



Göttinger Vorträge zum modernen China

Have Taiwanese Companies Lost Their Role in China?

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Ort: Waldweg 26, ERZ 0.138

Zeit: Donnerstag, den 2. Dezember 2010, 16.15-17.45

Abstract

This paper focuses on the changing interaction between Taiwanese entrepreneurs and local Chinese governments. Through analysing this changing process, it can be seen that Taiwanese businesses are a special 'asset' of Chinese governments. The main argument of this paper is that both central and local governments in China have strategic considerations in respect of Taiwanese businesses. The Chinese central government values Taiwanese businesses because more Taiwanese investment in China can strengthen the Beijing government in negotiations with the Taipei government. Nevertheless, after the Kuomintang (KMT) regained power in 2008, the strategic value of Taiwanese businesses in the cross-Strait relationship seems to have decreased. The central government has created a profitable macro-environment for local officials to give a warm welcome to Taiwanese businesses. Chinese local governments value Taiwanese businessmen not only because of the central government's deliberate policy but also because they are pursuing their own self-interest. This paper firstly focuses on observing the changing interaction between Taiwanese businesses and Chinese local governments. From this changing pattern, this paper further analyses the different but complementary interests of both central and local governments in China in relation to Taiwanese investors.