

Overcoming the Barrier to Cross-Strait Trade to Advance Taiwan's Economic Growth

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Abstract

The purpose of this research is to present a comprehensive framework for studying and finding a solution to the cross-strait dilemma between China and Taiwan, which goes beyond the political aspect. China has become a global economic powerhouse, significantly affecting trade throughout the Asia-Pacific region and beyond. Taiwan has become increasingly dependent on China for its economic growth, with 40% of our reliance on the mainland. However, recent political changes and opposition to China have led to strained relations, which are now impacting our exports. To ensure the well-being and interests of the Taiwanese people, our leaders need to recognize the current situation and adjust our national strategy accordingly. Our focus should be on stabilizing cross-strait relations, promoting economic and trade cooperation, and working towards a mutually beneficial partnership based on equality, cooperation, and trust. The most important thing is to prioritize the Taiwanese people's welfare and create a strategic plan that benefits both.

JEL classification numbers: D72, F10, F17.

Keywords: Mutual Trust, Mutual Benefit, Equality, Cooperation, Relationships.

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1. Introduction

It is widely acknowledged that China has become a prominent global superpower thanks to its aggressive promotion of the Belt and Road Initiative and strong leadership in Eurasian economic integration. Its remarkable economic growth and national influence have garnered significant international recognition, making China the driving force behind global economic development and causing a shift in the Asia-Pacific trade and economic map. As a "world factory" and "world market," China has captured the attention of the world and emerged as a major player in the global economy.

Over the past few decades, China has made impressive strides in improving its international economic standing, opening up to the world, participating actively in international affairs, and strengthening regional cooperation.

Table 1: The Percentage of Taiwan's Exports to Important Trading Partners

Year	China and HK	ASEAN countries	USA	Europe	Japan
1998	23.4%	10.7%	26.6%	17.6%	8.4%
1999	23.8%	11.6%	25.3%	16.5%	9.7%
2000	24.4%	12.2%	23.4%	15.7%	11.1%
2001	26.6%	11.9%	22.3%	15.8%	10.3%
2002	32.1%	11.9%	20.2%	13.9%	9.1%
2003	35.7%	11.8%	17.6%	13.8%	8.3%
2004	38.0%	13.0%	15.8%	13.1%	7.6%
2005	39.1%	13.6%	14.7%	11.9%	7.6%
2006	39.8%	13.7%	14.4%	11.7%	7.3%
2007	40.7%	14.5%	13.0%	11.6%	6.5%
2008	38.9%	15.0%	12.1%	11.7%	6.9%
2009	41.1%	14.8%	11.6%	11.1%	7.1%
2010	41.9%	15.2%	11.4%	10.6%	6.7%
2011	40.3%	16.7%	11.7%	10.0%	6.1%
2012	39.7%	18.7%	10.8%	9.5%	6.4%
2013	40.3%	19.0%	10.5%	9.0%	6.2%
2014	40.2%	18.8%	11.0%	9.1%	6.3%
2015	39.5%	18.1%	12.1%	9.1%	6.9%
2016	40.1%	18.4%	12.0%	9.4%	7.0%
2017	41.2%	18.5%	11.7%	9.1%	6.5%
2018	41.3%	17.4%	11.8%	9.4%	6.8%
2019	40.1%	16.4%	14.1%	9.0%	7.1%
2020	43.9%	15.4%	14.6%	8.2%	6.8%
2021	42.3%	15.7%	14.7%	7.1%	6.5%
2022	38.8%	16.8%	15.7%	8.6%	7.0%
2023	35.8%	17.6%	17.6%	9.8%	7.3%

Source: Trade statistics of the Ministry of Finance of the Republic of China.

In recent years, Taiwan's economy has become increasingly reliant on China. To ensure continued stable economic growth, it will be important to establish solid relationships and strengthen regional economic cooperation through non-governmental exchanges and cross-strait trade and economic development. Taiwan's impressive GDP growth has propelled economic development in the Asia-Pacific region, as highlighted in Table 1, which shows a steady increase in China's export percentage to mainland China and Hong Kong. Additionally, Table 2 provides Taiwan's Import and Export Statistics to China including Hong Kong.

Table 2: Taiwan's Import and Export Statistics to China (Hong Kong Included)

By Year (Month)	Total			Export			Import			Surplus	
	Amount of money	Specific gravity	Growth rate (%)	Amount of money	Specific gravity	Growth rate (%)	Amount of money	Specific gravity	Growth rate	Amount of money	Growth rate (%)
2017	1,814.7	31.7	15.4	1,299.1	41.2	16.0	515.5	20.0	13.7	783.6	17.5
2018	1,931.0	31.2	6.4	1,379.0	41.3	6.1	552.0	19.4	7.1	827.0	5.5
2019	1,905.7	31.0	-1.3	1,321.2	40.1	-4.2	584.6	20.5	5.9	736.6	-10.9
2020	2,161.9	34.2	13.4	1,513.8	43.9	14.6	648.1	22.6	10.9	865.7	17.5
2021	2,730.7	33.0	26.3	1,888.8	42.3	24.8	842.0	22.0	29.9	1,046.8	20.9
December	247.6	32.7	17.5	170.7	42.0	16.1	76.9	22.0	20.7	93.9	12.6
2022	2,713.9	29.9	-0.6	1,858.8	38.8	-1.6	855.1	20.0	1.6	1,003.7	-4.1
January	237.8	31.7	9.0	157.0	39.3	5.7	80.8	23.1	16.0	76.2	-3.3
February	216.0	31.2	36.1	157.6	42.1	39.9	58.4	18.4	26.9	99.2	48.9
March	259.6	31.6	13.9	180.2	41.4	13.3	79.5	20.5	15.3	100.7	11.8
April	235.3	30.1	10.3	163.3	39.4	10.6	72.0	19.6	9.6	91.3	11.4
May	241.1	29.4	4.6	158.0	37.6	0.7	83.1	20.8	12.9	74.9	-10.0
June	233.3	29.2	1.2	154.2	36.5	-4.5	79.1	21.0	14.6	75.0	-18.8
July	235.8	28.9	5.0	160.3	37.1	3.0	75.5	19.7	9.5	84.8	-2.3
August	222.9	28.7	-8.3	151.1	37.5	-9.9	71.8	19.2	-4.7	79.3	-14.2
September	217.4	31.1	-12.8	151.7	40.4	-13.3	65.8	20.3	-11.8	85.9	-14.3
October	217.6	28.3	-7.3	147.1	36.8	-9.3	70.5	19.1	-2.8	76.6	-14.5
November	198.1	28.9	-21.4	135.6	37.5	-20.9	62.5	19.2	-22.6	73.1	-19.3
December	198.9	29.9	-19.7	142.7	39.9	-16.4	56.1	18.2	-26.9	86.6	-7.8
January-November 2023	2,049.4	28.6	-18.5	1,388.9	35.4	-19.1	660.4	20.4	-17.3	728.5	-20.6
January	163.5	26.9	-31.3	104.4	33.1	-33.5	59.0	20.2	-26.9	45.4	-40.5
February	157.1	26.3	-27.3	110.1	35.5	-30.2	47.0	16.4	-19.5	63.0	-36.4
March	187.3	28.3	-27.9	128.9	36.6	-28.5	58.4	18.8	-26.5	70.5	-30.0
April	182.5	28.0	-22.4	127.4	35.4	-22.0	55.2	18.9	-23.4	72.2	-20.9
May	187.8	27.9	-22.1	127.3	35.3	-19.4	60.4	19.3	-27.2	66.9	-10.7
June	172.5	29.4	-26.0	119.9	37.1	-22.2	52.6	20.0	-33.5	67.2	-10.4
July	194.1	28.1	-17.7	134.2	34.6	-16.3	59.9	19.8	-20.6	74.2	-12.5
August	193.2	29.2	-13.3	129.8	34.7	-14.1	63.5	22.1	-11.6	66.3	-16.4
September	203.5	30.2	-6.4	138.2	35.6	-8.8	65.3	22.9	-0.8	73.0	-15.0
October	217.3	30.8	-0.1	141.8	37.2	-3.6	75.5	23.3	7.1	66.3	-13.5
November	190.6	29.3	-3.8	127.1	33.9	-6.3	63.6	23.0	1.7	63.5	-13.1

Note: This table is based on general trading system statistics.

Source: Customs Administration, Ministry of Finance.

As a result of the global economy's recovery and China's economic expansion, the Asia-Pacific region's economic development is significantly impacted, and the growth of international trade and commerce is also negatively impacted. China has a high degree of economic reliance on the US, and there are frequent cross-strait trade exchanges. However, due to the recent rapid cooling of the government's strategy of teaming up with the US to oppose China, our export trade has been put to the test, making the topic of how to fortify regional economic cooperation and overcome the current economic predicament crucial. It's interesting to note that Taiwan's government is encouraging its enterprises in China to invest in Taiwan again through incentives. However, it remains to be seen what the actual effects of this policy will be in the long run.

Additionally, the government is also putting its southbound policy to the diplomatic test. Opportunities for trade between nations are offered by those in Southeast Asia and the continent. Taiwan's economic policies encourage businesses to explore new markets, so there's no stopping the country's industrial transformation and automation growth. The economic relationship between Taiwan and China has significantly deteriorated due to the government's stance of aligning with the US in opposition to China. The most pressing concern now is to enhance regional economic cooperation to overcome the current economic challenges. Taiwan's businesses must adapt their strategies to navigate the changing circumstances. The country's priority is to focus on industrial transformation and automation development, as other countries like China and Southeast Asia are also vying for foreign trade. Additionally, Taiwan's businesses must decide whether to invest in their home country or implement the southbound policy. To promote the nation's development, the relevant government agencies must aid the industry in exploring new markets.

2. Literature Review

2.1 The Effects of China's Rapid Development

Premier Wen Jiabao of China gave a speech at Harvard University on December 10, 2003, outlining the development path of "China's peaceful rise." Zheng Bijian, the former vice president of the Party School of the Central Committee of the Communist Party of China, also gave a special speech on "China's Peaceful Rise" at the "Boao Forum for Asia" on the development of cross-strait relations on November 3, 2003. Since then, China has positioned the ideology of its peaceful growth as a new national development plan. Three primary goals are involved: First, a scientific approach to observation can aid in the growth of knowledge. Preventing recurrent conversations and failing to view and analyze from a fresh angle is the second. Moreover, to prevent conceptual or procedural overlapping. Therefore, the primary focus of this study is on how China's comprehensive national power rapidly increased following its peaceful ascent and how cross-strait leaders affected Taiwan's national development in reaction to shifts in cross-strait policies.

There are a plethora of resources available for those interested in delving into the

evolution of cross-strait relations and China's non-violent ascension. According to Kristof (1992), if China's progress persists, it may become the most crucial global trend in the coming years. The Chinese media has recently pushed for renewed consideration of Jiang Zemin's ideology, which was enshrined in the Chinese Communist Party constitution at the 16th Party Congress in 2002 (Fewsmith, 2003). The "three" concepts systematically examines the historical rise of great powers, elucidates the theory behind this phenomenon, and elucidates the relationship between China's peaceful ascent and key strategies. It also addresses the connection between the collective development of all nations, the interplay of internal and external factors, development trajectories, and international order. Lastly, it tackles the issue of major powers' relationships and strives for worldwide recognition of the challenge of achieving peaceful reunification.

As Asia approached the turn of the century, Storey (2013) investigated the security implications of the rise of the Chinese Communist Party (CCP) in the region. One of the key issues that remained unresolved during this time was the ownership of the Nansha Islands, which caused political tensions. Additionally, Taiwan's desire for independence from the CCP to establish an autonomous separatist political entity added to the political challenges. These unresolved issues had the potential to lead to future tensions in East Asia, and there was a possibility that they could escalate into a political-military conflict between China and the US. Such a conflict would have had serious repercussions on cross-strait trade and commercial relations. China's ability to weather the economic crisis of the late 1990s surpassed that of many neighboring East Asian nations, and it is poised to remain a significant economic force for the next two decades. The military threat posed by mainland China toward Taiwan is unlikely to dissipate shortly. Scholars and media in Taiwan are actively debating how China's rise has impacted cross-strait relations. The United States' involvement in resolving the political and military impasse between the two is complicated by China's surge in economic growth and political influence. China's diplomatic toolkit has expanded, providing more options for handling cross-strait affairs. While China's coercive cross-strait policy, including missile deployment and anti-secession laws, presents a significant threat to both Taiwan and its ally Japan, Beijing's growing "soft" power and political standing in the region has increased its clout regarding cross-strait issues (Yang, 2006).

Taiwan's economic dependence on China is a result of impressive economic development, which has opened up many business opportunities for Taiwan. This shift has changed the nature of cross-strait relations from military confrontation to trade interactions, creating several complex and sensitive cross-strait economic and trade issues. Additionally, by analyzing specific data, we can gain a better understanding of the current state of the mainland economy.

As a result, many scholars have turned their attention to how the Chinese Communist Party (CCP) presents Taiwan's issues. In a study conducted by Lin (2017), the public statements made by CCP officials regarding Taiwan between 2003 and 2013 were analyzed in connection with their Taiwan policy. The communications repeatedly emphasized the One-China concept and the 1992

Consensus to counter Taiwan's separatist forces. Additionally, the CCP stressed their genuine goodwill and efforts to resolve disputes and achieve final reunification. Although the regime's core values may vary in different messages, consistent patterns emerged that encouraged cooperation between Taiwan and mainland China for East Asia's regional economic integration and greater economic benefits.

2.2 Challenging Relations throughout Straits

Kastner (2018) introduced the concept of peaceful ascent, which emphasizes the importance of peaceful collaboration and constructive dialogue between nations to achieve common development objectives and uphold global peace and stability. This concept also applies to relations across straits, where peaceful conflict resolution and mutually beneficial collaboration can be achieved through consultation and dialogue. Such an approach contributes to the preservation of peace in the Taiwan Strait and encourages positive interactions and engagements over an extended period.

Cross-strait connections are influenced by a variety of complicated causes and are becoming more diverse in their tendencies. They involve contact in the political, economic, cultural, and other domains. Analysis of their dynamic evolution is aided by the use of theories of international relations such as constructivism and peaceful rise. A vital sector of economic cooperation between the two sides, cross-strait trade has increased dramatically with the loosening of relations. However, it also faces obstacles like trade frictions and political meddling. Understanding the present circumstances, patterns, and effects of cross-strait commerce can be aided by an understanding of international relations theory and trade theory.

Taiwan's political, military, and economic security are significantly impacted by cross-strait interactions (Charney and Prescott, 2000). A decline in relations might result in less investment and trade, more political disputes, and a higher likelihood of a military war. These factors could then have an impact on Taiwan's capacity for defense, political stability, and economic growth. Taiwan must so keep an eye out and take the appropriate measures to counter any such threats.

The promotion of bilateral economic cooperation entails fostering cross-strait trade relationships that encompass a broad spectrum of industrial sectors, investment, policy agreements, and substantial trade volumes. While the success of both parties rests on fruitful trade relations, external factors such as global climate and changing policies can have an influence. To secure mutual benefits and achieve win-win outcomes, the two sides must work together to uphold and elevate trade relations.

The concept of a "peaceful rise" emphasizes the importance of maintaining peace and stability, while fostering cooperation and communication to avoid conflict during times of growth (Buzan, 2010). This requires a concerted effort from both parties to establish mutual trust, consider the global environment, and implement proactive policies aimed at achieving a peaceful ascent. The significance of this notion cannot be overstated in guiding cross-strait relations toward peaceful development and mutual benefit. Due to the effect of historical and political reasons,

cross-strait relations—which pertain to the interaction relations between China and Taiwan in the political, economic, cultural, and other fields—have always been one of Taiwan's main challenges (Wang, 2022). China supports peaceful reunification and upholds the "One China" policy. Conversely, Taiwan pushes for preserving the status quo and defends its democratic values and sovereignty as a sovereign state. Taiwan's politics, economy, and security are all significantly impacted by the evolution of cross-strait relations.

China has proposed the "peaceful rise" idea of foreign policy in this context, highlighting the peaceful and respectful approach that the country will use to achieve its goals of national development. This involves promoting peaceful reunion at the cross-strait level. Taiwan's stance is circumspect, emphasizing deference to the people's will and national sovereignty. Taiwan's economic development can benefit from a reasonably stable environment created by a peaceful ascent, but Taiwan must also be aware of the possible dangers associated with China's proposal for reunification.

2.3 China and Taiwan's Peaceful Rise Strategy

The trade relationship between Taiwan and China is of utmost importance. China holds a significant position as one of Taiwan's most crucial commercial partners, with trade and economic exchanges being vital for the economic growth of Taiwan. Despite this, Taiwan faces several risks and obstacles, such as intense industrial competition, trade imbalances, and political unpredictability, which can hinder progress. To ensure the safety of its industries and economy, encourage stable economic growth, and strengthen trade and economic cooperation, Taiwan must develop appropriate policies.

Gawhar and Ajrash (2022) have proposed a strategy of peaceful rising for handling the Taiwan issue and other associated territorial disputes. China is considered a prime example of peaceful development, as it has shown a willingness to settle Taiwan's dispute through peaceful means and has employed diplomacy to resolve most of its territorial conflicts. This approach could pave the way for resolving disagreements over marine ownership. However, despite these efforts, the long-term strategic rivalry between China and the United States is evident, particularly through China's Belt and Road Initiative and the US' Indo-Pacific Strategy. While China's Belt and Road Initiative is viewed as an attempt to establish global dominance that conflicts with American ideals, it underscores the competition between these two nations for economic and geopolitical influence.

To demonstrate its determination for peaceful development, China has put forward the concept of "peaceful rise", which aims to show Western countries, especially the United States, its achievements in coordinated development in the fields of urban and rural areas, man and nature, society and economy create a favorable environment for the realization of a peaceful rise. This idea has sparked a series of official interactions at home and abroad, seen as part of a liberal argument that emphasizes that China does not need to embark on a non-peaceful path of

development in the context of economic globalization and interdependence. Actually, "Peaceful Rise" captures the political vision and knowledge of the Chinese leadership for the nation's advancement. This is the way the Chinese government has historically operated, and the statement was first intended to disprove the pertinent skeptics' claims. The majority of books on China are authored by Chinese academics who have addressed and clarified the international community's skepticism regarding their country's development strategy, stressing that China's peaceful rise is the only viable course for the country's future and that it will bring prosperity rather than pose a threat to the rest of the world. The impact of China's peaceful rise on Taiwan's national development has been better understood by researchers thanks to the contributions of relevant domestic and international scholars who have discussed the military development, economic and trade exchanges, cross-strait political interactions, and in-depth discussions about the future developments of both sides of the strait and how to get along.

2.4 Findings from Existing Literature

The China government's plan for reunifying Taiwan suggests that Taiwan maintains its relatively independent political, economic, and social system while remaining under its sovereignty. It also calls for peacefully resolving cross-strait disputes and encourages cross-cultural, economic, and people-to-people exchanges. The idea has generated debate in Taiwan, though, as many people believe Taiwan's democracy and liberties are in jeopardy. The current state of cross-strait relations is that "both sides of the strait belong to one China, but not one country". The intricacy and particularity of cross-strait ties are reflected in this statement.

1. The current body of literature on China's growth predominantly focuses on its economic and military developments (Dreyer, 2018). Yet, it lacks a comprehensive analysis of China's expanding political influence in global affairs, as well as its impact on various domains such as cybersecurity, human rights, and climate change.
2. While some literature concentrates on cross-strait relations, it rarely places China's growth in a larger regional or global context for a thorough study (Chin and Thakur, 2010). It also doesn't go into great detail about the problems and effects China's ascent has brought to the current international order and laws.
3. Given the early age of certain writings, it is necessary to revise and supplement the opinions and information contained within them to accurately reflect China's current development trajectory over the past decade. Doing this process ensures that the information presented is up-to-date and relevant to the present situation.
4. The regional and global ramifications of China's ascent are rarely examined and evaluated from the viewpoint of other nations in the research that is now available (Ross and Feng, 2008).
5. Utilizing international relations theory and other theoretical vantage points, we may examine in further detail the implications of China's "peaceful rise" concept, the inconsistencies and difficulties encountered in the implementation process,

- and the effects on cross-strait interactions and the global pattern (Suettinger, 2004). There aren't many studies that examine and evaluate China's emergence from the viewpoint of other nations in terms of regional and global ramifications.
6. The relationship and impact of China and other rising nations (including India and South Africa) in international politics are not well covered in the literature (Burki, 2017).
 7. Regarding the particular manifestation of China's "peaceful rise" in the area of cross-strait relations and its long-term implications, a more thorough analysis of the current study is required.

3. Research Methods

This study suggests effective methods for integrating findings from prior research. By analyzing topic data collected over time, trends in problem changes can be accurately described and illustrated. Reliable and accurate data provides an opportunity for re-examination and facilitates longitudinal study design. Quantification of samples, interviews, and surveys were utilized during the research process to analyze the data. The choice of analytical approach impacts the application of research methods, leading to the use of two primary research methods.

3.1 Local Context Analysis

In this article, the authors present a new approach called "local context analysis" for query expansion that is both innovative and efficient (Xu and Croft, 2000). Despite being a local technique, it incorporates co-occurrence analysis, which is typically used in global techniques. The method identifies expansion features, known as "concepts," from the highest-ranked documents, which can be simple term pairs or more complex noun phrases. These concepts are ranked based on their co-occurrence with the query terms within the top-ranked documents, and the top concepts are used to expand the query. The experimental results show that this technique produces more effective and robust query expansion than existing methods. At the local level, a feedback algorithm plays a critical role in distinguishing terms in the most relevant documents from those in the least relevant ones. Typically, the method involves using frequency statistics of terms in the top-ranked documents. This approach selects the most frequent terms, excluding stop-words, in the top-ranked documents to expand the query. However, this technique may not be effective if there is a significant cluster of non-relevant documents in the top-ranked set.

When conducting a thorough investigation, textual data is often utilized to gather information and conduct independent research. The primary objective is to verify the accuracy and authenticity of the data. Textual data analysis involves sourcing relevant materials such as books, academic journals, newspapers, papers, and official records for analysis. In social science research, existing data is utilized to discover factual evidence, and to ensure that the research reflects reality. For instance, a study on the impact of China's economic growth on Taiwan's national

development will require a diverse range of literature to accurately summarize, analyze, organize, and utilize information on China's economic rise.

3.2 Comparative Research Method

Comparative analysis plays an integral role in a variety of tasks that are closely intertwined (Esser and Viegenthart, 2017). Specifically, it enhances our understanding of society by contrasting its customs and established structures with those of other systems. This comparison increases our awareness of different systems, cultures, and thought and behavior patterns, providing new insights into our political communication arrangements and allowing us to critically evaluate them with those of other nations. Additionally, comparison enables us to test hypotheses in diverse contexts, evaluate the importance and extent of specific events, and construct broadly applicable theories. By challenging claims of ethnocentrism or naïve universalism and preventing scholars from overgeneralizing based on their own unique experiences, comparison promotes relativization. Moreover, it exposes us to various alternative options and solutions to problems, which can be useful in addressing similar situations at home.

Primary data, secondary data, ongoing records, and recollected data are the four categories into which historical data can be separated. The description of facts and the establishment of causal relationships between facts form the foundation of empirical research and are the subject of general empirical science. Topic selection, object of study, interpretation requirements, and theoretical underpinnings all fall under this category. We shall recreate the past, examine the export commerce between Taiwan and the Chinese mainland using pertinent data, and comprehend and elucidate the backdrop and factors influencing Taiwan's development through objective viewpoints, views, and causal links. The goal of the research is to overcome Taiwan's current economic situation and fortify the nation's economic growth as the foundation. Figure 1 illustrates the architecture diagram of this research.

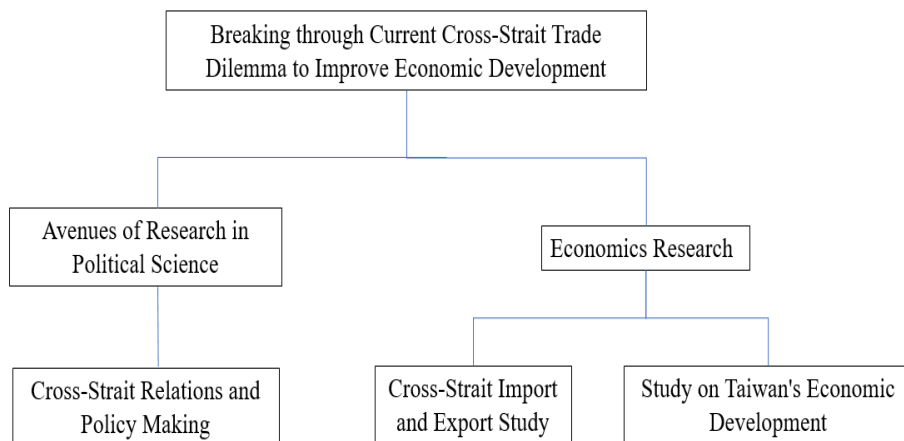


Figure 1: The Architecture Diagram of Research

4. Conclusion

4.1 Discussion

The liberalization of cross-strait trade relations and economic cooperation is a promising approach to tackling Taiwan's domestic economic issues. This approach can help in repairing the damage caused by previous trade and economic restrictions by encouraging the efficient use of resources and mutually advancing each other's economies. Additionally, it will strengthen the progress of medium and high-tech fields, create fresh prospects for Taiwan's industrial growth, and establish a mutually beneficial scenario. By doing so, this approach can drive momentum for medium and long-term innovation and development, leading to a more prosperous economy for Taiwan.

Given the current economic challenges, it has become essential to adopt a proactive approach to ensure that we are well-prepared to deal with any potential disruptions. The situation demands that we start developing alternate strategies to deal with the impact of economic changes on mainland industries. As such, we must focus on restructuring these affected industries, improving their competitiveness, and integrating them into the regional economic system. This approach will enable us to disperse our market and expand our trade, thereby reducing our dependence on the mainland and opening up new opportunities. Figure 2 shows the flow chart for the research. By doing this, we can ensure we maintain our prosperity in an ever-evolving and dynamic economic environment and protect our interests.

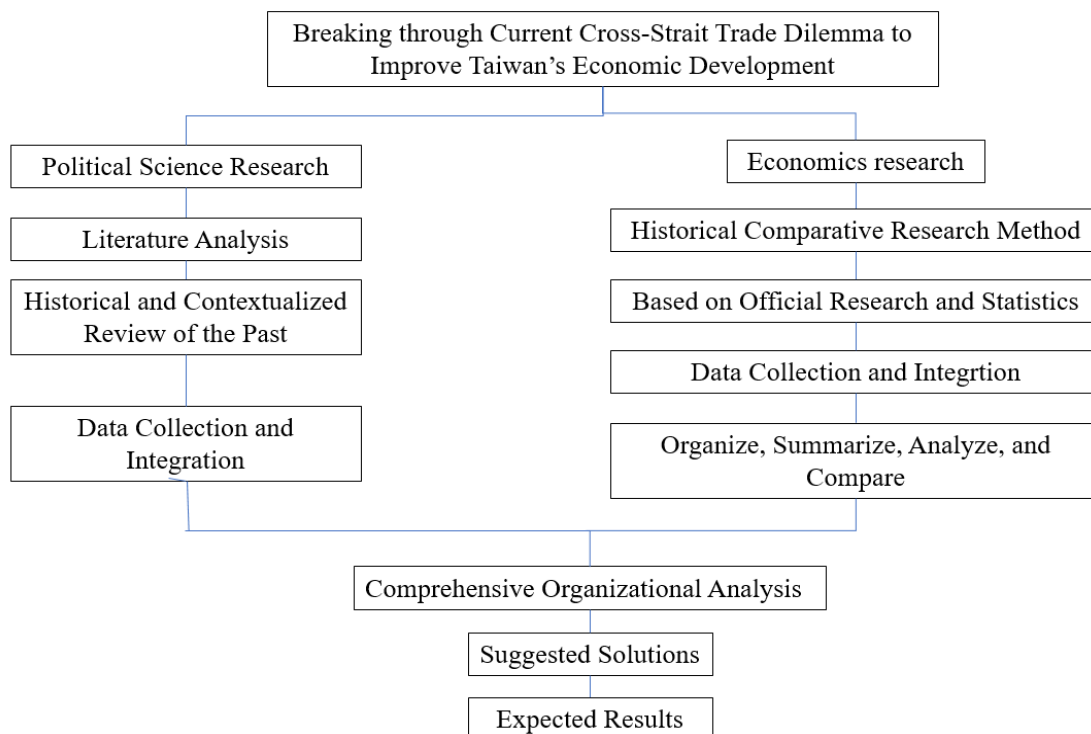


Figure 2: Research Flow Chart

4.2 Suggestion

The Straits Exchange Foundation (SEF) and the Association for Relations across the Taiwan Strait need to initiate the cross-strait economic cooperation framework agreement as soon as possible. Together, they can promote cross-strait trade and economic cooperation that benefits both sides of the strait. To prevent marginalization in the regional economic integration system, the government should take an active approach by encouraging the signing of free trade agreements with major trading partners, improving Taiwan's overall business environment, facilitating Taiwan's global layout, attracting foreign investment in Taiwan, and avoiding over-reliance on the Chinese mainland's economic situation when negotiating the Cross-Strait Economic Cooperation Framework Agreement (ECFA). To encourage support for industries that are susceptible to trade liberalization, to upgrade and transform industries with low competitiveness, and high domestic demand, and to support trade liberalization; to offer financing credit guarantees for small and medium-sized businesses; to help industry operators enhance and optimize their products and diversify their operations; to encourage and direct the verification of Taiwan-made MIT quality product labels; to enhance the development of industrial talent; to help individual industries expand their product export markets; and to set up international exhibitions and sales groups to increase export sales. The government helps the industry stabilize employment by using the appropriate money from the Labor Commission, an administrative body.

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