strategy with all the negative consequences it entails, including the risk of internal crisis and a wave of casualties comparable to that in many Western countries. This would, in time, allow China to reintegrate economically with the rest of the world and return to trying to change the development model under the 'dual circulation' programme.
2. External expansion through the use or threat of military force, which would increase the regime's internal legitimacy in a wave of nationalist sentiment. The introduction of a quasi-war economy would solve a number of structural problems, and gaining dominance in East Asia would open up access to new markets and force other countries in the region to reorient their economies towards China.

3. A radical socio-economic transformation in the country, based on an increase in redistribution, accompanied by the restoration – at least in part – of central planning and the control of domestic consumption and increased ideological pressure on the population.

Whichever path the CCP leadership takes, China – the world’s second economy and now an irremovable part of many supply chains – will be a significant destabilising actor under its rule, both regionally and globally.