



Effects of COVID-19 Epidemic on China's Service Trade and Counter measures

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Received: 25 Nov 2020; Received in revised form: 22 Dec 2020; Accepted: 31 Dec 2020; Available online: 05 Jan 2021

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Abstract— *The spread of COVID-19 had a serious impact on China's foreign trade, and the population-intensive service sector was hit hard during this period. Due to the heterogeneity of service industries, the import and export of different service industries were significantly different before and after the epidemic, and the service import was much more significantly affected. Based on the survey data of service trade enterprises, it was found that the epidemic has different impacts on different periods, regions, industries and types of enterprises. The epidemic had a greater impact on eastern regions, traditional service industries and small and medium-sized private service enterprises. During the epidemic period, service enterprises were mainly faced with the pressure of capital, international market development and order transfer, and therefore put forward the political appeal of "strong publicity, increase of expenditure and decrease of cost". In view of the development characteristics of service trade and the main problems during the outbreak of the epidemic, the countermeasures and Suggestions are put forward, which can provide reference for alleviating the impact of the epidemic on service trade and promoting the transformation and upgrading of China's foreign trade.*

Keywords— *COVID-19 Outbreak; Service Trade; The survey data; Heterogeneous effect; Transformation and Upgrading.*

The trade restrictions and the ban on shipping and embargo triggered by the COVID-19 epidemic have directly damaged the international free trade system and produced destructive effects on trade. Even in the absence of the epidemic, global trade has entered a period of sluggish growth in 2019. The latest trade rain index released by the WTO in November 2020 showed that trade rebounded strongly in the third quarter of 2020, but with suppressed demand depletion and completion of inventory

replenishment, growth in the fourth quarter may slow down. The epidemic has already made the sluggish global trade worse and is likely to cause the first negative growth in global trade in a decade. As an important part of foreign trade, service trade has a characteristic of dense population. The COVID-19 epidemic that broke out during the Spring Festival has had a great impact on service trade. And due to the large heterogeneity of the service industry, the impact of the epidemic on different service industries is

very different. This article use the questionnaire from Ministry of Commerce of China, then focuses on the characteristics of China's service trade development before and after COVID-19 epidemic. We attempt to form a comprehensive and in-depth analysis of the impact of the new crown pneumonia epidemic on service trade. Finally, to alleviate the epidemic impact on service trade, we proposes policy recommendations based on the main pressures and policy demands of service companies.

I. DEVELOPMENT CHARACTERISTICS OF SERVICE TRADE BEFORE AND AFTER THE EPIDEMIC

1.1 Imports of services were severely impacted, while exports only declined slightly

The COVID-19 Epidemic began to spread in various provinces in China in mid and late of January. In January 23rd, Wuhan began to seal the city, 25 provinces in 30 provinces launched the first level response, and gradually

took control measures. In February, many service industries have been unable to operate normally. Compared with the statistical data of China's service import and export from January to October, China's service import and export from January to October in 2019 amounted to 612.45 billion US dollars (**Table 1**), and China's service import and export from January to October in 2020 amounted to 500.47 billion US dollars, a year-on-year decrease of 18.3%. It is worth noting that the decline in trade in services is mainly due to the decline in imports. From January to October 2020, the import of services was US \$312.35 billion, a year-on-year decrease of 25%, and the export decreased slightly from US \$1961.3 billion to US \$188.12 billion, a year-on-year decrease of 4.1%. Thus, under the novel coronavirus pneumonia epidemic situation, our service trade exports still showed strong resilience, the epidemic mainly reduced domestic service demand, causing service import to drop sharply.

Table 1 Comparison of trade in services between January and October 2020 and January and October 2019

Industry	Total (billions of dollars)			Export (billions of dollars)			Import (billions of dollars)		
	2019	2020	Change	2019	2020	Change	2019	2020	Change
Travel	2402.1	1253.1	-47.8%	282.8	143.6	-49.2%	2119.4	1109.5	-47.7%
Transport	1233	1202.9	-2.4%	373.4	432.9	15.9%	859.6	770	-10.4%
Business	957.9	953.3	-0.5%	558.4	555.6	-0.5%	399.5	397.7	-0.4%
Telecommunications	498.1	578.1	16.1%	278.5	310.9	11.6%	219.5	267.2	21.7%
Intellectual property	341.5	370.5	8.5%	55.1	69.2	25.5%	286.4	301.4	5.2%
Construction	187.9	161.9	-13.8%	112.6	95.6	-15.1%	75.3	66.3	-11.9%
Processing Service	132.8	112	-15.7%	130.5	108	-17.3%	2.2	4	77.0%
Insurance	121.7	142.2	16.9%	35.5	41.4	16.7%	86.2	100.8	16.9%
Maintenance	112.8	88.2	-21.9%	84.6	62.4	-26.2%	28.2	25.7	-8.9%
Financial Services	49.7	59.5	19.7%	30.2	33.5	11.0%	19.5	26	33.1%
Government service	47.3	51.7	9.4%	12.8	20.2	57.5%	34.5	31.5	-8.5%
Entertainment	40.7	31.3	-23.1%	7.9	8	0.4%	32.8	23.4	-28.7%
Service	6124.5	5004.7	-18.3%	1961.3	1881.2	-4.1%	4163.2	3123.5	-25.0%

Source: The author has compiled calculations based on data from the China Administration of Foreign Exchange. The data for 2019 and 2020 in the table are the total data from January to October.

1.2 Under the mode of overseas consumption and the flow of natural person, the export of service industry decreased significantly

In order to control the spread of the epidemic, China has adopted traffic and personnel flow control measures, and foreign countries have also taken many measures, such as grounding international routes and restricting the entry of people. China's main service trade partners, such as the United States, the European Union, Japan and other countries and regions, have taken various degrees of entry restrictions, including reducing or grounding flights, strengthening the entry examination of Chinese tourists, restricting the signing of visa and travel permits, including that barriers to overseas consumption and the flow of natural persons have increased and costs have risen. As a result, the number of people studying abroad, traveling and taking business trips has decreased significantly, and service exports have been seriously affected. Comparing the data of service export from January to October in 2019 and 2020, it shows that among the 12 service industries, only the export of travel, construction, processing, maintenance and repair, other business services decreased year-on-year, especially the travel industry. The export volume from January to October in 2020 was US \$14.36 billion, a decrease of 49.2% on a year-on-year basis.

1.3 Emerging service industries are less affected by the epidemic, mainly reflected on the decline in imports

The competitiveness of China's emerging service industries is weak, and most of them are in trade deficit. On the one hand, the spread of the epidemic has hindered the global supply chain and limited the global service provision. On the other hand, the "home economy" caused by the epidemic has reduced the demand for services, resulting in a decline in the import of emerging service industries, such as other business services, the use of intellectual property rights, insurance and pension, maintenance and repair, government services, personal, cultural and entertainment services, compared with the same period, decreased in varying degrees. The personal, cultural and entertainment industries showed the most obvious decline, with the import volume of US \$2.34 billion from January to October 2020, a year-on-year

decrease of 28.7%. However, as most of the emerging service industries are knowledge intensive industries and most of their orders are long-term orders, many businesses can be completed online and the continuous fermentation of the international epidemic makes the emerging service industries such as telecommunications and pension face new development opportunities. Therefore, in the long run, the export of some emerging service industries has hardly been affected.

II. IMPACT OF EPIDEMIC SITUATION ON SERVICE TRADE ENTERPRISES

China's service trade enterprises are mainly formed by small and medium-sized private enterprises and foreign-funded enterprises, and their ability to cope with the crisis is relatively weak. The epidemic has led to the decline of people's willingness to travel and the closure of enterprises, therefore the survival of service trade enterprises is facing great pressure.

2.1 The short-term and long-term effects of the epidemic on service trade enterprises are different

The impact intermediary of the epidemic on service trade is demand and supply. The epidemic broke out in China first. In the short term, the measures adopted by China, such as personnel isolation and restrictions on cross regional mobility, on the one hand directly reduce the demand for services, and on the other hand, they will affect the production factors such as labor, capital and technology required by enterprises, thus indirectly affecting the supply of services. According to the survey data of service trade enterprises, the enterprises expect the annual service export to drop by 22.39% and the import to drop by 20.38% (Table 2). It can be seen that if the epidemic only breaks out in China, with the control of the epidemic, the impact of service trade enterprises will continue to decline. However, the spread of the epidemic in the international scope will further affect China's service trade by affecting foreign demand and supply. At present, the epidemic situation in China's major service trade partners such as the United States, the European Union, Japan and South Korea is relatively serious, and they are also the hubs of the global value chain. The changes in

demand and supply caused by the epidemic situation in these countries will directly affect China's service trade, which is caused by the epidemic. The change of global value chain division mode and flow restriction will further increase the impact of the epidemic on China's service trade.

Table 2 Expected Impact of COVID-19 on import and export of service trade enterprises

Industry	Export	Import
Transport	23.14%	20.20%
Travel	26.43%	26.00%
Construction	20.56%	16.67%
Financial Services	19.17%	19.00%
Telecommunications	21.04%	18.28%
Intellectual property	29.38%	29.17%
Entertainment	19.33%	19.84%
Maintenance	22.50%	18.33%
Processing Service	20.65%	17.97%
Business	21.69%	18.34%
Service	22.39%	20.38%

2.2 The impact of the epidemic on service trade companies in the eastern region is even more serious

The tertiary industry in the eastern region has the highest proportion, and the trade in services is even more advanced. As the most severely affected industry in the epidemic, the development of the epidemic has caused a serious impact on service trade companies in the eastern region. In addition to the impact on imports and exports, under the background of delays in resuming work, the major labor import provinces in the eastern region are facing labor shortages and difficulties in starting work, and business operations are seriously affected. According to survey data of service trade enterprises, 38.7% of enterprises in Shandong Province expect annual operating income to fall by more than 50%, while 9.3% in Guangdong Province and 8.8% in Hubei Province believe that annual operating income will fall by more than 50%. In Beijing, Jiangsu, Shaanxi, Zhejiang and other provinces,

4%-5% of enterprises believe that the annual operating income will fall by more than 50%.

In terms of import and export, more than 38% of Shandong companies expect a decline of more than 50% in the four aspects above. About 4%-10% of companies in Guangdong, Hubei, Beijing, and Jiangsu expect a decline of more than 50%. In some provinces in the region, only 1-2 companies are expected to have a decline of more than 50%, accounting for less than 2%. It can be seen that the service trade in the eastern region has developed rapidly. The development of the epidemic has led to insufficient market demand and hindered overseas business expansion. This has caused a greater impact. Shandong, Guangdong, Hubei, Beijing and other provinces with more severe epidemics are in more stringent control which will further increase the impact on service companies.

2.3 The epidemic has a greater impact on private service trade companies

Chinese service trade companies are mainly private-owned. The impact of the epidemic on private companies is manifold, including a series of pressures from rent, reduction of orders, inadequate performance of contracts, hindered logistics, and resumption of work and production. The main problems faced by state-owned enterprises are reduced orders and poor transportation, so the impact is significantly less than that of private enterprises. According to the survey data, 20.27% of private enterprises expect their exports of services to fall by more than 50%, while state-owned enterprises are only 16.46%; 16.59% of private enterprises expect their imports to fall by more than 50%, and that of state-owned enterprises is 12.90%; in addition, the impact on corporate operating income is also significantly higher than that of state-owned enterprises. It can be seen that private service trading companies are the market players most in need of attention under the impact of the epidemic. Most of these companies are small and medium-sized enterprises with fragile anti-risk capabilities. They have faced multiple challenges in the context of economic weakness in 2019 and Sino-US trade frictions. The outbreak of the epidemic has brought more uncertainties, such as rent, resumption of work and production. The obstacles surpassed that of state-owned enterprises, and the superposition of pressures from various aspects led to their operating difficulties.

2.4 The impact of the epidemic on different service industries is heterogeneous

Most of the traditional service trade enterprises with advantages in China are labor-intensive enterprises, such as tourism, transportation, construction, etc., which are usually unable to complete business online. The outbreak of the epidemic occurred during the Spring Festival, and these industries that should have been popular in consumption bear the brunt of it. According to the survey data, the export of enterprises in transportation, travel and construction industries is expected to decline by 30.14%, 27.86% and 23.53% respectively, and the import is expected to decline by 22.68%, 36.67% and 19.69% respectively. In addition, 28.57% of the travel industry and 26.09% of the transportation industry can only operate within one month. Compared with other industries, the overall attitude of enterprises in transportation and travel industries is also relatively pessimistic, especially in the travel industry. No enterprises are optimistic, and half of them are pessimistic and half of them are "hard to say"; about 30% of the enterprises in transportation industry are cautiously optimistic, 34% are pessimistic, and the rest are "hard to say".

In contrast, modern service trade enterprises are more knowledge intensive, such as telecommunications, business services, finance, consulting and so on. Orders in these industries usually contain business for more than a few months, and can carry out business online, so they are relatively less affected by the epidemic. Taking telecommunications, computer and information services industries as an example, "home economics" and technology epidemic prevention have boosted the development of online businesses, e-commerce platforms and Internet plus. This has laid a solid foundation for the relevant service trade enterprises to respond calmly to the impact of the epidemic, seize the potential of market demand and release the opportunities of the economic rebound window. More than 1/5 of the enterprise accounts for more than 6 months. Industry-related enterprises also showed a relatively optimistic attitude, 39.63% of the telecom enterprises were optimistic about the impact of the epidemic.

III. MAIN PRESSURES AND POLICY DEMANDS FACED BY SERVICE TRADE COMPANIES

3.1 Main pressures faced by service trade enterprises

Due to the impact of the epidemic, many enterprises are under pressure in production and operation. It mainly includes pressure of capital, pressure of developing international market, pressure of order cancellation or transfer and so on.

3.1.1 Financial pressure

The service industry is densely populated and faces financial pressures such as high rents and employee salaries. According to survey data of service trade companies, funding pressure mainly comes from four aspects: employee wages, five social insurances and one housing fund, rent and property, loans and interest, and payment of accounts payable. Among them, about 37% reflect the high pressure on employee salaries and five social insurances and one housing fund, about 21% of accounts payable, about 21% of property expenses such as rent, and about 16% of loan repayment and interest. For the catering industry, for example, according to the calculations of China Summer Daily, Haidilao, China's largest catering company, has lost 1.1 billion since its suspension of business on January 26, with an average daily loss of 80 million. Among the losses, staff salaries and store rents are as high as 700 million. As far as the catering industry is concerned, even if work resumes, many cities will not allow dine-in food and can only rely on packaging and takeout, but the turnover is only about 20% of normal periods. According to the "Survey Report on the Training and Education Industry Status During the Epidemic Period" of the Training and Education Professional Committee of the China Private Education Association, more than 90% of the institutions have some or serious difficulties in their operations, and 83% of the online institutions surveyed predict their revenue in the first half of the year will be reduced. Regarding the reasons for the operating difficulties of off-campus training institutions, most institutions believe that the most critical factors are reduced revenue, venue rental pressure and excessive labor costs.

3.1.2 Pressure from companies to explore

international markets

The development of service trade depends more on international market demand. The weak international market demand and the superposition of the epidemic have led to a decline in business demand in foreign service markets. After the outbreak of the epidemic, many countries have adopted control measures, such as the cancellation and adjustment of routes, and immigration control in the United States, personnel exchanges and cooperation restrictions and other measures have further reduced the efficiency of service personnel's entry and exit, and international market development is hindered.

Through the analysis of the main factors affecting the import and export of service trade companies in the survey data in 2020, it can be found that the epidemic mainly affects companies through the export impact of corporate promotion, market development, business order transfer, execution efficiency, and epidemic prevention costs caused by the epidemic. Since many services of service companies can be completed online, the impact of service import and export caused by delayed resumption of work, transportation costs and restrictions (**Figure 1**) on personnel entry and exit is relatively small.

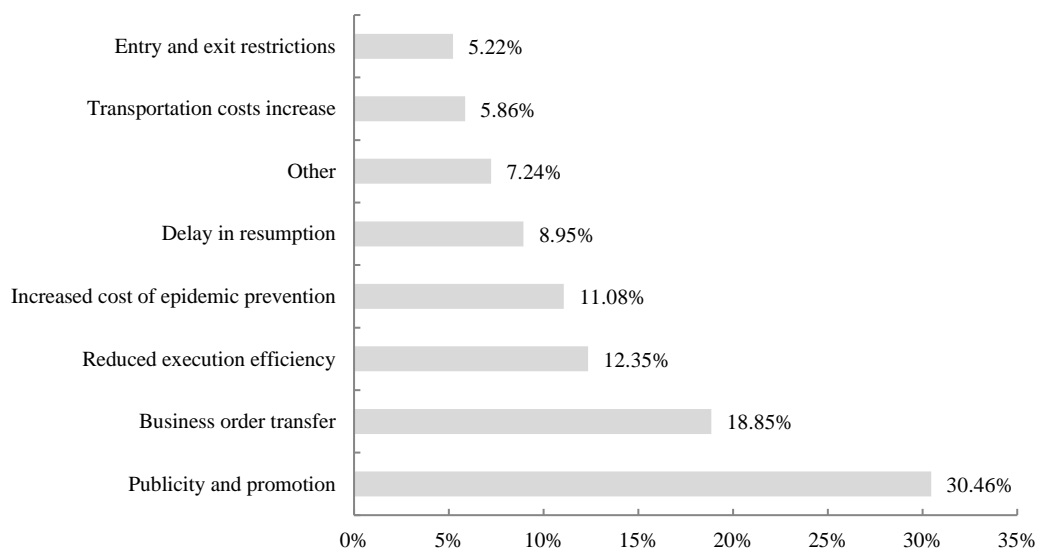


Fig.1: The Main Factors of the COVID-19 Affecting the Service Import and Export of Enterprises in 2020

3.1.3 Order cancellation or transfer pressure

In the short term, the epidemic has affected the decline in global order demand, and orders that have already signed contracts may also be cancelled due to delayed production or delivery. Many multinational service providers have announced the suspension of their business or stores in China. For example, Disney closed its Shanghai park during the Spring Festival, IKEA temporarily closed all 30 branches in China; McDonald's closed all branches in Hubei Province; Starbucks closed more than half of the 4292 stores in China. There are still other multinational service companies that have indicated that they will adjust their investment or production plans in China based on the development of the epidemic ^[1]. It can

also be found from the survey data that the transfer of business orders is also the main pressure faced by service companies. 23.8% of telecommunications companies (14.7% for other business services and 20.7% for the processing industry) believe that the transfer of business orders is the second largest source of pressure during the epidemic.

3.2 Policy demands of service trade enterprises

3.2.1 Service enterprises have responded to the financial pressure through bank loans and deferred payment

Faced with huge financial pressure, companies have taken different measures to deal with the shortage of funds under the epidemic. The survey results show that the highest proportion of companies using bank loans to deal

with the shortage of funds is 34.49% (**Figure 2**) ; the second is delayed payment (24.33%) and shareholder funding (20.59%), and 10.78% of service companies have reduced their salaries through downsizing. the way. Fewer companies choose other ways to deal with funding problems, such as private lending, suspension of production and business, introduction of new shareholders

and employee fundraising. It can be seen that increasing bank's loans and financing to service trade enterprises can effectively alleviate the financial problems of enterprises. In addition, because some enterprises take measures to reduce staff and wages, local governments should also pay attention to the employment and salary issues of service enterprises.

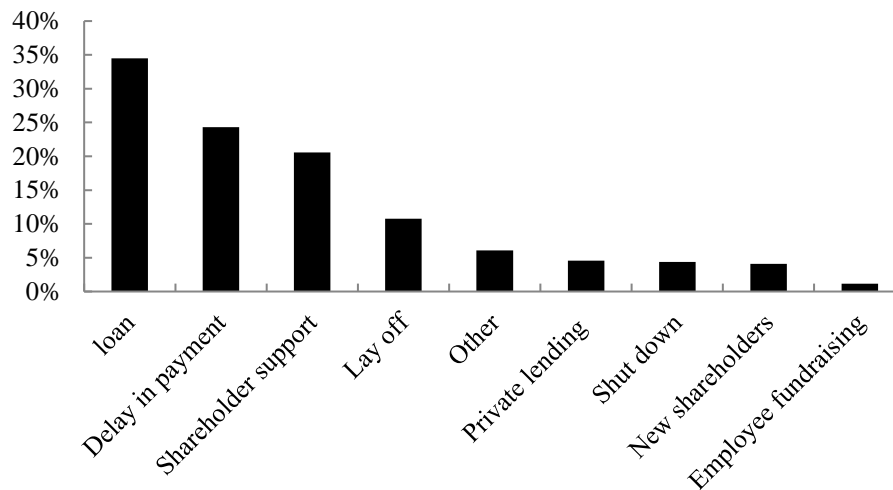


Fig.2: Important Measures Taken by Service Trade Enterprises to Cope with Capital Pressure

3.2.2 Service companies put forward policy demands on "strong publicity, increased expenditure, and cost reduction"

Service trade companies have put forward policy demands such as promotion and market development support, epidemic prevention support, cost subsidies, tax reduction/exemption, and financial support. Among them, in terms of "strong publicity" (**Figure 3**) , 37.54% of enterprises hoped that the government would provide support for promotion and market development; in terms of "increased expenditure", 27.63% of enterprises offered

support for epidemic prevention and 6.88% of enterprises offered financial support; In terms of "this", 17% of the companies proposed cost subsidies, and 9.07% of the companies proposed reduction/reduction of taxes. It can be seen that while local governments and banks provide support to enterprises in terms of finance, taxation, and anti-epidemic guarantees after the resumption of work and production, they should also strengthen the promotion of service trade companies' overseas markets and help them develop international markets.

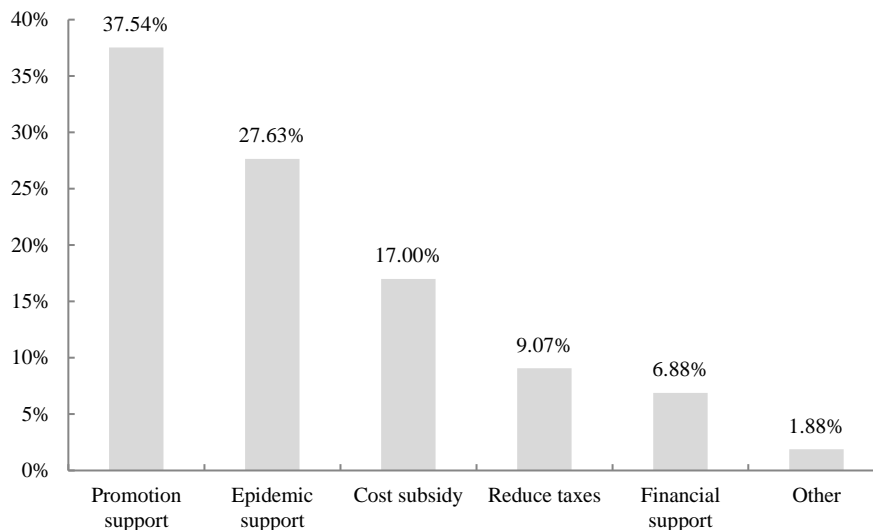


Fig.3: Policy Demands of Service Trade Enterprises

IV. COUNTERMEASURES FOR THE DEVELOPMENT OF SERVICE TRADE ENTERPRISES UNDER THE EPIDEMIC CRISIS

The service industry has obvious heterogeneity, and the impact of the outbreak of the COVID-19 epidemic on different periods, different regions, different service industries, and different types of enterprises is quite different. Therefore, it is particularly important to conduct an in-depth analysis of the differential impact of service trade caused by the epidemic, and to propose specific countermeasures and suggestions to help service companies develop in accordance with the policy demands of service trade companies. In view of this, the government and enterprises should strengthen coordination and cooperation to ease the impact of the epidemic on service trade and promote the transformation and upgrading of China's foreign trade.

4.1 Implementing differentiated promotion policies for different periods

In the short term, China needs to implement targeted and accurate fiscal policies to resume domestic production of service enterprises as soon as possible, fully release the service demand of enterprises and residents, and cope with the decline of external demand by promoting domestic demand. At the same time, it should quickly form the

capacity of continuing service for exports of major epidemic countries, actively explore new growth points of service trade, and reduce the impact of export demand decrease of enterprises due to the second outbreak in the target country after returning to work and production. In the long run, we should promote regional trade facilitation and ease the pressure of trade demand and supply. By accelerating the regional trade agreements with South Korea, Japan and ASEAN countries, the consumption and production network in East Asia can be improved, so as to alleviate the impact of the decline in service demand or supply caused by the epidemic in the EU and the United States.

4.2 Implementing stepped support for different regions

The development of the epidemic situation and the level of service development in different regions are different, and the impact of the epidemic on service companies varies. Although some areas are not the key areas of the epidemic, the prevention and control are also strict, causing unnecessary impact on the production and operation of enterprises. This requires all local government to implement the requirements of "precisely resuming work and production in different regions and tiers" according to local conditions. According to the extent of the impact of the epidemic in the areas where service trade

companies are located, local authority should implement the central and provincial policies in taxation, finance, finance, social security, and job stabilization. Various supporting policies, such as reducing the “five insurances and one housing fund” in a stepwise manner for different regions, implementing tax reduction and exemption policies, and appropriately extending the implementation time of policies in the hardest-hit areas all help to alleviate. For areas where service companies are more affected, large office buildings and shopping malls are encouraged to reduce corporate rents in the short term, and local governments can provide appropriate financial subsidies to owners^[2]. Effectively reducing the burden of service companies and operating costs can help service companies overcome funding problems, restore normal operations, and boost development confidence.

4.3 Focusing on resuming work in key industries such as transportation and upstream and downstream industries

The transportation industry is a strong support for smoothing the economic cycle and meeting people's livelihood needs, but companies in this industry are relatively pessimistic about the impact of the epidemic. It is recommended that local governments increase financial support for the transportation and express delivery industries, and adopt different tax and fee reduction policies according to the different means of transportation and the degree of impact^[3]; simplify the approval process of the transportation industry, such as establishing an online system, applying online for resumption of work in advance, relevant departments to give the results of the resumption of work within the specified time, and accurately to guide transportation companies to resume work and production.

4.4 Paying attention to support for small and medium private service enterprises

Since service companies are mainly small and medium-sized private enterprises, the government can support the development of such service organizations and enterprises through policy or financial support, such as simplifying administrative procedures, improving service efficiency, reducing service enterprise costs, and promoting enterprises to devote more energy to research

and development. For small and medium-sized private enterprises that are greatly affected by the epidemic, policies such as postponing the payment of social security fees, reducing corporate rents, reducing taxes and fees, and discounting loan interest can help them solve their difficulties. In addition, they can encourage service companies with good development prospects but temporarily trapped financial institutions to seek support from local banks by increasing medium and long-term loans for small and medium-sized enterprises, and reduce or exempt or reduce related handling fees for loans caused by the epidemic. As knowledge-intensive services increasingly occupy the mainstream position, relevant service companies can be given financial support to achieve structural adjustment, transformation and upgrading of service trade, and reduce the impact of the epidemic on service trade.

4.5 Encouraging traditional service companies to strengthen model innovation and business mode innovation

The huge impact of the epidemic on service trade can better reflect the shortcomings of enterprises. Because the service industry has the synchronization of production and consumption, service companies should be more sensitive to market demand and respond to the impact of the epidemic through mode innovation. The government can encourage traditional service companies to make use of e-commerce transformation, use the Internet platform, cooperate with e-commerce to carry out online sales, and realize the organic integration of online and offline. For example, tourism services can develop online tourism products, health care and vacation, etc. With the integration of more knowledge elements into services, industries such as catering, real estate, and medical care can transform offline operations into online operations, and improve the contactless distribution system for enterprises to alleviate the impact of the epidemic. Traditional service trade companies should also rethink the problems in the development process under the test of the epidemic, and then change their business methods, provide more distinctive value-added services, and realize the transformation and upgrading from traditional service trade to modern service trade.

4.6 Mitigating the impact of the epidemic through

the development of modern service industries

Traditional domestic service industries with advantages are mostly labor-intensive companies, and their trade is difficult to complete online. Under the background of the epidemic, restrictions on the movement of people have been greatly affected. In contrast, modern service companies such as finance, consulting, telecommunications, design, education, and entertainment can expand their businesses online and are relatively less affected by the epidemic. For example, the telecommunications industry has strong flexibility and adaptability, and the development of the epidemic also makes it face good development opportunities. The growth of businesses such as real-time tracking of the development of the epidemic, reporting of personal health status, and inquiring whether the transportation is safe, has all contributed to the progress of the telecommunications industry. The telecommunications industry can introduce technologies such as artificial intelligence and cloud computing to strengthen the connection with data, text and images, and promote the development of data and intelligence in the telecommunications industry ^[4]. In response to the growing number of "cloud services" such as online learning, online office, and online entertainment, the telecommunications industry can increase investment in cloud products, improve the quality of "cloud services", and reduce the impact of the epidemic on the import and export of services. Governments at all levels can issue policies to support the development of knowledge-intensive service companies and provide financial support to realize the transformation and upgrading of service trade^[5], and hedge the impact of the epidemic on the import and export of traditional service trade.

4.7 The government providing effective assistance measures based on the demands of enterprises

In addition to the pressure of fixed cost expenditure, service enterprises also face the problems of international market development and protection. In terms of cost, most of the service enterprises are population aggregation enterprises. Rent and employees' five insurances and one fund will become the key factors affecting the survival of service enterprises. Therefore, according to the fact that the service enterprises are state-owned enterprises or other

types of enterprises, we can take measures to reduce the rent or encourage the owners to reduce the rent according to the time of the epidemic. When appropriate, we can help the service enterprises tide over the difficulties through financial subsidies. The government can also introduce policies to delay the payment of "five insurances and one fund" for offline service enterprises, and make up with the payment after the enterprises restart to make profits. For the publicity and protection problems faced by enterprises after restart, the government can increase the recruitment support for enterprises by encouraging service enterprises to participate in the exhibition or through the government platform; in the first few months, the government can provide them with masks, disinfectant and other necessary protective equipment.

4.8 Active actions of the enterprise itself to cultivate crisis response capabilities

For individual entrepreneurs and enterprises, the epidemic is a test of internal organization and coordination capabilities, as well as an opportunity for self-reflection and growth. As entrepreneurs and individual enterprises, they should have the ability to anticipate, take and fight risks. The occurrence of the COVID-19 epidemic will force companies to better balance cost saving and risk diversification strategies in future global value chain management. Service companies need to re-plan and rethink about future trading partners, upstream and downstream capacity coordination, import and export logistics and transportation, the number of suppliers and geographic diversification, which will enhance the resilience of the supply chain to deal with new challenges that may be brought about by new external shocks in the future. In addition, service trade companies can use new technologies to develop digital products, promote digital trade, upgrade online businesses, and actively seek new business opportunities for their own development. Only by continuously implementing management and operating model innovations, strengthening the construction of response mechanisms, cultivating crisis response capabilities, and preparing vulnerability assessments and crisis response plans in advance, can service companies find "opportunities" in the "crisis" and grasp development opportunities in difficulties.

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