
Investment is often more than merely about simple movements of capital and seeking for financial gain. For the People’s Republic of China it has been linked to issues like acquiring badly needed know-how and technology, or supporting diplomatic or soft power strategies. Investment and hosting of business from the Republic of China (Taiwan) carries with it a whole host of implications. Forbidden in the era of martial law under the KMT, in the late 1980s and into the 1990s these restrictions were relaxed. What had been a mere trickle in the era just after reform and opening up, started in the mainland in 1978, had become a floodgate by the time the People’s Republic joined the World Trade Organisation (WTO) in 2001.

As Chun-Yi Lee makes clear in this lucid, well-structured overview of the phenomenon of Taiwanese business in the mainland, there were three broad phases to this phenomenon. At the start, she makes clear, through looking at meeting frequency and interaction between Taiwanese and Chinese officials and business people, it was mostly a matter of local governments in the mainland seeing an opportunity to boost their growth figures and tax revenues by getting as much foreign investment as possible—and Taiwan fell into that category, despite the Beijing central government’s demand that Taiwan was politically considered domestic space.

The politicisation of this link with Taiwan became more overt after the democratisation of the island in 1996. Suddenly, faced with the challenges of dealing with that fundamental change, the Beijing government took a much closer interest in co-ordinating responses to Taiwanese investment, treating the many tens of thousands of Taiwanese business people as a bridge or useful link between the two places, and trying to involve them much more in a broad
political approach to Taiwan that was constantly pushing towards messages supporting closer integration, deeper mutual involvement and eventual reunification. Some of these moves were so indulgent to Taiwanese that they were outlawed by the WTO agreement and its strictures on non-preferential treatment for one partner over another.

Finally, from the era of Ma Ying-jeou and his election as President in 2008 onwards, Lee sees a cooling off of interest towards using Taiwanese business as a conduit. By that time, with a new trade deal, and restoration of air, postal and other links directly across the Strait, there were other ways by which to exercise influence that were more direct, and easier to see tangible direct gain from.

This study, arising from Lee’s doctorate, is based on extensive field research within China with Taiwanese business people and Chinese government officials. It provides a clear narrative for the role of Taiwanese business, one which carefully maps out its rise, and then development. This is an important contribution to the story of foreign investment in the People’s Republic, to the study of cross-Strait relations, and to the political economy of Northeast Asia.

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