

China Bounces Back from the Mysterious Coronavirus Epidemic

On December 30th 2019, first case of Coronavirus was reported in China's metropolis Wuhan. Since then the pneumonia like virus has spread to over two dozen countries around the world, with almost 40,000 patients being affected worldwide. The death toll continues to increase daily, and as of now more than 900 casualties have been reported globally. The new coronavirus is named as 2-19-nCoV, which has affected mostly the people of Wuhan, capital of Hubei province. With the mushrooming of Coronavirus, the flights to and from China have been cancelled and has drastically affected the Chinese economy. To stop the proliferation of the virus outside China, authorities have restricted the travel to and from China. More than 48 million people in China have been restricted from travelling, as the citizens were ordered to only leave their homes for essential reasons. The reports suggest that coronavirus initially affected those who worked or shopped in the Huanan meat market. The symptoms of the coronavirus include cough, fever and difficulty in breathing and in worst cases in leads to organ failure too. In this case of viral pneumonia antibiotics don't work. Coronavirus is said to transmit through human to human contact.



The Chinese health crisis has put the entire global economic system to a test. A heavy disruption is expected in the production of goods of bigger international companies, which includes Apple Inc., Tesla and many others. Food chains like McDonalds and Starbucks have closed down their outlets on the request of the government to contain the spread of the disease. Companies operating in China, or those having production facilities located in China are relocating their staff. The coronavirus is not only a challenge to the Chinese citizens or the booming Chinese economy but many has also challenged the government. To overcome such predictions, the Chinese government responded with effective measures for containing the spread of Coronavirus.

Prevention Measures:

- House to house searches for screening of virus by teams of medical workers.
- Immediately placing the infected to the quarantine centers.
- Transportation lockdown: railways, buses etc.
- Travelling restrictions: to and from China.
- Government ensures food and medical supplies to the affected Chinese cities.

- New hospitals are constructed on a war-footing.
- Holidays for schools and businesses are extended after the Chinese Lunar Year celebrations.
- Screening at the airports.
- Temperature detection of passengers and motorists travelling on airport and highway respectively.
- Cleaning and disinfecting railways, buses and subways.
- Chinese government is using the country's powerful surveillance apparatus to track down the journey of those infected by the coronavirus.
- The Chinese finance ministry has allocated \$10.26 billion to fight coronavirus, which aims to ensure that the public can afford diagnosis and treatment.

For containing the new epidemic the Chinese government has beefed up the preventive measures nationwide and has declared first level public health emergency. Huge force of doctors and nurses are sent to Wuhan. The medical and food supplies are also rushed to the city to avoid any delays in the treatment. Despite the outbreak of the deadly virus, Chinese authorities have taken strong measures in this fight and the factories did not halt their production of masks and protective clothing. A strong coordination of civilian and military resources can be witnessed in China. According to the authorities more than half a million of medical staff has joined the fight for preventing the epidemic. A major policy banks in country, China Development Bank has offered a loan of \$288 million for preventing and controlling the coronavirus. In Guandong Province, the factories have resumed the production of protective masks after the Festive Holidays.



Although the villages are the weakest link in the chain of prevention and control, but after the spread of coronavirus, the villages in China have taken the toughest and smartest steps to fight the new virus. Regular announcements are made by the village chiefs, alerting people to wear masks, wash their hands regularly and avoid meeting and greeting others on the occasion of Lunar New Year. The people are advised to keep in touch with their relatives through mobile phones, instead of travelling to other cities. All those travelling through public transport are advised to wear masks as a safety measure. The passengers are required to undergo temperature detection points when passing through entry-exit points. Passengers have to fill in the health declaration cards and those with symptoms are provided immediate help. As a public health measure, the motorists and labor force have to undergo temperature detection before they start journey on national highway. The public health authorities have ordered the regular cleaning and disinfecting of the railway stations and subways. The railway authorities have also provided masks, gloves, and protective suits to the railway police as a part of preventive measure.



Apart from these measures, the medical and vaccination centers in the country are taking measures to ensure a successful fight against the coronavirus. Two diagnostic kits have been developed to fight coronavirus by the Wuhan Institute of Virology of the Chinese Academy of Sciences. Furthermore, the Zhongnan Hospital of Wuhan University has developed an optimized method of testing, which helps the infection to be diagnosed in just two hours. As a result of this, the treatment can start quicker than before and recoveries are faster. The mortality rate by coronavirus is 2% which is far less than that by the SARs, which plagued China almost two decades ago. Chinese doctors have also made progress in vaccine, whereby they have developed two chemical compounds that are effective in the treatment of coronavirus.



The Chinese public has full confidence in the leadership of their country for having the capability and capacity to fight the deadly virus. The Chinese government within 10 days built a new hospital for the treatment of infected patients in Hubei, China's central province. The authorities spent five hours on designing and planning the new hospital. More than 800 construction equipment was rushed simultaneously for constructing the infrastructure of the hospital. It was possible with the hard work of thousands of workers and with the joint efforts of Chinese experts, who worked round the clock. The new hospital, Huoshenshan, which means Fire God Mountain brought hope to many patients. Around 14,000 medical staff from the armed forces is working in the hospital treating the patients. The Huoshenshan Hospital has a capacity of 1000 beds for the patients. Many are suspicious about the mysterious spread of coronavirus, and label it as a biological warfare and propaganda against China. The virus has been a blow to the Chinese economy, and in coming days it can weaken China's negotiating hands in the future trade deals, especially effecting those between Beijing and Washington. Around the world many view the Chinese health crisis due to coronavirus as a commercial-biological-psychological war

against China to undermine her growth as a new strong player globally. The spread of Coronavirus has the power to change the rules of the game, where many will benefit while many will be at the losing end. The propaganda is merely creating a panic and fear against China amongst the masses. This is not the first time in history that people are dying from a disease. Ebola, SAR, swine flu and many other such diseases have killed people in the past. Those who suspect Coronavirus as an artificial crisis, implanted deliberately in China, question the coincidence of the disease being originating in Wuhan, which happens to be an industrial city, and eighth richest city in China.



The Chinese authorities have full confidence in successfully battling against the spread of the disease. The world has acknowledged their most rigorous and comprehensive measures. China has the capability to combat the new deadly virus and will be successful in eventually defeating it. Chinese authorities announced that a total of 3,281 patients were discharged from the hospital who recovered completely after being infected from the coronavirus. The rapid response of China serves as a model for the countries for tackling the future outbreaks. During these moment, Chinese public has been very hopeful and constantly helping in dedicating their

efforts for preventing the outbreak of coronavirus that has infected many. China has appeared as a united nation, and fighting the battle optimistically.

US CHINA TRADE DEAL

Over the past 17 months America and China have been trading blows through tariff on goods. The United States of America has imposed 25% tariff on every single Chinese product in US and that will further increase in future, the impact is being felt on industries worldwide. Whereas China decreases its imports from US. But recently a good step has been taken from both the countries in the form of "Trade Agreement".

The US and China signed a historic trade deal on 15th January 2020 and this deal could lead the future relation between both the countries. Both the countries are head-to-head from past couple of months and facing trade conflict, there are many circumstances when two world economic powers are creating hurdles for opponent. The deal that has been signed now could give relief to both the states.

Last year the president of the United States of America, Donald Trump, faced many challenges from the opposition to tough re-election bid. Mr. Trump called this deal as a "momentous" whereas the tariffs on the Chinese products in the US will stay the same leaving the Chinese product consumers with bare hands in the US. The deal was signed between Mr. Trump and Chinese Vice premier Lui He, who was negotiating with the representative of the US Robert Lighthizer and Treasury Secretary Steven Mnuchin.

This trade deal consists of different phases: Phase **"one"**

includes that China have to purchase different products including the crops and technical Equipment's (technology) that will boost the American interest, as china is having a market of over a billion people. The US is always adopting the protectionism policies and constantly choosing self-interest over everything.

In the signing ceremony Mr. Trump said, "Today, we take a momentous step, one that's never taken before with China," that will ensure "fair and reciprocal trade." The acceleration on trade boosted up the stock market rates around the globe, people are observing all this through the eyes of economics and expecting that the US will remove the tariffs from Chinese products in the future. Furthermore, he said thanks to Mr. Xi Jinping for his enormous effort in negotiation. It is the time to visit China for additional "Bilateral Agreements." But he also said he will only remove tariffs "if we're able to proceed towards phase "two." "I'm leaving them on. Otherwise we have no cards to negotiate with."

According to the reports, Trump Administration compelled Beijing to import an additional \$200 billion in US products over two years, above the levels purchased in 2017, this was the time when Trump administration have not adopted offensive policies towards China, including an additional \$32 billion in agricultural goods. Trump pointed the trade pact as a trade boon for the people in the field of agriculture, especially farmers who have been the victim of tariff war. The deal includes significant commitments from China to buy agricultural products, as well as airplanes, pharmaceuticals and oil and gas.

Analyst say that The US-China phase-one deal is essentially a trade truce, with large state-directed purchases attached. On the other hand, economists giving their views by saying "we will continue to see the impact of this in slower investment

and higher business costs.” The deal was signed at the time when US is thinking to implement more tariffs on Chinese goods and this deal delayed that crucial phase for Chinese.

Although the American Business man and farmers will get all the benefits from this trade deal. US can get bit relief after this agreement because in the previous year the US gave \$16 Billion to the US farmers to compensate in China- US trade war. China is only agreeing to make purchases for the next two years and is vague about what happens after. The agreement says, the countries “project that the trajectory” of increased purchases would continue through 2025.

China India Trade

From the past years, China and India are engaged into various conflicts and an example of tensions between them was seen on 21st October 2017 when both the Asian giants were face to face. The tensions escalated to a level where they were in a state of war. The Sino-Indian War of 1962, border conflict, is also an example of the bitter past between China and India. Despite the rivalry the bilateral trade between China and India in post-1962 saw a rapid growth. In 2018, the trade between them touched \$87.6 Billion.

If we talk about 2019, the world’s two largest developing economies China and India are negotiating on different dimensions that promote free trade between both the courtiers. China and India both are the competitors in the race of growing economies. A partial equilibrium approach based on

highly disaggregated trade data shows that in a scenario where China and India are completely holding the markets, there would be a huge potential to create an impact on trade and welfare in their specific areas, where they enjoy a comparative advantage. Especially, with their annual GDP growth rates standing respectively at 6.2% and 6.1% for 2019, China and India have since come to be recognized as the fastest-growing economies. According to the World Bank estimates and assessments based on purchasing power, China and India have already become the second and fourth-largest economies of the world respectively, surpassing developed countries. Some economists predict that this century will be Asia's Century.

According to the reports India is thinking to cut or eliminate tariffs up to 80% on Chinese products that will be imported in the future, 16 countries are negotiating on a free trade agreement in Vietnam in which China and India are the main players. India plans to cut duties on 86% of imports from Australia and New Zealand, and 90% for products coming in from ASEAN, Japan, and South Korea. India would immediately eliminate customs duties on 28% of goods, while tariffs on other imports from China would be reduced or eliminated over a period of 10-20 years. The trade deficit with China in 2018-19 was a whopping \$53.6 billion.

Recently Xi Jinping visited India and the visit was dominated by trade matters. Mr. Modi wanted to reduce its huge trade deficit with China. The two leaders are concerned about their economies and thus want focus on trade. China and India share major contention even today due to their border issues yet both rivals have found a common ground, where their mutual interest is to strength their respective economies and utilize the economic potentials that this region offers. The relations between China and India are in the process, in terms of strengthening their economic ties. According to Indians, bilateral trade has been increased with China but so has the

deficit and this is a serious matter. Indians appreciate the steps that were taken by the Chinese to improve imports from India. These efforts could be the reason for more success of Indian pharmaceutical and IT products in the Chinese market. Chinese Foreign Minister, Wang Yi appreciated Indian concern over the imbalance of trade. He further said that we stand ready to continue providing facilities to Indian exports to China. He further emphasized on expanding cooperation in industrial production, tourism, border trade, and other areas so that we can achieve overall balance in Indo-China Trade relations. This year the bilateral trade will touch \$100 Billion and that is a historic trade figure between two countries. In the financial year that ended in March, Sino-Indian trade stood at \$87 billion, down 3% from a year ago. Indian exports rose by 26% and imports fell by 8%, shrinking the deficit by \$10 billion.

India and China are showing a huge interest in trade agreements not for the sake of other interests, both countries are self-centric, making their position stronger in the region. China is a big economic threat to the U.S and India is one of the closest allies of the U.S.

From Detachment To Solo Flight

By Harriss Ali Akakhail

When Ashraf Ghanni took over as president of Afghanistan in 2014, he made sure to fix economic woes of his country first and detach it from Pakistan, once and for all for a solo flight. As till then, Afghan economy was totally dependent on

Pakistan. Meanwhile, sense had always prevailed since the early 80's in Pakistan and is thoroughly cemented as of now that Afghanistan can never break the shackles of being depended on Islamabad and shall remain so. Islamabad trade volumes with Kabul, which were pulling over a \$2.6 billion mark (almost 70% of the market) in 2014, were so lucrative that anyone in Pakistan challenging the aforementioned deep rooted narrative that one fine day it may be witnessed Kabul getting away over a solo flight, was looked upon with a raised eye brow.

Ashraf Ghanni exactly knew all of this as of his extensive knowledge by performing in Afghan government from 2002 as a wizard of economy. He grasps well that Pakistan has a huge leverage over Afghanistan economics and can twist Kabul's arms at their own timings for concessions. One must keep a basic bottom line in mind that Afghanistan is an import oriented country, where it imports 90% of everything, from a needle to an aero plane. So, since early 2015, as president, he looked for other avenues like China / Iran / India, central Asian states and Europe for comprehensive bilateral trade. With this workable model, he wanted to prove a point home that Kabul can withstand Pakistan twists and turns.

Ashraf Ghanni's further trips in 2015 to Beijing, Tehran, Delhi and Central Asia got profound pledges in return. China started exporting her goods to Afghanistan in late 2016 via getting connected through a rail link. This cargo train pulls over oil, fuel, wheat, flour, fertilizer, construction material, agriculture, off highway material, consumer goods from Jiangsu and Zhejiang provinces in china, pass through Alataw pass in Kazakhstan, than all the way through Uzbekistan and ends up at their destination in Heratan district/Balkh province/Afghanistan. There are 2 trips per week and pulls over around \$8 million worth of goods. By this virtue, now, china would be sending over close to a \$500 million exports to Afghanistan in each calendar year and growing. China is

supplementary connecting Afghanistan northern Balkh province to south-western Herat province (bordering Iran) via Jozjan, Faryab, Badghais and Farah provinces, through dual rail tracks. This would be the sole connectivity of China to Iran via a rail track. So, from almost zero exports to Kabul, now china will be having a huge stakes in Afghan economy. There are few hiccups because of Uzbek government for a way back trip, carrying Afghan exports to China. So, to sort out this issue, now an alternative rail route is worked out via Tajikistan to get connected to Sheer khan dry port at Kunduz province and onwards to Iran as discussed beforehand.

While Pakistan was regularly busy in shadow boxing Kabul since end of 2014, Iran was gaining an upper hand into Afghanistan's economy. Iran trade via Dogharoun border terminal in Khorasan Razavi Province right into Farah, Herat and Nimroz provinces of Afghanistan has seen exponential growth. Iran – Afghanistan trade by end of 2016 stands at \$2.8 billion. This Irani onslaught has literally steamrolled the Pakistan's hegemony of controlling almost half of afghan economy.

Since 2015, Ashraf Ghanni opened his both arms and welcomed the Indians for investments. India came in with a huge list of sectors to invest in, both financially and in capacity building terms. From hospitals to schools, from parks to building dams, from training afghan army officers / media personnel / parliamentarians / businessmen / telecom sector related personnel / sportsmen and building institutions. Hosting Afghan cricket team international matches to stamping afghan visas at entry into India. Delhi gained tremendous access right into the minute details of the rugged country. India's trade, even having no direct rail or road link, with Kabul now hovers at around a \$1 Billion mark. Indians connected Afghanistan's capital Kabul, via metal road, with its south western provinces like Nimroz and Farah. Than taking it further south from there right into Iran's Chahbahar and Bandar Abbas ports. Signed a tri side, Delhi-Kabul-Tehran

memorandum of understanding (MOU) and gave taxation free zones for afghan traders over the ports there. This connectivity have given Indians access to central Asia and shall free afghan traders, in near future from being dependent on Karachi port.

Afghanistan has always faced a shortage of the basic eatable item, wheat. It consumes about 4 million ton of wheat per year but produces only around 1.5 million ton. Rest was imported from Pakistan. Since 2014, this import policy has also being altered. Now, around 2.5 million ton wheat straight comes from Uzbekistan and there is no need to ask Pakistan, again and again, to lift a wheat export ban so that Afghanistan can feed her nationals.

Next signature move by Ashraf Ghanni was the trade air corridor, through which Afghans are now exporting dry fruits and carpets to China, Europe, India, Turkey, Saudi Arabia and other parts of the world. It has earned them more than \$800 million in 2018 only and jacked up exports by 35%.

Work on construction of a rail track connecting Turkmenistan, Afghanistan and Uzbekistan is in progress, while Uzbekistan and Afghanistan is already connected via rail tracks. In 2018 late, came the Lapis Lazuli route, by which Afghanistan is now connected to Turkey and Europe through Turkmenistan, Azerbaijan and Georgia via road and rail links.

With the above mentioned stats and figures, it is vividly evident that since 2014, Pakistan trade volumes with Afghanistan have dipped from \$2.6 billion mark to a \$900 mark per year and further having a nose dive. If Islamabad's foreign policy, in terms of Kabul, remains as articulated as its now, we may see a seizure of total trade by end of 2019 with Kabul.

Pakistan has gifted her share of almost 70% of dominance of afghan economy to China, Iran, India, Central Asia and Europe

all by herself. Inexorable policy of “close the trade border” with Afghanistan have left irrecoverable grounds inside Afghanistan. This colossal gap within afghan economy is filled by others, some even not at good terms with Islamabad.

India and China are bitter rivals, but their bilateral trade now touches confounding figures of \$70 billion mark by the end of 2016. North and South Korea are arch enemies since 38th parallel was drawn after World War 2. But as per consensual trade, their example in terms of trade should be a benchmark for Islamabad and Kabul. Bilateral trade between north and South Korea stood at \$2.9 billion mark in 2016 and that's a larger than life figure. In today's modern world, every single country is connected to the other via trade. Trade is a lethal foreign policy gizmo and plays a mammoth role. It's like the queen of chess and if used like a shrewd player, game is all yours.

In 21st century, no one cuts off from her neighbor just because you can't change your neighbor rather you need to devise a way out as to how best live with it. Islamabad must revisit her policy and should realize that Ashraf Ghanni have created a scenario where he has taken Kabul's economy far away from Islamabad's influence and that's an achievement to be reckon with as a nationalist. From here, influencing Kabul for a concession via the economic lever would be a hard nut to crack.

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