

Abstract

This paper analyzes Taiwan's cross-Strait trade regimes from 1987 to 2006. The situation across Taiwan Strait has changed remarkably since 1987 when the Kuomintang government lifted martial law and allowed Taiwanese people to enter to the People's Republic of China. By now it is estimated that Taiwanese businessmen have invested more than US\$ 100 billion in mainland China. China has become Taiwan's largest trading partner notwithstanding the government's restrictions. The laws and regulations have changed since 1987, too. There are many players that participate in the decision making process and implementation of policies in Taipei. This paper explains the factors that have lead to current situation and explains why there is a big gap between official policies and real volume in terms of investment and trade. These factors include different players of the game (e.g. leadership, political parties, organizations, and businessmen) as well as broader trends (i.e. democratization, globalization, and vertical disintegration.)

Key words: Cross-Strait relations, Taiwanese investment and trading.

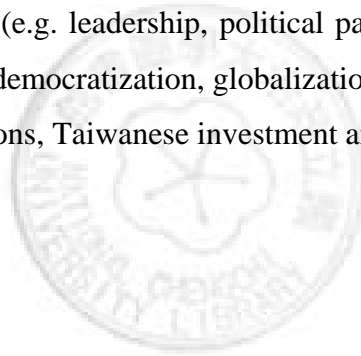


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