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Focus on Asia: The Olympics begin under China's zero-Covid policy

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The start of the 2022 Winter Olympics in Beijing will bring into focus the People's Republic of China's (PRC) zero-Covid policy in front of the world's largest international television audience. Until now, few people outside of East Asia and the international business community were aware of the PRC's approach to mitigating the spread of Covid 19, how that policy influences everyday life, and how it may impact international tourism, particularly those casino jurisdictions that rely on Chinese nationals for the lion's share of their gaming revenue.

While other countries that initially took judicious but unpopular steps to limit the spread of the coronavirus are now easing back on those restrictions as vaccination rates have increased, the PRC has double downed on its zero-Covid policy, and will proudly display the tracking system that it developed to undertake this endeavor to a worldwide audience.

Once the opening ceremonies conclude and the Olympics get underway, the media will fill in time between events with human interest stories to educate and entertain its international audience. A recurring theme that is expected to be repeated is how the PRC managed to fully tame Covid 19, reduce community transmission to near zero, and virtually eliminate deaths due to the virus. PRC public relations will no doubt focus on the technology that was developed to track local transmission, programs that allow healthcare workers to quickly react and contain every single infection, and public acceptance of the policy. At the heart of this technology is a health code app.

Every resident is required to have the app on their mobile device whenever venturing out in public. The app stores vaccine status and recent test results. It also monitors human interactions. In the course of a day, a person would have to scan their mobile app when entering a public building, shopping mall, apartment complex, or place of business. With each scan, one of three color codes are displayed: green, yellow, or red. A green code allows the resident to proceed and move freely. A yellow code indicates that the person had been in an area where an infection may have been detected. A red code indicates that the person may have come into contact with someone who tested positive, causing the swift intervention of health authorities. That intervention may lead to an immediate quarantine.

The system that is in place starts at the apartment block level, allowing health authorities to monitor even the smallest of outbreaks. It can limit residents' movement across a neighborhood, a city, and from one province to another. A similar system is in place in Macau, allowing the city to be included within the PRC's travel bubble. There, too, residents must present their mobile app several times in the course of any day in order to conduct their daily affairs. The system also allows for PRC residents to transit to and from Macau, although other travel restrictions remain in place.

Hong Kong residents remain outside of the PRC/Macau travel bubble, despite having a mobile app and similar tracking abilities. As an international gateway city, health authorities continue to identify outbreaks from residents returning from foreign countries as well as small community outbreaks. Vaccination rates also remain stubbornly low. It remains to be seen when Hong Kong residents will be permitted to travel to Macau, Shenzhen, Guangzhou, and other nearby cities.



Zero Covid and outbound international travel

With such a large social and political investment in the zero-Covid policy, what are the prospects for a resumption of outbound tourism to other east Asian gaming destinations? Despite the disruptions caused by neighborhood and citywide lockdowns in order to contain the spread of the virus, the vast majority of PRC citizens have adapted to life under the policy. Should it continue, and the unveiling of the zero-Covid policy to the world indicates that public policy makers are committed to this policy until the world pandemic abates, at what point will Chinese citizens be comfortable to venture outside of the country for gaming vacations?

Currently, any resident of the PRC, Macau, and Hong Kong must submit to quarantine restrictions upon return from any foreign country. Those restrictions vary from province to province, but usually entail isolating in a designated hotel and government facility from 14 to 28 days, in addition to mandatory testing prior to and after arrival. That policy is not expected to change anytime soon.

The PRC has long sought to limit its citizens' proclivity to gamble, particularly in foreign destinations. It had long frowned on the marketing efforts of East Asian casino operators that targeted its citizens. It had gone so far as to announce a blacklist of countries that had long enticed its citizens to gamble in those foreign casinos. With the zero-Covid policy firmly in place, the only place where a Chinese citizen will be able to gamble for the foreseeable future without onerous travel restrictions will be in Macau. For all other nations that had relied on Chinese punters for their gaming revenues, those bets are off until the pandemic abates, even without the implementation of a blacklist.

The Beijing Olympics are expected to be a stunning event. It will allow the PRC to demonstrate to the world its ability to keep Covid 19 under check and restore a safe and normal life to its citizens, albeit with continued restrictions on movement. For those casino operators in East Asian countries hoping for a return of Chinese gamblers, it may be years before those players resume international travel. The ultimate beneficiary of the zero-Covid policy will undoubtedly be Macau.
