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# The coronavirus threat to China's grand plans



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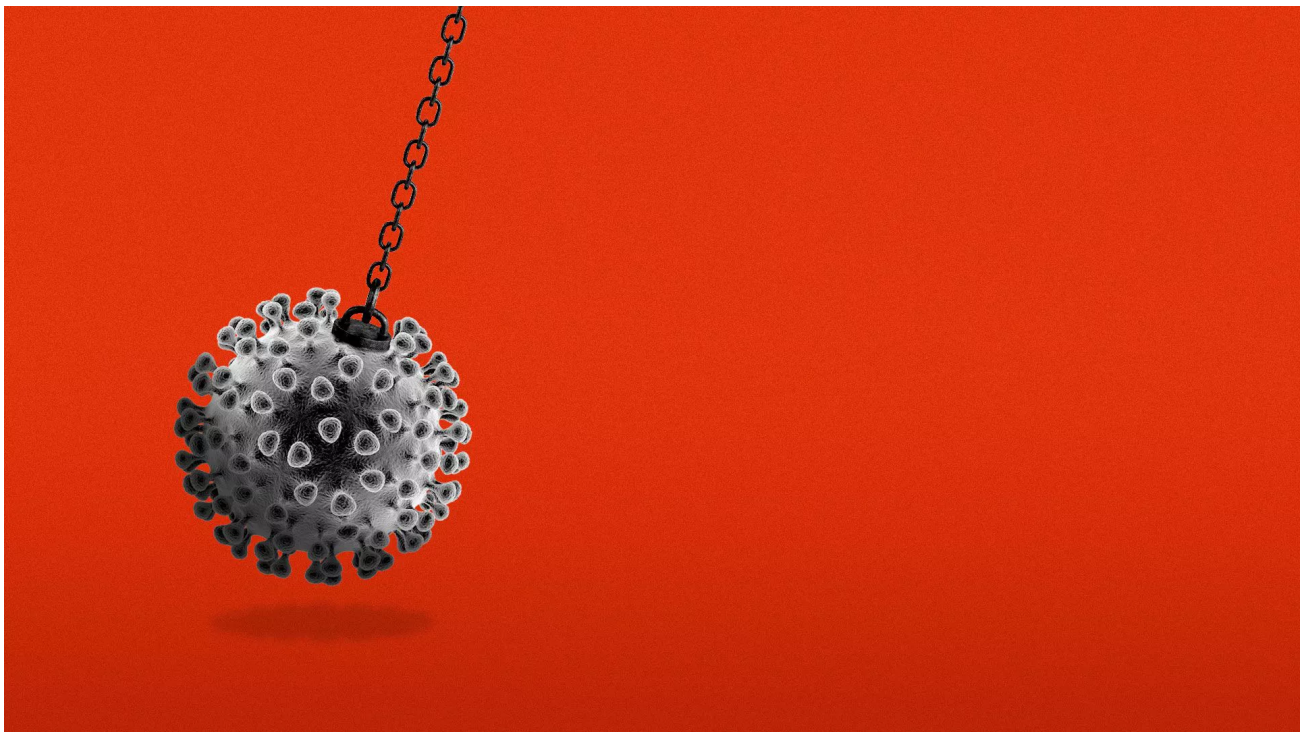


Illustration: Eniola Odetunde/Axios

outbreak spreads.

**The big picture:** Coronavirus is stress-testing Chinese President Xi Jinping's industrial and economic vision for the future as factories, supply chains and companies navigate the crisis.

**What's happening:** The outbreak, which has already [taken more than 700 lives](#) around the world, is soaking up all of China's resources and attention. "It reinforces an inward-looking China," says Samm Sacks, a fellow at the New America foundation.

- "[E]very organ of the Chinese state has been harnessed to enforce an unprecedented quarantine on 50 million people across 15 cities," TIME's Charlie Campbell [writes](#) in the magazine's latest cover story.
- "China's government has unleashed a 1 billion yuan (\$142 million) war chest to fight the outbreak amid a frenzy of construction work that, among other feats, erected a 1,000-bed hospital in just 10 days."

**On top of commanding all government resources**, the outbreak is upending China's industrial centers. "This will put a damper on China's access to foreign technology and slow the transition to high-value-added high-technology manufacturing," says Eswar Prasad, a China and world trade expert at Cornell University.

- Wuhan, the epicenter of the crisis where most industrial activity has halted, accounts for 4% of China's economy, [reports the Nikkei Asian Review](#). It's a region key to the country's automotive industry and "Made in China 2025" plan to dominate the technologies of the future, per the Review.
- Even factories that are starting to re-open are dealing with labor shortages as travel continues to be restricted across China, [reports WSJ](#). Thousands of smaller Chinese factories may permanently shut down as a result of the outbreak, one Chinese executive told the Journal.
- And major foreign companies, like Apple, Ford, Toyota and IKEA, are [rethinking](#) their China supply chains and presence.

**The other side:** As the outbreak spotlights China's reliance on the foreign technology and global supply chains, it "might also spur the government to further intensify its efforts to promote domestic innovation" and double down on its "Made in China 2025" plan, Prasad says.