

Newsletter

China's Borders Are Open, But Who's Coming In?

On the cautious return of China watchers

By [Enda Curran](#)

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The year of the rabbit is already looking more promising for that elite group of experts: the China hands.

Shut out of the world's second biggest economy since the pandemic began, this international group of professional China watchers, which includes former government officials, financiers, academics and consultants, were mostly forced to analyze the country's ups and downs from the outside looking in. A trip in person, even when technically possible, often made no sense. When US-based analyst Scott Kennedy went to China in 2022, it took him 17 days to get from Washington to Beijing, because of stringent quarantine controls.

Now, with the sudden reopening of China's international borders, its watchers are already making plans to visit again to see and hear what's happening on the ground.





Daxing International airport in Beijing. *Photograph: Wang Zhao/AFP/Getty Images*

Kennedy, a senior adviser on Chinese business and economics at the Center for Strategic and International Studies, says the reopening can only be good for overseas experts.

“Assuming China starts providing visas, the reopening will be hugely beneficial. We’ve become accustomed to accepting less information that feeds into analysis and policymaking,” says Kennedy. “Expanded travel will provide us more data and also allow us to triangulate and compare the relative efficacy of alternative sources of information.”

The stakes aren’t trivial. The exchange and interaction of experts between the world’s two biggest economies greases the wheels of global finance and commerce as executives and officials from either side glean for nuggets of information and know-how.

Figuring out the latest swings in China policy is crucial for businesses planning investment and fund managers choosing which security to trade. Closed borders made for bad business: Investment into China slumped in the final two months of last year, the most on record, reflecting the chaos around the exit from Covid Zero and as infections spread across the country. The 76.6 billion yuan (\$11.3 billion) in actually utilized new foreign direct investment in December was almost 29% lower than the same period a year earlier, according to Bloomberg calculations based on data from the Ministry of Commerce. That followed a 33% drop in November, the largest fall in data going back to 2015.

Rebuilding confidence in China as a place to invest is one reason the authorities will likely welcome the return of outsiders, to some degree at least.

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“I am eager to get on a plane to Beijing at the earliest opportunity,” says Eswar Prasad, a professor at Cornell University and a China expert. “Talking in person to policymakers, academics, bankers, and executives, and reading their body language is an indispensable adjunct to reading the data tea leaves. This is true in most economies but particularly so in China, where the flow of information remains controlled and government transparency is limited.”

For sure, there's more than a sense of wariness among observers that it's business as usual in China. The true impact of the Covid outbreak remains far from clear and, even aside from the health crisis, geopolitical tensions are overshadowing the granting of visitor visas. The ability to roam freely across the country is also unlikely.

“I used to travel all over China, and nothing replaces direct observation,” says Anne Stevenson-Yang, co-founder of the research firm J. Capital Research Ltd. “I'm sure I could go to, say, Shanghai and attend a conference. But if I want to see what's happening in a town in Hubei? Forget it.”

That caution is shared by Stephen Roache, a faculty member at Yale University and the author of “Unbalanced: The Codependency of America and China.” The veteran China watcher last visited mainland China in 2019, his longest time away in 25 years.

“I am wary of the enthusiasm I detect over a prompt reopening,” Roache said. “I have little confidence that China has carefully planned the transition from Zero Covid.”

Still, when US Treasury Secretary Janet Yellen and China's Vice Premier Liu He met Wednesday for their first face to face meeting, the talks were seen as a sign of easing tensions between the world's top economies. The Treasury said Yellen will visit Beijing later this year.

That meeting will likely pave the way for other visitors to follow.

“I have been invited already to a couple of events later in the year,” says Jim O’Neill, the former Goldman Sachs Group Inc. chief economist who coined the term BRIC. “I am guessing there will be further ones.” –[Enda Curran, Bloomberg News, chief Asia economics correspondent](#)

Opening Lines

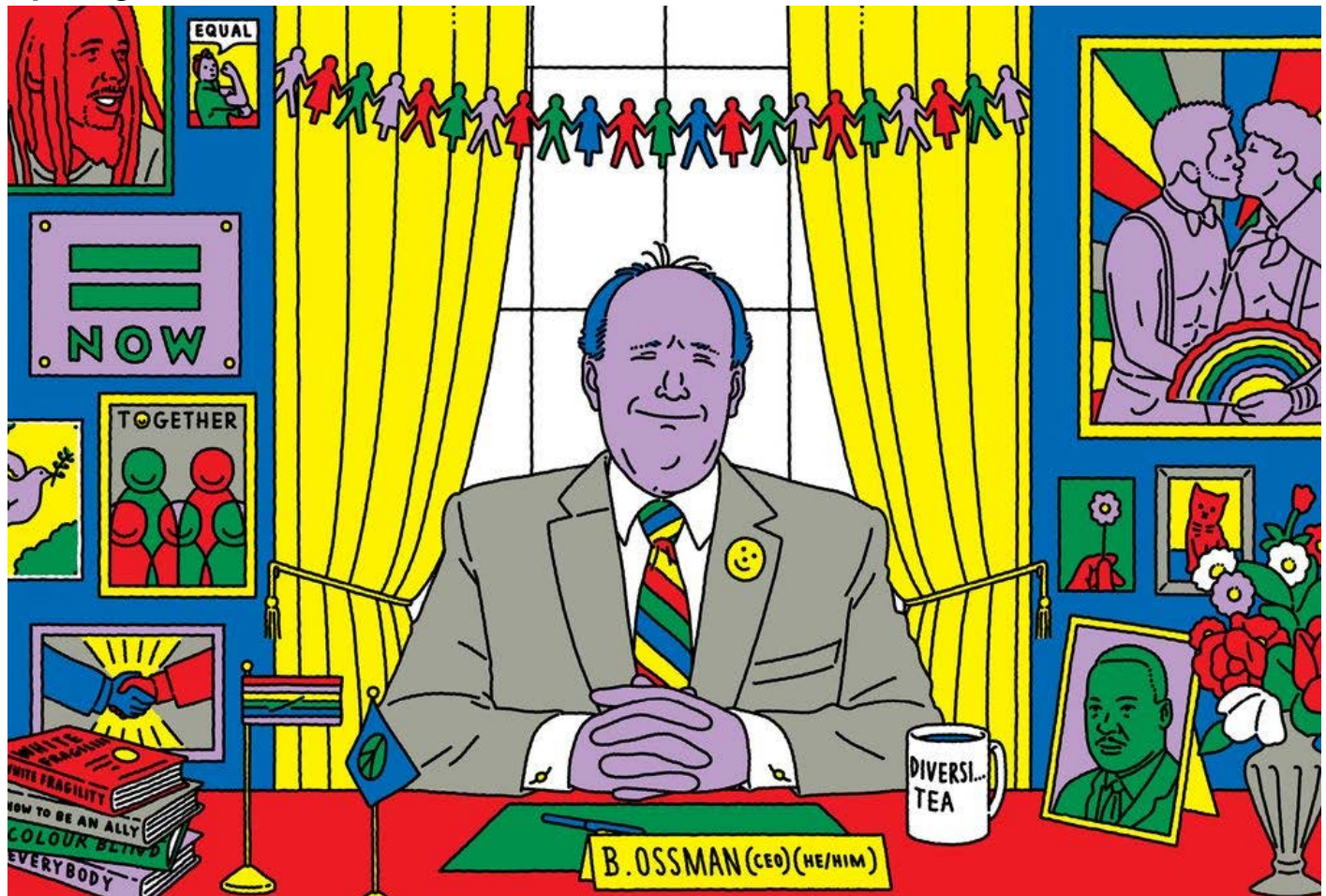


Illustration: Jim Stoten for Bloomberg Businessweek

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