

## **Chapter6**

### **Conclusion**

The research presented here analyzes how trade dependence between mainland China and Taiwan depends on advances in communication and information technologies. Economic interactions across the Taiwan Strait had grown since the late 1980s. Cross-Strait exchange through the mini three links increased exponentially over last four years.

In the early stage of cross-strait interaction, the first businesses to venture into China were small and medium sized firms. In Taiwan SMEs maintain co-members of supply chain of large enterprises.

From the world system-theory we can say that:

- 1) More firms from Taiwan are attracted to the core region to be close to the big market and take advantage of agglomeration economies.
- 2) Because the coastal part of mainland China (Hong Kong, Fujien, Guangdong and Shanghai) have a better access to the international market, they can be considered as the core regions in a core-periphery model.

Location is a key factor and may allow the long-run development of Shanghai and Hong Kong in parallel, with each serving separate sub national and international economies. Shanghai, in east China, is a node in the Yangtse Delta and Valley, eastern coastal China, and Northeast Asia, while Hong Kong, in the south, forms the core of the Pearl River Delta and southern coastal China and links strongly with economies in Southeast Asia. Hong Kong is the major intermediary between Taiwan and the Mainland in terms of trade and investment.

As a Taiwan's economic policy toward China, as a China's economic

policy toward Taiwan influenced by the corporate interests of the business groups and global communication networks promotes economic interests. Trade between mainland China and Taiwan has increased significantly over the last decade, because both Taiwanese and Chinese share the same language, customs and culture. According to latest reports (2005) and official data, Taiwan's total investment to China stood at about \$40 billion in 2004. Taiwanese multinational corporations (MNCs) and small medium sized enterprises (SMEs) companies concentrating mostly on B2B dealing with businesses in China. B2B electronic commerce has great impact on the Internet infrastructure and national economy in Taiwan and mainland China. B2B e-commerce is a key to the vibrancy and success of the Internet in China. However, it is important to point out the barriers to e-commerce. Chinese are used to doing business on the basis of personal relationships. There are two different drivers of B2B e-commerce in China. One is the drive for the central government to informatize the economy. The second is the bottom-up desire to use e-commerce to open up new markets and improve the efficiency of doing businesses with old ones. The challenge that the whole region faces is how to combine the speed and flexibility of Chinese business networks with the power of computer network technology.

In Taiwan, the government has committed itself to the country being on a telecom infrastructure par with the US by 2010. Under the M-(Mobile) scheme, it is promoting the laying of 6,000 km of broadband cables. It is also working to promote the development of e-commerce and e-business, and to transform Taiwan into the most e-nation in the Asia.

In the Taiwanese government portal we can find that the Mainland

Affairs Council reiterated that the government's continual promotion of cross-strait press exchanges over the years is aimed at increasing mutual information exchange. Communication is seen as a basic component in a system of distribution and regulation. The reach of China's media today – there is 2,000 daily newspapers and 900 television stations serve 90 million cable users.

We have proved our hypothesis that global communication networks promote B2B e-commerce communication across Taiwan Strait. Due to this factor trade dependence between Taiwan and mainland China increase and generate impact on political arena. As well as, we have prove that Taiwanese elites are concerned that increasing cross-strait economic dependence will built more probabilities of mainland China democratization in the long run. From Taiwanese and mainland China's quasi-document data we can say that both: China and Taiwan promotes international cooperation and coordination to achieve a cost-effective global communication environment. Taiwan's and mainland China competitive edge in B2B communication is enhancing because of both countries Internet penetration rate rose, e-commerce development and the demand for broadband network expanding – its provide a possibility for business elites in Taiwan and mainland China create a great amount of bilateral trade between two sides.