



AS IT IS

## China's COVID Restrictions Hurt Production of Cars, Purchases of Goods

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China's COVID-19 restrictions in major cities like Shanghai are hurting its economy.

Shanghai is entering its fourth week of lockdown. Emergency measures were put in place as the city deals with a rise in case numbers. Many smaller Chinese cities are also seeing similar measures put in place.

Factories have shut down, including the Shanghai production plant of electric carmaker Tesla. Before Shanghai was shut down, interest in electric cars was high – and rising.

The current restrictions have hurt both the production and purchasing of goods. The 25 million people living in Shanghai, for example, have only been able to buy food and other important daily goods because the restrictions.

Economic experts at the company Nomura say that 45 Chinese cities were recently under restrictions. The observers say the restrictions could lead to an economic recession.

Companies including the fast-food restaurant Taco Bell and the fashion **brand** Gucci are reporting major financial losses because of the lockdown.

Joey Wat is chief of Yum China. The company owns **Taco** Bell and Kentucky Fried Chicken. She said in a letter to investors that April sales were greatly affected by COVID controls. In response, the company simplified its offerings and promoted large food orders for locked-down communities, she said.

Jean-Marc Duplaix is the top financial officer at Kering, the company that owns Gucci and Saint Laurent. He said, “It is very difficult to predict what will happen after the **lockdown**.”

Helen de Tissot is the top financial officer at Pernod Ricard, a French alcohol company. Tissot said, “Much will depend on how fast these restrictions can be lifted but the coming weeks may be difficult.”

In a recent message, computer and phone-maker Apple said it may not be able to produce as much because of the restrictions.

In large Chinese cities, leaders are giving local people shopping **vouchers** and asking them to spend money.

In the Guangdong province, a new program started with the hope of increasing sales of electric vehicles. People can get about \$1,200 to help with the purchase of electric vehicles. Tesla, however, was not included.

The city of Chongqing is offering **residents** money to trade in old cars for new ones.

Even with those new plans, economic observers at the bank Credit Suisse say the pandemic restrictions have started a downward **trend**.

I’m Dan Friedell.

*Dan Friedell adapted this story for VOA Learning English based on reporting by Reuters.*

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## Words in This Story

**taco** – *n.* a Mexican food made from a piece of folded bread called a tortilla with meat and cheese fillings.

**lockdown** – *n.* a closing of many places and businesses for safety reasons

**voucher** – *n.* a document that gives you the right to buy something

**brand** – *n.* a category of products made by a company that all have the same name

**trend** – *n.* a change of direction or change in outlook, such as a loss of business or a new idea

**resident** – *n.* a person who lives in a place

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