

## **Business Models as United Front Strategy: Overview of the China Factor in the Cross-Strait Relations**

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### Abstract

This paper provides an overview of the Cross-Strait relations over the last twenty plus years with a perspective of political economy. The China factor looms large in Taiwan in recent years. When Taipei and Beijing launched talks in 1993, the amount of Cross-Strait trade and investment were relatively small (though not trivial), whereas by the end of the 2010s, China has not only become the largest trading partner with Taiwan, but also the largest recipient of FDI from Taiwan. Furthermore, a Cross-Strait Services Trade Agreement was signed in 2013 and still waits to be approved by the Legislature. The STA, together with the Goods Trade Agreement under negotiation, if approved and implemented, would bring Taiwan and China into a fully integrated free trade area in the near future. Given the extremely asymmetric interdependence between both sides, Beijing enjoys a great deal of political leverage against Taiwan, but not vice versa. How does Beijing translate its economic clout into political influence on *and* into Taiwan? What is the mechanism through which Beijing exerts its political intentions? How does Beijing implement its “united front” strategy by way of “business models”? And what are the theoretical implications that can be derived from the ongoing Cross-Strait political-economic dealings? This paper tries to answer the above questions by laying out an analytical framework with cutting-edge empirical findings. It also proposes several research hypotheses for future studies in conclusion.