

City sees June revival as GDP slides in first half

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Shanghai's gross domestic product in the first half tumbled 5.7 percent year on year, with the earlier growth drained by a two-month COVID-19 lockdown.

The city's GDP was approximately 1.935 trillion yuan (US\$287.27 billion) in the first six months, plunging 5.7 percent from the same period last year (calculated at comparable prices), according to the local statistics bureau.

Admittedly, Shanghai took a hard hit from the coronavirus resurgence in the second quarter. "In particular, during the lockdown in April and May, various economic activities, including investment, consumption, and imports and exports, were all greatly restricted," said Shen Kaiyan, head of the Institute of Economics at the Shanghai Academy of Social Sciences.

"The negative economic growth in the first half was par for the course."

Monthly activity data, however, reflected some recovery in June, thanks to the lifting of the lockdown.

The economy was still running with resilience, the statistics bureau noted, with Shanghai's economic recovery yielding tangible results last month.

Among major figures, industrial production and foreign trade of goods

notably rallied last month revising earlier slumps, growing 15.8 percent and 9.6 percent, respectively, from June 2021.

In the first half, industrial output of enterprises above designated size (those with annual main business revenues above 20 million yuan), plummeted 9.7 percent on year to 1.715 trillion yuan.

On the positive side, the bureau pointed out, the contraction narrowed sharply from the 15.3 percent decline in the first five months and the 23.2 percent slump in the first quarter.

This also highlighted the new growth drivers for the economy, which overcame the shock of the pandemic resurgence to lead the growth.

In January-June, the three leading manufacturing industries, namely integrated circuits, artificial intelligence and bio-medicine, together contributed an industrial production of 180.551 billion yuan, up 4.3 percent from a year earlier to outstrip the overall industrial growth.

Output of the IC sector rose 13.3 percent while that of AI soared 14.7 percent.

Digital economy-related indicators bucked the trend of recession. In the first half-year, value-added output of the information transmission, software and information technology services industry jumped

5.3 percent annually, pulling up the city's economic growth by 0.4 percentage points.

Market vitality is gradually recovering, the bureau observed. In the first half of the year, the paid-in value of foreign direct investment added up to US\$12.474 billion, up 0.2 percent over the same period last year.

The number of newly-established market entities bounced back, with a daily average of 1,257 new businesses in June, which was 40 percent higher than May and roughly the same level as in the first quarter.

The city also became home to 26 new regional headquarters and 10 new foreign research and development centers of transnational enterprises in the first six months, bringing the cumulative numbers to 857 and 516, respectively.

The economy's resilience, which is a spur for rebound, can only come from the recovery of the city's more than three million market entities of all sizes, Shen said.

"These market entities are the main support for stable economic growth, employment and prices. Once market entities are stabilized, we can find solutions to other problems."

The per capita disposable income of residents in the first half, however, fell 3.4 percent from the same period last year, to 38,996 yuan.

