

# The Effects of China's "Belt and Road Initiative" and "31 Measures to Benefit Taiwan" on the Development of Taiwanese Enterprises

Hsiung-Shen Jung<sup>1</sup>, Jui-Lung Chen<sup>2</sup>

<sup>1</sup>Department of Applied Japanese, Aletheia University, Taiwan, R.O.C.

<sup>2</sup>Department of Business Administration, National Chin-Yi University of Technology, Taiwan, R.O.C.

Correspondence: Jui-Lung Chen, Department of Business Administration, National Chin-Yi University of Technology, No.57, Sec. 2, Zhongshan Rd., Taiping Dist., Taichung 41170, Taiwan, R.O.C.

Received: October 19, 2018

Accepted: November 14, 2018

Online Published: November 21, 2018

doi:10.5539/ibr.v11n12p53

URL: <https://doi.org/10.5539/ibr.v11n12p53>

## Abstract

China has achieved rapid economic growth and become involved in the economic globalization through its policy of reform and opening-up and modernization. It has attracted much investment from lots of Taiwanese enterprises, including some small and medium-sized enterprises featuring a high labor cost and facing difficult operation in the traditional industries. Thanks to the policy, many Taiwanese enterprises have got a chance to rebirth by transforming their crises into opportunities. With the implementation of the policy of urbanization, the people from rural areas in China have been moving to urban areas, and the enterprises of the second and third industries have been concentrating in cities. This has not only fueled the livelihood-oriented consumption in China but also expanded the domestic demand market of the Taiwanese medium and large-sized livelihood enterprises in China. The Belt and Road trade foundation construction program, which aims to link Europe, Asia and Africa and was proposed in 2013, is an extension of the Great Development of Western Part of China and offers Taiwanese enterprises a chance to get fully involved in the development of the international market. The 31 Measures to Benefit Taiwan announced by the Chinese government in February 2018 has significant influence on the future development of the Taiwanese enterprises in China. Therefore, this paper will elaborate on the effects of the Belt and Road and the 31 Measures to Benefit Taiwan on the Taiwanese enterprises.

**Keywords:** reform and opening-up, policy of urbanization, Belt and Road Initiative, 31 Measures to benefit Taiwan

## 1. Introduction

The trade between China and Taiwan has been suspended since 1949 when the Chinese Communist Party established its political power and the Kuomintang retreated to Taiwan. It was not until the implementation of China's policy of reform and opening-up that the trade between the two began to resume. The ever closer economic and trade tie between China and Taiwan has had great impacts on both parties. Later, China witnessed fast economic advancement and launched some major policies, including the ones of urbanization and the Belt and Road Initiative, both of which have had far-reaching influence on Taiwan's economy. Meanwhile, the economic tie between the two parties across the Taiwan Strait has evolved into an equivalent one with the implementation of these economic policies. On February 28, 2018, the National Office of Taiwan Affairs in Mainland China announced the 31 Measures to Benefit Taiwan, or the Measures to Boost the Cross-Strait Economic and Cultural Exchange and Cooperation. Of these measures, 12 ones promote equal preferential to enterprises from Taiwan and Mainland China; 19 ones aim to provide equal treatment for compatriots from Taiwan and Mainland China. The most prominent part in the 31 Measures to Benefit Taiwan is economic transformation, and there are several regulations on investment, taxation, development, manufacturing and land acquisition. Of all these regulations on economy, emphasis is placed on fair participation, joint investment and cooperation. Special attention is paid to the establishment of cross-strait cooperation zones in the middle, western and northeast parts of China, the participation in the Belt and Road Initiative, and the expansion of the domestic and international markets. Aside from the investment in high technology, the 31 Measures to Benefit Taiwan attaches particular importance to agricultural cooperation so that the Taiwanese farmers of industrialization will be able to obtain the support and preferential from the policy (Yuan, 2018). Hence, this paper will elaborate on the effects of the Belt and Road and the 31 Measures to Benefit Taiwan on the Taiwanese enterprises.

## 2. Literature Review

According to Lin (2013), what motivates Taiwanese enterprises to make investment in China lies in the cheap production factors. The processing and export bases, the branches of European and American brand manufacturers, the supportive policies for the eastern part of China, and the convenient access to the support from Taiwan's industrial chains – all these factors have motivated many Taiwanese enterprises to invest in the manufacturing industry in the coastal areas in the east of China as far as the investment field and the industry for investment are concerned. But as the operation environment in the coastal areas deteriorates, the governments in the middle and western parts of China have released some supportive policies. Moreover, as China's 12<sup>th</sup> Five-Year Plan emphasizes industrial restructuring, significant changes have taken place in the investment of Taiwanese enterprises in China in recent years. For instance, the investment has gradually shifted from the coastal areas in the east of China to the middle and western parts of the country, from the manufacturing industry to the service industry, and from processing and export to domestic and international marketing. According to Chen (2015), China will promote urbanization and balance the development between urban and rural areas in the 10<sup>th</sup> Five-Year Plan released in 2001. In the Economic Work Meeting of the Chinese central government in December 2012, the State Council listed urbanization as a major task for the first time. Right after the National People's Congress and the political consultative conference in March 2013, the State Council released the National Program of New Urbanization (2014-2020) on March 16, 2014, making it a macroscopic and fundamental program for the sound development of urbanization across the nation. According to Chinese premier Li Keqiang, urbanization will not only lead to enormous consumption and investment but also step up China's transformation from a World Factory into a World Market. Besides, it is certain that urbanization will result in a large-scale population movement in China. As migrant population and capital concentrate in cities and economic activities become denser, the production and commodity trade will have scale effects and become an essential support for the expansion of domestic demand. To a large extent, the development of urbanization is closely related to the resettlement of migrant workers. In particular, the reform of the binary household registration system in urban and rural areas has always been an essential factor in promoting urbanization and improving welfare for people. Therefore, China released the State Council's Opinions on Furthering the Reform of Household Registration System on July 30, 2014, announcing that it will lift the restriction on urban settlement of rural residents so that farmers will enjoy the rights as an urban dweller.

In 2013, China launched the inter-continental Belt and Road Initiative, shaped the concept of a European-Asian Community and set the goal of realizing the Chinese Dream (Sung, 2018). As for the necessity of Taiwan's participation in the Belt and Road Initiative, Chu and Liu (2017) argue that domestically Taiwan's economic development is boosted by private consumption and the import and export and its dependence on foreign trades has exceeded 130%. In case that foreign trade is in depression, such an economic development model will have direct impacts on private investment and consumption in Taiwan. Internationally, the crisis that Taiwan is marginalized in the regional economic integration has become increasingly prominent, and Taiwan's international competitiveness has been significantly weakened. By launching the Belt and Road Initiative and the Made in China 2025, China encourages and supports the internationalization of industrial chains that manufacture equipment and motivate the enterprises in these industrial chains to make investment and start business in the foreign countries, promoting the upgrading of local industries and fueling local employment.

In the press conference in February 2018, the Taiwan Affairs Office of the State Council released the Measures to Boost the Cross-Strait Economic and Cultural Exchange and Cooperation, and there are altogether 31 measures. As for a faster provision of equal benefits for the enterprises from Taiwan and Mainland China, the measures reveal that Taiwanese enterprises will participate in the Made in China 2025 and enjoy supportive policies on taxation; Taiwanese enterprises that meet the requirements will enjoy a reduction of 15% in the business income tax from the research and development fund, a preferential for high-tech enterprises; Taiwanese enterprises can join the infrastructure in energy, transportation, water conservation, environmental protection and municipal engineering in the form of franchise. Additionally, Taiwanese enterprises are free to have a fair participation in governmental procurement; they can play a role in the reform of the mixed ownership of state-owned enterprises through joint venture, cooperation, acquisition and merger, and restructuring. Apart from providing the same benefits enjoyed by people living in Mainland China for Taiwanese compatriots, the measures allow all Taiwanese to take 134 national occupational qualification exams, join the 1,000 Talents Project and the 10,000 Talents Project, and apply for several funds, including the national fund for social science. Moreover, they are allowed to join the projects of carrying forward the fine traditional Chinese culture and some assessment projects, take part in the evaluations for honorary titles, gain the membership of professional social organizations and industrial associations, and assist the poverty alleviation and public interest undertakings in

Mainland China. According to the measures, Taiwanese people can take part in the making of radio and television programs and films regardless of quantity. The film-releasing institutions, radio stations, video websites, and online television websites in Mainland China can introduce numerous films and soup operas made in Taiwan. Furthermore, the restriction on producers, Mainland China elements and investment in the joint making of films and soup operas between Taiwan and Mainland China has been loosened.

These measures are not something new, but they are special in two aspects from the perspective of private needs. First, they fasten the offering of the benefits for the enterprises in Mainland China to Taiwanese enterprises in terms of investment and economic cooperation. Second, they gradually provide the benefits enjoyed by people living in Mainland China for people from Taiwan in terms of studying, starting a business, finding a job and living in Mainland China. If such a comprehensive policy to benefit Taiwan is fully implemented, there will be tremendous support from people on both sides of the Taiwan Strait, which is the real fundamental force to develop the cross-strait relationship (Huang, 2018). The 31 measures to benefit Taiwan are closely related to Taiwan's society and economy and have great appeal to Taiwanese talents and enterprises. It is sure that they will have far-reaching impacts on Taiwan (Sung, 2018).

### 3. Research and Analysis

In this study, the impacts of the three policies that China has implemented for 40 years since it began the market-oriented economy policy in the late 1978, "Reform and Opening-up", "Urbanization" and "Belt and Road Initiative", and the 31 Measures to Benefit Taiwan, which was launched this year (2018), will be analyzed fully.

#### 3.1 *The Effects of "Reform and Opening-up" on Taiwanese Enterprises*

China's policy of reform and opening-up was implemented since the late 1978, but Taiwan's indirect investment in China didn't start until the released of the Management of the Indirect Investment in and Technical Cooperation with Mainland China in October 1990. But on August 14, 1996, President Teng-hui Lee unexpectedly announced the restriction on the intention of making investment in China. It was later called as the policy of "Controlling Hastiness with Tolerance". Besides, the "Southward" policy that prevents Taiwanese enterprises from making much investment in China and encourages them to shift investment to the ASEAN countries was implemented since 1994. In May 2000, President Shui-bian Chen invited the politicians out of office to establish the Economic Development Consultation Committee in the presidential palace. In August 2001, he accepted the suggestion from the committee and made the policy of "Be active to become open to the world and strive for effective management" in November. Since 2002, Taiwan has gradually loosened the control over the enterprises in the hi-tech industry, the banking industry and the service industry which wanted to invest in China. But in the New Year speech on January 1, 2006, President Shui-bian Chen once again proposed to change the policy of "Be active to become open to the world and strive for effective management" into the one of "Be active to manage and strive for effective openness". As what has been mentioned above, the Taiwanese government constrained the investment of Taiwanese enterprises in China due to the political situation. But according to Wang et al. (2011), promoting the cross-strait economic activities and increasing the cross-strait economic demand can solve the economic problems facing China as well as advance the industrial structure and economic development of Taiwan. Given the supplementary relationship between the two sides in terms of resource and productive factor, the cooperation will contribute to reciprocal and win-win results. One of the reasons why China initiated the economic transformation of expanding domestic demand is to become independent of the American market and get rid of the impact of overseas markets on the stability of China. Therefore, Taiwan, which is adjacent to China, can play a positive and active role in the economic transformation, as the Taiwanese enterprises and Taiwan-funded companies did in the industrial transformation and growth of Mainland China in the beginning of China's reform and opening-up. Today, both sides have signed and implemented the Economic Cooperation Framework Agreement (ECFA), which serves as a systematic foundation for the cross-strait reciprocal cooperation.

According to a study by Chiang (2010) where 68 IC factories were taken as the subjects, manufacturer-related factors have the greatest effect on Taiwanese enterprises' foreign direct investment (FDI) in China, including the demand for capital, the large proportion of receiving orders in Taiwan but manufacturing in China, the control over technology and ownership, the adverse economic landscape, and the upper limit on domestic investment. The second one is the overall economic situation of the destination country. This indicates that FDI is in a positive relation with overall economic situation of the destination country. China's magnet effect also has impact on the capital investment of manufacturers. The third one is the overall economic situation of the home country. This implies that the more Taiwan become dependent on the export of Mainland China and Hong Kong,

the stronger motivation Taiwanese enterprises will have to make investment and establish factories in China. The fourth one is the comparative benefit. As the cost of productive factors climbs in Taiwan, Taiwanese enterprises have a stronger intention to make investment in China. The home country's upper limit on investment is influential but not statistically significant. In other words, the upper limit on investment of 40% is still adequate for most manufacturers. The comparison of overall economic situation between the home and destination countries shows that the continual economic growth of China also fuel Taiwan's investment in China. On top of the changes to the global political situation, the actual economic demand is a major force that has converted the relationship between Kuomintang and the Communist Party from conflict into cooperation. Even China, a country that has always attached great importance to military and political conflicts, has become aware of the importance of economy and strived for economic development, while the Taiwanese people are still criticizing each other over the investment in China. As the proportion of the American market dwindles and that of the Chinese market increases, it is inevitable to place emphasis on the Chinese market. Given the economic downturn and the market saturation in Europe, the US and Japan, Taiwan must seize the new opportunities brought by the rise of China's economy.

### *3.2 The Effects of "Urbanization" on Taiwanese Enterprises*

Thanks to the success China has achieved in the reform and opening-up, China has witnessed a thriving industrial production, an improving living standard, and a greater demand for materials. Meanwhile, national consumption has expanded, the tertiary industries like financial service has prospered, and the number of middle-class population has increased rapidly. Driven by the economic growth, more residents in small and medium-sized cities as well as big ones have the demands of consumption and the ability to seek a better life. This has contributed to a huge consumer market. According to the report by Wen et al. (2013), the growth of the middle class in China will definitely result in the transformation of consumption, and special attention will be paid to life quality. People will shift their emphasis from quantity to quality; the proportion of consumption will become larger in the disposable income. Such changes coincide with the common orientation of Taiwanese enterprises and products in the market: high quality/performance and average price. Additionally, the rise of the middle class has also put forward the adjustment and upgrading of the industrial and economic structures in cities, especially the advancement of the tertiary industry, thus advancing the tertiary industry in China, the industry that China has particular strength in.

According to the report by Chen and Lee (2010), the Chinese government proposed a policy of expanding domestic demand in response to the financial turmoil in 2008. Aside from the domestic demand expansion program worthy of RMB 4 trillion which covered railway, highroad, post-disaster rebuilding, infrastructure in rural areas, and medicine, others like home appliance subsidy for rural families, the substitution of old appliances for new ones, and the energy-efficient products for people are all subsidies for home appliances. Such a policy underlines the enormous domestic demand market in China. Teng (2014) also believes that the international demand declined in the post-financial tsunami period. To maintain the economic growth, China enlarged urban population through urbanization to increase income and stimulate the consumption of private sectors. Moreover, it increased the infrastructure expenses in the urbanization. Urbanization, infrastructure expenditure and the consumption of private sectors, all of which are closely connected, are regarded as important indicators for observing the transformation of China's economic growth model featuring "from export to domestic demand" and "from investment to consumption". In response to the international financial crisis and expand domestic consumption, since 2007, China launched the consumption policies for rural residents, including "home appliance subsidy for rural areas", "automobile subsidy for rural areas" and "motorcycle subsidy for rural areas", so as to give play to the consumption potential of rural residents. Similar policies were implemented in the form of price compensation. In the implementation, the type of subsidized products became increasingly diverse, and the upper limit on product price became gradually higher. But the study by Chang (2013) showed some negative results: (1) the home appliances for rural areas were low in quality and narrow in variety, and the farmers' passion for purchase was not as great as expected; (2) the marketing benefits of the home appliance subsidy for rural areas were small, and the retailers were not active in the marketing; (3) the procedure of applying for the subsidies was complicated, and the efficiency of subsidy delivery was low; (4) the after-sale service of the home appliances for rural areas was incomplete and the delivery was delayed; (5) the operation was against the regulations. For the families which desire to get rid of poverty and lead a moderately prosperous life, daily necessities and home appliances are indispensable. The Chinese government attempts to improve people's living standards through the home appliance subsidy for rural areas. The urbanization has expanded the large and medium-sized livelihood industries like logistics and home appliance in China's domestic demand market. The huge domestic market of China has changed the industrial production in Taiwan. To respond to the demands of

the domestic market, it has shifted some industries from outbound manufacturing to domestic marketing and manufacturing. The equivalent cross-strait economic relationship during this period changed again. As for the outlet distribution and marketing in China's domestic market, both parties operate on the basis of equality and reciprocity. In this way, the cross-strait relationship has become more equal.

### *3.3 The Effects of the "Belt and Road Initiative" on Taiwanese Enterprises*

The Belt and Road Initiative refers to the fact that on September 7, 2013, Jinping Xi proposed to co-establish the Silk Road Economic Belt in the speech he delivered in Kazakhstan. On October 3, 2013, he mentioned the construction of the 21<sup>st</sup> Century Maritime Silk Road in Indonesia. On May 14, 2017, the Belt and Road International Cooperation Summit Forum was held in Beijing and was attended by 1,500 political leaders from over 130 countries, including the heads of 29 states. The Belt and Road Initiative is a major international strategic policy that China launched after it promoted the development of the secondary industry by implementing the policy of reform and opening-up and introducing foreign enterprises for domestic production and outbound marketing. The release of the initiative also came after China had witnessed economic growth, the improving living standards of the people and the rapid development of urbanization. Nevertheless, the Belt and Road Initiative is unlike the reform and opening-up or urbanization which is confined to China; instead, the inter-continental initiative will make China global. Bearing a close trade and economic tie with China, Taiwan, however, doesn't join the initiative and will lose an excellent chance to boost global economy through common efforts. A similar situation appeared in the beginning of the implementation of China's reform and opening-up: the Taiwanese government restrict Taiwanese enterprises from entering Mainland China due to political factors. In face of the Belt and Road Initiative today, the Taiwanese government put forward the New Southward Policy. But as the weight of the American market becomes smaller, it hopes to join the Trans-Pacific Partnership dominated by the US. In the literature review, Chu and Liu (2017) have mentioned the necessity of Taiwan's involvement in the Belt and Road Initiative. Chen (2015) also pointed out the difficulties that Taiwan faces at home and abroad. Internationally, Taiwan will be confronted with many complicated situations and take the US, Japan and China into account if it wants to join an international organization or a regional economic integration. Domestically, Taiwan casts its doubt over a deeper cross-strait exchange and cooperation despite its domestic political conflict, the strong call against free trades and Mainland China, and the ineffective cross-strait service and trade agreement. He also thinks that Taiwan has many advantages in the implementation of the Belt and Road Initiative. As a seaside island of China, Taiwan is naturally a part of the Maritime Silk Road; besides, Taiwan's economy has become deeply integrated with China's economy. Yen and Chang (2017) even point it out that the implementation of the initiative and President Trump's announcement of America's withdrawal from the TPP will make it impossible for Taiwan to join the regional economic cooperation mechanism dominated by the US. According to China's economic power and market scale, the initiative will surely have impacts on Taiwan's New Southward Policy and its achievements.

According to Cheng (2015), after the speech delivered by President Jinping Xi in the opening ceremony of the Bo'ao Asian Forum in 2015, China released the Vision and Action of the Belt and Road Initiative, where the Chinese government is expected to give full play to the role of Hong Kong, Macau and Taiwan in the Belt and Road Initiative and make a good plan for Taiwan's participation in the initiative. First, Taiwan is expected to push forward the fulfillment of the national geographical strategic goals. Early in the 1980s, Taiwan finished the ten major construction programs. Therefore, it is believed that Taiwan is able to play a role in the construction of railways, highways, airports, ports, nuclear power plants and industrial parks in the initiative, making contribution to the fulfillment of the goals. Second, Taiwan is still a developing region, but in recent years, it has exceeded some developed countries in terms of architectural technology and art, medical care and technology, convenience store service. Moreover, it has launched the experimental program of "Smart City" recently. In the future, the private enterprises in Taiwan will discover infinite markets and business opportunities in the newly-established communities in Southeast Asia, Central Asia and South Asia. If what the claims by Cheng (2015) are true that Taiwan is still playing a leading role in infrastructure, medicine and service, it may have some vantage points if it participates in the Belt and Road Initiative in the early stage. Hence, Taiwan should fasten its entry into the initiative. Undoubtedly, the Belt and Road Initiative will provide a broader and bigger international market for Taiwanese enterprises which have become so familiar with the international market. Therefore, Taiwan must put aside its current political thinking and grasp the chance to join the initiative; otherwise, the equal cross-strait relationship will be weakened and Taiwan will fall far behind Mainland China.

### *3.4 The Effects of the 31 Measures to Benefit Taiwan on Taiwanese Enterprises*

Early in the Taiwan Strait Forum in 2009, the 8 Policies to Benefit Taiwan announced by Yi Wang, the then director of the National Office of Taiwan Affairs already allowed Taiwanese enterprises to participate in the

infrastructure in Mainland China. On February, 2018, the National Office of Taiwan Affairs in Mainland China announced the 31 Measures to Benefit Taiwan, or the Measures to Boost the Cross-Strait Economic and Cultural Exchange and Cooperation. Of these measures, 12 ones promote equal preferential to enterprises from Taiwan and Mainland China; 19 ones aim to provide equal treatment for compatriots from Taiwan and Mainland China. The release and implementation of these measures will have significant impacts on the cross-strait interaction and the future development of Taiwan's society and economy. According to Wei (2018), the proposal of the 31 Measures to Benefit Taiwan is consistent with the policies on Taiwan that President Jinping Xi mentioned in the 19<sup>th</sup> National People's Congress Report. These measures, covering many ministries and fields, were summarized by 31 political departments, including the Taiwan Affairs Office of the State Council and the National Development and Reform Commission, within merely four months. This demonstrates the high efficiency of the administration in putting the ideas of leaders into practice and reveals the importance of the policies towards Taiwan. These measures seem to be exclusively beneficial for Taiwan, but they also serve as a way to increase China's openness to the world. They symbolize a stage of China's endeavor to introduce the commodities, services, technologies and talents that would benefit its economic transformation through greater openness after 40 years of its implementation of reform and opening-up. Especially, the measures place strong emphasis on advanced manufacturing, the high-end service industry, and the production and service industry that support the manufacturing industry.

According to the measures, Taiwanese enterprises can participate in the Belt and Road Initiative, the 2025 Project and the infrastructure and enjoy the preferential in renting and taxation in Mainland China; they can enjoy "equal rights". In the past, Taiwanese enterprises are regarded as foreign enterprises by Mainland China. They enjoyed many benefits in the early stage, but they also encountered some limitation. Today, the benefits for foreign enterprises have been reduced, while the enterprises in Mainland China have become more competitive. The Taiwanese enterprises that enjoy "equal rights" no longer have chances to take part in fair competition (Lu, 2018). But according to the Mainland Affairs Council of the Executive Yuan, the measures seem beneficial, but they neglect the difference in institution, regulation, living environment, market, thinking and values between Taiwan and Mainland China. The council reiterates that China has always launched the policies about Taiwan with a strong political intention and that relevant measures aim to fuel its economic growth and attract resources, technologies and talents from Taiwan, so as to sacrifice its interest for the political identity of the Taiwanese people (CNA, 2018).

#### 4. Conclusions

After the split between Kuomintang and the Communist Party of China, Taiwan suffered great losses in military and political conflicts. But with the support from the US, it has achieved remarkable economic success. In comparison, China encountered severe economic depression due to its inefficient measures like the Great Leap and the Three-line Construction before the implementation of reform and opening-up that began in the late 1978. But thanks to the policy of reform and opening-up, China has gained rapid economic growth. Given the dwindling proportion of the American market and the increasing weight of the Chinese market, it has become inevitable for Taiwanese enterprises to develop in the Chinese market. Some Taiwanese enterprises grasped the chances brought by China's reform and opening-up and endeavored to develop in the Chinese market, but the then Taiwanese government made a negative response to the situation. Fortunately, the progressive Taiwanese enterprises strived to enter the Chinese market in the early stage of the reform and opening-up and managed to obtain eye-catching results. Later, the urbanization gave them another business opportunity to expand the domestic consumption in China. In face of the decline in the American market and the stagnation in the Chinese market, the Taiwanese government hasn't come up with a guideline for its enterprises. Therefore, the future development of Taiwan's economy remains unknown.

In contrast, China's Belt and Road Initiative has won positive response from the majority of the related countries and the country is in a marvelous situation featuring beneficial external and internal factors. Chinese scholars like Chu, Liu and Chen (2015) all point out the domestic and international predicament that Taiwan faces. Cheng (2015) says that Taiwan should learn the lesson and hold a positive attitude towards the Belt and Road Initiative. Pessimistically, the author believes that the three policies of China will have increasing impact on the three levels of the Taiwanese government, and the cross-strait relationship will continue to fluctuate. Due to the political consideration of the Taiwanese government, the private enterprises become confused and lose their advantages, and the cross-strait economic gap will be enlarged. During the period of the military conflict between the two, both sides were still howling political slogans. Finally, Taiwanese enterprises made direct investment to respond to the Taiwanese government's slogan of "making a U-turn attack against Mainland China". The Chinese government's slogan of "liberating Taiwan" can also be fulfilled through the Belt and Road Initiative.

The equal rights that Taiwanese enterprises enjoy in the 31 Measures to Benefit Taiwan include: (1) Taiwanese

enterprises can join the infrastructure in energy, transportation, water conservation, environmental protection and municipal engineering in the form of franchise; Taiwanese enterprises are free to have a fair participation in governmental procurement; they can play a role in the reform of the mixed ownership of state-owned enterprises through joint venture, cooperation, acquisition and merger, and restructuring. (2) Taiwanese enterprises can participate in the Made in China 2025 Program, promoting the investment in high-end, smart and environmentally-friendly enterprises and establishing regional headquarters and research and design centers. (3) Mainland China will pay special attention to the establishment of cross-strait cooperation zones in the middle, western and northeast parts and encourage Taiwanese enterprises to shift their attention from Taiwan to Mainland China and take part in the Belt and Road Initiative. (4) Taiwanese enterprises that meet the requirements will enjoy a reduction of 15% in the business income tax from the research and development fund, a preferential for high-tech enterprises, and they can get full-amount refund of value-added tax if they purchase equipment from Mainland China. (5) Taiwanese agricultural enterprises also enjoy the subsidies for the purchase of agricultural machines and the supportive policies for major leading enterprises of industrialization. In terms of financial cooperation, Taiwanese financial institutions and enterprises can collaborate with China UnionPay and non-banking payment institutions in Mainland China and provide convenient small-amount payment service. Taiwanese credit institutions can cooperate with the credit institutions in Mainland China, offering credit services to the people and enterprises on both sides of the Taiwan Strait. Taiwanese banks can work with the peers in Mainland China to provide services for real economy through syndicate loan. As is mentioned by Wei (2018), some problems will be inevitable in the implementation of the measures. Take the example of the cooperation between Taiwanese financial institutions and those in Mainland China. Taiwanese Pan-public stock banks will be restricted, and only private financial institutions will enjoy the benefits. Additionally, the difference in institution will put limitation on Taiwanese enterprises when they join the infrastructure in energy, transportation, water conservation, environmental protection, municipal engineering and the Belt and Road Initiative. These problems remain to be solved. Despite this, the measures will have magnet effect on the talents and resources in Taiwan according to the overall development trend of the cross-strait relationship.

According to Sung (2018), what is more worthy of attention is that China released the measures to benefit Taiwan on the same day when the US launched the law concerning the travel to Taiwan, and both are competing with each other in the policy-making about Taiwan. The 31 measures to benefit Taiwan are the ones that will benefit people, while the law concerning the travel to Taiwan is a policy beneficial for officials. It is extraordinary for the two to take such high-profile actions. But the impacts of these actions on Taiwan remain to be seen. Taiwan has become a game played by China and the US, but it will be Taiwan that will bear the risks. Along with the measures to benefit Taiwan, special attention is also paid to the benefits for China by attracting Taiwanese talents and industries to make investment and develop in Mainland China. Taiwanese technologies and capital will also be introduced by China to solve the problems it faces in the economic growth. While strengthening the cross-strait relationship, Mainland China can attract and make full use of Taiwanese talents.

### Acknowledgement

This research is supported by the National Chin-Yi University of Technology, Taiwan, R.O.C. (under Project #: NCUT-18-R-MB-024)

### References

- CNA (Central News Agency, Taiwan) (2018). Xiamen launches 60 Measures to Benefit Taiwan, Mainland Affairs Council: Unilateral measures will not work. Retrieved from: <https://money.udn.com/money/story/5641/3081428>
- Chang, C., Lee, H., & Chang, F. (2013). A study of China's policy-home appliances going to the countryside. *Asian Economic Review*, 71(2), 79-94. <http://petit.lib.yamaguchi-u.ac.jp/G0000006y2j2/metadata/C040071000209>
- Chen, Q., & Li, X. (2010). Report on the results of the implementation of the research on expanding the domestic markets in Mainland China. *Executive Committee on Economic Policy*, 18-27. Retrieved from: <https://ws.ndc.gov.tw/Download.ashx?u=LzAwMS9hZG1pbmlzdHJhdG9yLzEwL3JlbGZpbGUvNTYzNi8yMzU5LzAwMTM2MzkucGRm&n=OTkwMi5wZGY%3D&icon=..pdf>
- Chen, X. (2015). Rising up or sinking down: The opportunities and challenges brought by the Belt and Road Initiative and the Free Trade Zone of Taiwan. *HAI XIA KE XUE*, 101, 9-17. <https://core.ac.uk/download/pdf/41456287.pdf>
- Cheng, H. (2015). The Progress and Impact of Mainland China's Urbanization. *Economic Research*, 15, 350-372.

- [http://readopac2.ncl.edu.tw/nclserialFront/search/detail.jsp?sysId=0006828164&dtdId=000040&search\\_type=detail&la=ch&checked=&unchecked=0010006828164,0020006775029,0030006722071,0040006632631](http://readopac2.ncl.edu.tw/nclserialFront/search/detail.jsp?sysId=0006828164&dtdId=000040&search_type=detail&la=ch&checked=&unchecked=0010006828164,0020006775029,0030006722071,0040006632631)
- Chiang, Y. (2010). Determinants on foreign direct investment by Taiwan in China. *Journal of Tainan University of Technology*, 29, 213-232. <https://doi.org/10.6970/JTUTHSM.201010.0213>
- Huang, C. (2018). Changes to and understanding of Mainland China's Policies to Benefit Taiwan. CRNTT.com. Retrieved from: [http://hk.crntt.com/doc/1050/2/9/5/105029599\\_2.html?coluid=247&kindid=17652&docid=105029599&mdate=0528150436](http://hk.crntt.com/doc/1050/2/9/5/105029599_2.html?coluid=247&kindid=17652&docid=105029599&mdate=0528150436)
- Lin, J. (2013). Analysis of investment trends and research: Changes in the trend of investment in Taiwanese businessmen and the impact of external investment. Ministry of Economic Affairs Investment Review Committee. Retrieved from: [www.moeaic.gov.tw/download-file.jsp;jsessionid...?id=14CCQMcuqcw](http://www.moeaic.gov.tw/download-file.jsp;jsessionid...?id=14CCQMcuqcw)
- Lu, Y. (2018). The appeal of the 31 Measures to Benefit Taiwan to the young people should not be neglected. *Business Today*. Retrieved from: <https://www.businesstoday.com.tw/article/category/80392/post/201803060004/%E4%B8%AD%E5%9C%8B31%E6%A2%9D%E6%83%A0%E5%8F%B0%E6%94%BF%E7%AD%96%E3%80%80%E5%B0%8D%E5%B9%B4%E8%BC%95%E6%97%8F%E7%BE%A4%E5%90%B8%E5%BC%95%E5%8A%9B%E4%B8%8D%E5%AE%B9%E5%BF%BD%E8%A6%96>
- National Office of Taiwan Affairs of China, (2018). The press conference of National Office of Taiwan Affairs on the latest implementation of the 31 Measures to Benefit Taiwan. [http://www.gwytb.gov.cn/31t/bjzl/201807/t20180703\\_11971181.html](http://www.gwytb.gov.cn/31t/bjzl/201807/t20180703_11971181.html)
- Sung, C. (2018). Taiwanese people will become increasingly hesitant due to the 31 Measures to Benefit Taiwan. *Straits Review*, 328. <https://www.haixia-info.com/articles/9944.html>
- Teng, Y. (2014). Chinese economic transitions and international participation in the Post-Crisis Era. *Taiwan International Studies Quarterly*, 10(1), P137-159. <http://www.airitilibrary.com/Publication/alDetailedMesh?docid=18162622-201403-201404110025-201404110025-137-159>
- Wang, T., Huang, T., & Chu, G. (2011). Economic development and government role: Mainland China cases and cross-strait cooperation. *Journal of Yuda University of Science and Technology*, 27, 163-180. <https://doi.org/10.7074/YDAJB.201106.0165>
- Wei, I. (2018) Meaning and impacts of the 31 Measures to Benefit Taiwan. *Straits Review*, 328. <https://www.haixia-info.com/articles/9949.html>
- Wen, F., Liu, M., Zhong, F., & Liu, B. (2013). The overall development of domestic consumption in the mainland China and the Yangtze River Delta. China Economic Research Institute. Retrieved from: [https://www.moea.gov.tw/Mns/main/content/wHandMenuFile.aspx?file\\_id=1132](https://www.moea.gov.tw/Mns/main/content/wHandMenuFile.aspx?file_id=1132)
- Yan, A., & Zhang, J. (2017). The Influence of the Belt and Road Initiative to the Asia-Pacific Order and Cross-Strait Relations. *Taiwan Studies*, 4, 19-28. [http://www.siis.org.cn/UploadFiles/file/20180314/\\_%E4%B8%80%E5%B8%A6%E4%B8%80%E8%B7%AF\\_%E5%80%A1%E8%AE%AE%E5%AF%B9%E4%BA%9A%E5%A4%AA%E7%A7%A9%E5%BA%8F%E4%B8%8E%E4%B8%A4%E5%B2%B8%E5%85%B3%E7%B3%BB%E7%9A%84%E5%BD%B1%E5%93%8D\\_%E4%B8%A5%E5%AE%89%E6%9E%97.pdf](http://www.siis.org.cn/UploadFiles/file/20180314/_%E4%B8%80%E5%B8%A6%E4%B8%80%E8%B7%AF_%E5%80%A1%E8%AE%AE%E5%AF%B9%E4%BA%9A%E5%A4%AA%E7%A7%A9%E5%BA%8F%E4%B8%8E%E4%B8%A4%E5%B2%B8%E5%85%B3%E7%B3%BB%E7%9A%84%E5%BD%B1%E5%93%8D_%E4%B8%A5%E5%AE%89%E6%9E%97.pdf)
- Yuan, C. (2018). Methods of responding to the 31 Measures to Benefit Taiwan. *Straits Review*, 328. <https://www.haixia-info.com/articles/9934.html>
- Zheng, X. (2015). The "Belt and Road" strategic layout of the Mainland and the construction of a cooperative development system across the Taiwan Strait. *HAI XIA KE XUE*, 5(101), 60-61. <http://www.airitilibrary.com/Publication/alDetailedMesh?docid=yjyzx201505016>
- Zhu, X., & Liu, S. (2017). One Belt One Road: The opportunities, challenges and countermeasures for Taiwan's participation. Retrieved from: <https://www.sinoss.net/show.php?contentid=75567>

### Copyrights

Copyright for this article is retained by the author(s), with first publication rights granted to the journal.

This is an open-access article distributed under the terms and conditions of the Creative Commons Attribution license (<http://creativecommons.org/licenses/by/4.0/>).