

CAPTER 2

Literature review

Advances in communication and information technologies in the late 20th century have greatly enhanced the scope of international communication – going beyond government-to-government and including business-to-business and people-to-people interactions at a global level and at speeds unimaginable even decades ago.

During the first half of the 20th century, international communication continued to expand through wireless communication and broadcasting technologies. Most notable was the invention of fiber optic cables and geo-stationary communication satellites, which were progressively developed into global networks under the aegis of international organizations such as Intelsat and the International Telecommunications Union (Evans, 1987; Hecht, 1999). Hamid Mowlana in his book “Global Information and World Communication” deals with the phenomenon of global information flow in all contexts – political, economic, cultural, technological and legal. He also illustrates how different communication strategies and systems have contributed to the creation of powerful interests and have altered the global scene.

Hamid Mowlana “Global Communication in Transition” covers a range of issues from the rise of modern political systems and the interactions of various cultures to the expansion of social organizations and the growing global infrastructure.

William B.Gudykunst “Theorizing about Intercultural Communication” describes that there are several approaches to

incorporating culture into communication theories. Roland Robertson “Globalization: Social theory and global culture” - this comprehensive analysis of globalization offers a distinctively cultural perspective on the social theory of the contemporary world. He shows why culture has become a globally contested issue – why, for example, competing conceptions of “world order” have political and economic consequences.

Carolyn Cartier “Globalizing South China,” in his book wrote that globalization has emerged as a common term – it is fundamentally associated with the increasing internationalization of capitalist practices, through firms and transnational corporate activities in the world economy, backed and challenged by political forces, accompanied by cultural forms.

Being Chinese in South China has involved continuous negotiation of cultural identity and history in order to establish and legitimate position in a volatile but all encompassing state order (Helen Siu, 1993, p.22).

“The globalization of Chinese Economy”¹ provides a comprehensive picture of the political, economic and social environment in China as a whole, and analyzes new development in some important sectors, including telecommunications. Recent developments in China’s telecommunications sector clearly mark the dawning of a more competitive era featuring an oligopoly market. Major entries in telecommunications have so far been a result of inter-jurisdictional competition.

¹ Wei Shang-Jin, Wen Guanzhong and Zhou Huizhong, editors (2002), “The Globalization of the Chinese Economy.” Edward Elgar Publishing Inc., Massachusetts

2.1 Trade dependence across the Taiwan Strait

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 – and this factors save transaction costs. In 2000, Taiwan's exports to the mainland market amounted to 16.9% of the island's total exports, a point which gives rise to considerable concern amongst some commentators in Taiwan.² At a glance, the trade relationship between China and Taiwan appears to exhibit expected trends for trade partners that are in close geographical proximity to one another, have complementary comparative advantages, and share a common language and socio cultural roots.

Economically, Taiwan and China are well connected and inter-dependent. The China is Taiwan's biggest trading partner as well as its Number one export market. In 2004, total cross-strait trade reached US\$61.6 billion, a jump of 33.1% over 2003; of which Taiwan's exports accounted for \$45 billion. Besides ever-increasing trade, foreign direct investment is another major activity. In 2004 alone, Taiwan Industries invested \$6.94 billion in China. According to latest reports (2005) and official data, Taiwan's total investment stood at about \$40 billion in 2004.³ At present direct cross-straits trade to Chinese ports represents only 3% of the Taiwanese port of Kaohsiung's cargo traffic. Shipping

² Kao, H.C. and Lin, C.C. (2000), "The Changing Economic Matrix between Taiwan and China." Journal of the New Knowledge Economy of Taiwan, p.268

³ Mehmood-Ul-Hassan Khan (May 13, 2005) "Emerging Economic and Political Federation between China and Taiwan." CNN news: <http://usa.mediamonitors.net/content/view/full/14887>

firms see this number increasing to 20% and more if Beijing continues to open its ports as promised. Some analysts predict that Kaohsiung could threaten Shanghai and Hong Kong for port supremacy because those ports are already running at capacity (Far Eastern Economic Review 4-30, 1998).

Table 2. Statistics in Taiwan-China Trade

Unit: U.S. \$ 1 million

Year	Estimated Export to Mainland China	Mainland's Export to Taiwan via Hong Kong	Estimated Total Trade between Mainland and Taiwan (a)	Taiwan's Total Trade (b)	Taiwan's Dependency on Cross-Strait Trade (a/b)
1981	384.8	75.2	460.0	43810.8	1.05%
1982	195.5	84.0	278.5	41092.7	0.68%
1983	201.4	88.9	290.3	45409.8	0.64%
1984	425.5	127.8	553.3	52415.5	1.06%
1985	986.8	115.9	1102.7	50827.7	2.17%
1986	811.3	144.2	955.5	64043.0	1.49%
1987	1266.5	288.9	1555.4	88662.1	1.75%
1988	2242.2	478.7	2720.9	110340.2	2.47%
1989	3331.9	586.9	3918.8	118569.3	3.31%
1990	4394.6	765.4	5160.0	121930.4	4.23%
1991	7493.5	1125.9	8619.4	139038.8	6.20%
1992	10547.6	1119.0	11666.6	153477.1	7.60%
1993	13993.1	1103.6	15096.7	162022.1	9.32%
1994	16002.5	1858.7	17861.2	178415.4	10.01%
1995	19433.8	3091.4	22525.2	212259.9	10.46%
1996*	8846.1*	1538.4*	10384.5	218312.0	4.76%*

Source: Taiwan Statistic Data Book 1996

The following chart illustrates the growing Taiwanese importance on exports to Mainland China. This graph is telling because it shows that Taiwan continues to export goods to China while investments also increase. One explanation for this chart could be explained by intra-firm trade from Taiwanese companies to their subsidiaries on the Mainland. Taiwanese manufacturing facilities on the Mainland import many of their necessary higher-end component parts from Taiwan.

The symbiotic economic interdependence across the Taiwan Strait produced the Chinese Economic Area, also known as the Greater Chinese Economy, or simply Greater China, composed of China's southeastern coastal provinces. Utilizing Taiwan's capital, technology, and manufacturing capacities, Hong Kong's capital and business acumen, and the mainland's large endowments of land, resources, and labor, the Greater Chinese economy emerged as a "bamboo network" that transcended national boundaries.⁴

In Asia the creation of a "Greater China Economic Circle" could lay the foundation for future political cooperation and integration. Such a common market would probably involve: 1) the elimination of all trade barriers and the initiation of direct trade between Taiwan and China, and 2) stabilization of the Renminbi –New Taiwan Dollar-Hong Kong Dollar exchange rate.

Direct links between Taiwan and Mainland China will enhance economic cooperation across the Taiwan Strait. There will be a lot of new business opportunities for Hong Kong as a key services centre in the

⁴ Zhao Suisheng, editor (1999), "Economic interdependence and political divergence across the Taiwan Strait." Routledge, p.107

region⁵. Taiwan's total foreign direct investment (FDI) in the mainland is conservatively estimated at \$60 billion since 1978, when China opened up to the outside world. That figure would make Taiwan the mainland's fourth largest outside investor. Other analysts maintain that Taiwan's FDI total in the PRC is closer to \$100 billion if direct investment through third countries is factored in.

According to the Hong Kong Customs Statistics, Taiwanese exports to China via Hong Kong was US\$1.29 billion in November 2004, a decrease of 0.6 percentage points over the previous month, or 21.7% increase over the same period in previous year. Taiwanese imports from China via Hong Kong during the same period was US\$ 206 million, a decrease of 2.0 percentage points over the previous month, or 1.1% decrease over the same period in previous year.

Aviation projects between mainland China and Taiwan show that Chinese mainland is now Taiwan's second largest export market. Taiwan media reported that a local economic council has decided to replace its "go-slow" policies on cross-Straits trade ties with "active open-up and effective management." China Airlines and its affiliates already own 18 percent of a new freight operation at Xiamen cargo airport, across from Taiwan on the coast of the mainland's Fujian province. Many Taiwanese businesses have opened operations nearby in Fujian province; Taiwanese executives still have to fly indirectly to China, typically via Hong Kong.

In 2004, indirect Mainland-Taiwan trade via Hong Kong amounted to US\$17.2 billion (+23.6%). Of which, re-exports of Taiwan goods to

⁵ Economic Forum, "Impact of Hong Kong of direct Taiwan-China Trade." 13 October, 2000
<http://www.tdctrade.com/econforum>

Chinese Mainland were US\$14.8 billion (+25.2%) while re-exports of Mainland goods to Taiwan were US\$2.5 billion (+15.0%). In 2004, Taiwan was Hong Kong's 4th largest trading partner with total trade of US\$12.5 billion. Taiwan was Hong Kong's 6th largest export market with total export amounting to US\$6.3 billion in 2004, an increase of 16.2%. Hong Kong's exports to Taiwan mainly consisted of semi-conductors, parts and components of office machines/computers, telecommunications equipment and parts, electrical machinery and computers, etc. In 2004, imports from Taiwan amounted to US\$19.7 billion, an increase of 22.8%. Major imports from Taiwan were semi-conductors, parts and accessories of office machines/computers, telecommunications equipment and parts, polymers of styrene and man-made textile materials, etc.

Accumulated till February 2005, Hong Kong has invested more than 2,444 projects in Taiwan amounting to US\$4.0 billion. Those projects mainly involved in finance & insurance, electronic & electrical manufacturing, and other services sector, etc⁶. A lot of the trade between Taiwan and northern China are carried out through ports in Korea or Japan. A large number of Taiwan's industries have set up factories in China to take advantage of cheap labor and low overhead costs. Many of these manufacturers receive orders in Taiwan, produce their goods in China, and then ship the goods from China directly to their overseas buyers. As of the end of September 2003, the Investment Commission of the MOEA had approved 30,661 investment cases in China with a total

⁶ Market Profile of Taiwan: <http://www.tdctrade.com/mktprof/asia/mptai.htm>

value in excess of US\$32.97 billion. Statistics show that the most popular destinations for this investment were, in descending order, Jiangsu Province, Guangdong Province, and Fujian Province. Sectors receiving the most investment were the electronics and electrical appliance, food and beverage, and plastic product industries.

Though a large range of countries will benefit from this new regime, mainland China has the highest predicted growth potential. Not only does it still have a sizeable and low cost labor force, it also has its own established textile industry and will benefit from Hong Kong's well-established financial and marketing expertise. Mainland China has already emerged as the dominant supplier of textiles globally in spite of the existing high quota restrictions. Even before the full lifting of quotas, the impact on the clothing and textile industries of developed countries is becoming apparent - a dramatic 125% rise in the volume of U.S. imports from mainland China since China's accession to the WTO. In order to be eligible for WTO membership, mainland China has made a great many promises and agreements to changes within, although the requirements for mainland China are lower than those for Taiwan. In mainland China's manufacturing sector, the average import tariff will be reduced from 24.6% in 1997 to 9.4% by 2005.⁷ WTO membership is an encouraging development for both Taiwan and mainland China with one immediate impact being the requirement for the opening up of these two economies. WTO provides Taiwan and mainland China with a convenient rationale for liberalizing commerce without appearing to be capitulating to the wishes of the "other side." In the year 2003, Taiwan had a trade surplus

⁷ The Changing Economic matrix.... p. 270

of US\$24.4 billion from mainland China. The accumulated trade surplus from mainland China was US\$220.2 billion from 1979 to 2003, which is just a little smaller than that from the world, US\$245.6 billion.

“The Greater China; The Next Superpower?” edited by David Shambaugh, present an analysis of Greater China phenomenon, from increased investment and trading links, to the spread of Taiwanese popular culture into mainland China. This book is also about the phenomenon of growing interactions and interdependencies in Greater China. The term “Greater China” refers to mainland China’s links with Hong Kong, Taiwan, Macao, and with overseas Chinese. Economically, Greater China involves the expanding commercial interactions among mainland China, Taiwan and Hong Kong.

By actively promoting close economic links and interdependence across the Taiwan Strait, Beijing hopes to achieve two political objectives: to counterbalance the growing tendency in Taiwan toward independence, and to force the Taipei authorities to come to the negotiating table on Beijing’s terms. On the other hand, by allowing the development of Taiwan business, Taipei, too, could achieve two political gains: it could create powerful interests in certain groups of mainlanders and certain parts of the mainland which want to avoid the use of force against their business partner, and it could introduce “Taiwan experience” and culture of Asian capitalism to the mainland China.⁸

⁸ Shambaugh David, editor (1995), “Greater China; The Next Superpower?” Oxford University Press, 1995, p.115

Gary Klintworth “New Taiwan, New China - Taiwan’s changing role in the Asia-Pacific region” examines the historical, economic, cultural, strategic and political forces that propelled Taiwan from obscurity to prominence as a rich, industrialized Chinese democracy. Taiwan has become a desirable member of international organizations dealing with copyright, trade and economic co-operation, including organizations or institutions like Asia-Pacific Economic Cooperation, GATT, and the OECD, the IMF, the UN’s economic agencies and the South Pacific Forum. Taiwanese businesses have key advantages in investing in ASEAN countries and China, including lower managerial costs, better understanding of the host country market, more appropriate technology, products that are better suited to host markets and better connections with local business. Taiwan also appeals because it is small, relatively innocuous country. Its businesses are mainly small to medium sized enterprises. In establishing offshore manufacturing operations and industrial enclaves in Southeast Asia and China, the Taiwanese have enlisted the support of multinationals who in turn have sought alliances with leading Taiwanese corporations in their competition with each other.

Many investors from Hong Kong see Taiwan as preferable to their colony’s own investment environment. One reason is purely political: Overseas Chinese are an object of aggressive propaganda by both Taipei and Beijing regimes, which desire their loyalty and financial support as well as influence with their home states. Since the early 1980s, Beijing, like Taipei, has been creating a battery of incentive to solicit Overseas Chinese DFI, in direct competition with Taiwan. It has adopted Special Economic Zones, tax holidays, and other benefits. Most capital has come

from Hong Kong Chinese who sought political insurance against Hong Kong's 1997 return to Chinese sovereignty.⁹

2.2 The evolution of ethnic-Chinese business networks

One of the best known characteristics of the Chinese business system is the role and the extensive influence of business networks or “bamboo networks” (Hamilton, 1991; Weidenbaum and Hughes, 1996). Personal relationships or “guanxi” are one of the most important mechanisms to implement cooperative strategies in Chinese business networks, although their importance obviously changes over time and differs by geographical and sectoral context (Guthrie, 1998; Tsang, 1998). “In Oriental world “guanxi” policy is very important. It means that if we make a business deal, the personal good relationship play a very big role. Taiwanese and Chinese people have more trust feelings to the overseas Chinese. Sometimes, overseas Chinese are in the role of mediator who dealing in business between Chinese. Of course there also is the letter of credit and international trade law.”¹⁰

Instead, cooperative relationships in the Chinese business system are largely embedded in personalized business networks, whereas their Western counterparts tend to enter into cooperative relationships based upon firm-specific business strategies.

The evolution of ethnic-Chinese business networks, which define

⁹ Gold Thomas, “Entrepreneurs, multinationals, and the state,” - Contending approached to the political economy of Taiwan, p.199

¹⁰ Steven Yen, Managing director of the branch office in Singapore, from the trade company: “Longshine Technology Co.Ltd.” p. 122 (All text of Interview in Appendix)

Southeast Asia's political economy, constitutes a unique reaction to the pressures of globalization and has laid the basis for a distinct articulation of capitalism in the region.

The non-contractual trust that characterizes business among of Overseas Chinese communities is facilitated by shared understandings concerning the nature of kinship and has been tempered by the historic uncertainties of capitalism in Southeast Asia.¹¹

Business networks are coordinated, entrepreneurial and, in some instances, a personal relationship that links various firms in integrated production networks. Yet a business network is more than just an integrated structure: it is simultaneously a structure and a process, which embodies- and is influenced by- various social and cultural dynamics.¹²

“The Chinese family firm is represented by a series of relationships that can be expanded or contracted depending upon time and place. The boundaries of what should be included in the firm are often ambiguous because they are not defined explicitly by property, ownership, or control. Instead, the boundaries are defined by networks of people linked together by social by social relationships.”¹³

The unique social capital of the Overseas Chinese is at the centre of the business networks, which define the regional political economy of Southeast Asia. The World Bank estimates the total output of Southeast Asia's 55 million Chinese reached around US\$ 400 billion by 1991 and

¹¹Crawford Darryl (2000), “Chinese capitalism: cultures, the Southeast Asian region and economic globalization.” *Third World Quarterly*, Vol. 21, p. 73

¹² Yeng HWC (1997), “Business networks and transnational corporations: a study of Hong Kong firms in the ASEAN region.” *Economic Geography*, 73 (1), p.5

¹³ Crawford Darryl, p.75

has risen to nearly \$ 600 billion in 1996. Ethnic Chinese control 500 of the largest public corporations in Southeast Asia, with total assets amounting to over \$ 500 billion and \$2 trillion in liquid assets.

The vast of overseas Chinese have roots in the southeastern provinces of Guangdong and Fujian and has maintained, across generations, tight economic and psychological contact with their home regions. Rapid economic expansion in these provinces today owes much to the Chinese Diaspora. FDI and trade flow to and from Southern provinces of Guangdong and Fujian, and to Overseas Chinese communities, constitute major sources of synergy between economies of Hong Kong, Taiwan and China. Each play a complementary role in “Greater China” and are connected via a series of private socioeconomic linkages that transcend political boundaries (although Hong Kong is now politically integrated with China). The mainland serves as an important low-cost manufacturing base and a potentially vast consumer market for Hong Kong and Taiwanese firms, while the latter act as sources of capital, technology and expertise and have become platforms for mainland firms to engage in their internationalization processes.¹⁴ “Transnational trading networks are very much in accord with the Chinese tradition. They allow for flexible and efficient transmission, finance, goods and capital in what are often informal agreements and transactions.” Overseas business networks were traditionally oriented towards, the dominant within, specific domestic markets.

Networks were cultivated among politicians, Chinese firms and their

¹⁴ Crawford Darryl, p.81

subsidiaries domestically.¹⁵ Business and their networks have been forced to restructure as a result of a variety of global and regional developments.

Prominent among these changes have been in China's 1979 open door policy, which has re-established and deepened economic linkages between ethnic-Chinese communities and the mainland, and the regionalization of markets in North-America and Europe, which has presented Chinese businesses with opportunities to access Western regional markets and technology through foreign production and direct investment.

Overseas Chinese social relationships have always been transnational in nature, but today their economic activities have come to match the transnationalism of their social connections and now constitute a series of coordinated socioeconomic networks that span and globe.

2.3 Impact of the news media (broadcasting) and Internet on international trade relations

The global flow of news is political because it reflects and determines the international configuration of power. The quantity of news flowing from the richer countries of the North to the South greatly exceeds the quantity going to the other direction. The quality of news from South to North is lower than the reverse flow. In contrast, there are high quantitative and qualitative flows of news between the richer countries.¹⁶

¹⁵ Crawford, p.79

¹⁶ Alleyne D.Mark (1997), "News Revolution: Political and Economic Decisions about Global Information." p.113

The international flow of news has always been directly related to transnational economic exchanges, especially international trade and investment. Communication, broadly defined (to include transportation) or tightly defined (referring specially to telecommunications), has been the vital prerequisite and lubricant of international economic exchanges. Global news flows are closely tied to the international structures of production and finance because news has some value in relations to them.

The communication technologies – such as satellites, computers and modems – have their own value¹⁷. This value is usually related to how efficiently they can transmit information, especially in an expensive and timely manner. The value of information can be represented by the formula:

Value of information= Utility+Speed+Quality

Components of utility: the capacity to be combined with other information for greater value; knowledge that inform decision making; the ability to create competitive advantage; symbolic worth, as representing money.

This description of the value of information helps us to understand better why international news flows have been allied to the international structures of production and finance.¹⁸ High speeding information flows is also means to the end of eliminating the barriers of geographical space.

The more new technologies enable rapid communication, the more irrelevant is the problem of distance. This is an important dimension of

¹⁷ Value can be defined as the material or monetary worth of things; the amount at which it may be estimated in terms of some medium of exchange or other standard of a similar nature.

¹⁸ Alleyne D. Mark “News Revolution....”p. 18

globalization because space tends to be measured in time, to the extent that the time between geographical points shortens so space appears to shrink. Dimensions such as volume, speed and fidelity of transmission, and distribution of initiatives of senders and responses or receivers are all terms of measurable quantities according to Deutsch. He selected volume (frequency) of communication as “the first dimension of international and domestic communication flows that is likely to be measured with any degree of communication flows that is likely to be measured with any degree of success.”¹⁹ The newspaper industry played a significant role in the development of international telegraph networks, being able to exploit the rapid increase in the demand for news, especially the financial information required to conduct international commerce.²⁰ The primary roles of mass media is to provide citizens with essential and reliable information that makes it possible for them to be informed, which is necessary for a more democratic society (Schudson, 1995; Gans, 2003).

The relationship between news media and democracy has long been of particular interest to journalism and political communication research with a widely held belief that the primary mission of the media is to provide citizens with reliable information that helps them to be well informed, which is vital to a healthy and functioning democracy (Gans, 2003; Kovach&Rosenstiel, 2001; Schudson, 1995). 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

¹⁹ Mowlana, p.24

²⁰ Daya, p.20

exchange. By enabling Taiwan's free and diverse information to flow into China, it provides the Chinese media and people with channels to understand Taiwan. "In the long run, we hope that reforms in mainland China will be successful, not only in the economy but also in the society. And we are hopeful for this to initiate the process of democracy and freedom for the people in mainland China, as well as sustained prosperity and peace across the Taiwan Strait."²¹ The Republic of China is an independent, sovereign state; Taiwan's sovereignty belongs to the 23 million people of Taiwan; and only the 23 million people of Taiwan may decide its future. The differences between the two sides of the strait must be resolved through dialogue based on the principles of democracy, freedom, and peace.²²

From the Internet we can also find a broad quantity of newspapers from mainland China and Taiwan (mostly in Chinese and English languages), which provides not only cross-strait trade information, but also statistical information such as trade and investment, economy, and industry.²³

In 1999, there were 4 million Internet users in China, and estimates foresaw roughly 33 millions users in 2003; in fact, last year there were approximately 79, 5 million users, including 20 millions new ones. Computer applications in the business community have had enormous

²¹ Mainland Affairs Council <http://www.mac.gov.tw/english/index1-e.htm>

²² Government Information Office <http://www.gio.gov.tw/taiwan-website/5-gp/yearbook/p088.html#8>

²³ Business in Asia.com

success. In the Republic of China, for example, 3000 programmers and users have been trained under the country's 5-year plan. The Computer Information Center in Beijing was established in order to expand the nation's economic data processing capabilities. In 1993, the Chinese central government embarked on a series of Golden Projects to give the central government information on and control over the rapid decentralization of decision-making that was taking place as a result of the move to a market economy. The backbone for the projects, the Golden Bridge, connected ministries and state-owned enterprises (SOEs) through an Internet protocol (IP) network and provided support for the other Golden Projects. Though the Golden Projects ultimately were dwarfed by the blossoming of the Internet in China, some MII officials today still point back to them.

As the Golden Projects were exploring the impact of networking technologies on government, China's academic community started participating in global networking. The CAnet (China Academic Network), established in 1987, is generally recognized as the first computer network in China.²⁴

China's media content and hardware industries and Chinese media advertisers are established transnational affiliations, and using them to broaden and reorganize the domestic market.

In telecommunications, profit opportunities arising from new technologies and strategic leverage built up over the domestic market.

²⁴ Foster William, Seymour E. Goodman (2000), "The diffusion of the Internet in China." Stanford University, <http://the-diffusion-of-the-internet.blogspot.com/>

It has been argued that the Internet can strengthen cultural identities of a diasporic population through on-line publications that help in “maintaining the cultural and communal ties” for the more than 300 million Chinese living outside China and Taiwan. As of December 2001, Taiwan's active Internet users totaled 7.82 million, representing a 25 percent growth from December 2000. Its online penetration rate was 35 percent. The steady increase in these figures is attributed to the availability of broadband services. In December 2001, ADSL and cable modem subscribers totaled 920,000 and 210,000, a respective increase of 700 percent and 89 percent from 2000. In contrast, narrowband and other comparably traditional Internet services users showed a decline, with dial-up, ISDN, and direct PC subscribers decreasing by 0.6 percent, 20 percent, and 28 percent, respectively. Leased-line subscribers, however, increased by 6 percent.

Business information supplies global financial markets and the news media with a range of information and news products, including financial data, collective investment data, numeral, textual, historical, and graphical databases, plus news, graphics, and news pictures..... The globalization of communication was made possible with the innovation of new information and communication technologies, increasingly integrated into a privatized global communication infrastructure.²⁵

Communication is seen as a basic component in a system of distribution and regulation. Though not as influential as Western radio, mainland China too has an extensive international broadcasting network.

²⁵ Daya, p.52

The reach of China's media today-there is 2,000 daily newspapers and 900 television stations serve 90 million cable users.

The first international service of Chinese radio started in 1941. By 1999, Radio Beijing had 43 language services, broadcasting 192 hours of programming every day to an estimated 10 million listeners.²⁶

According to the official information on China Radio and TV broadcasting (see appendix) we can see that some of the PRC broadcasting to the South China and Taiwan are mostly economic programs and transmitted in both languages –Chinese and English. The programming business in Taiwan has expanded rapidly in response to the growing demand for radio and television programs. As of December 2001, a total of 11,580 companies were supplying programs to the many broadcasting systems around Taiwan. Radio broadcasting in Taiwan includes regular domestic programming by medium-wave AM and VHF FM stations, medium- and shortwave broadcasts to the Chinese mainland, and specialized programming via shortwave transmissions to other countries. Programs in various Chinese dialects and English are also available. In Hong Kong there is based a cable and satellite Broadcasting Association of Asia (CASBAA), an industry-based advocacy group dedicated to the promotion of multi-channel televisions via cable, satellite, broadband, and wireless video networks across the Asia-Pacific. As noted, it "... is an interesting business model and the world is beating a path to Hong Kong to see how they are doing it and how successful they are. Broadband providers from Taiwan, South Korea, and the U.S. are coming

²⁶ Daya, p.162

here to see the PCCW²⁷(Pacific Century Cyber Works) model ,” said Simon Twiston Davies (Chief Executive Officer of HK-based Cable and Satellite Broadcasting Association of Asia).”²⁸ He also said that the industry is good for the economy and national unity as “it is a great development tool – where communications go, economic development follows.” There is also the PCCW success story. It is a provider of regional customer services, supporting those in the PRC, Hong Kong, and Taiwan. Operating one of Asia’s largest 24-hour multi-channel contact-management centers in 15 languages through hubs in China, Hong Kong, Taiwan, and Malaysia, PCCW helps companies to design and implement customer strategies throughout Asia, and to expand their presence in the region. With digital technology enabling the media to provide a greater variety and amount of content, the communications and information technology industries are moving closer to becoming the core of the future economy, democratic lifestyle, culture, entertainment, and education. With the convergence of the Internet, mobile telephony, conventional broadcasting, and print media, many communications businesses have begun to invest in new and existing technologies for content production. For example, the mainland China’s government has anointed China Telecom as the fixed-line monolith. China Telecom, which had nearly \$2 billion in revenue in the first half of 2001. China

²⁷ PCCW is one of Asia’s leading integrated communications companies. As the incumbent telecommunications provider in Hong Kong, PCCW is committed to building shareholder value by leveraging synergies among its core businesses and partners to deliver total solutions to corporate and consumer customers throughout Asia, particularly in greater China. In 2003, the Global Business Unit focused on expanding the scope and extending the capacities of PCCW’s relationships with multinational corporations (MNCs) outside Hong Kong while at the same time, pursuing further international networking business options across Asia. The Global Business unit is keen to explore opportunities offered by large organizations seeking to outsource their network operations in Asia.

²⁸ <http://www.china-biz.org/>

Unicom, the government's first attempt at introducing cellular-phone competition, enjoys special tariff protections that allow it to sell airtime for less than China Mobile does. China Unicom has grown to account for 26% of the mobile business. Satellites are now crucial in providing the cheap, dependable, and fast communication services that are essential in the global electronic marketplace, especially in such areas as transnational broadcasting and telephony, global banks and airlines, and international newspapers and magazine distribution.

In Asia the most significant development was the launch in 1990 of AsiaSat1 which not only signaled mainland China's entry into the market for launching commercial satellites, but also made available two powerful regional beams, revolutionizing Asian broadcasting and telecommunications services.²⁹ AsiaSat1 has played an important role in the development of the Asian satellite television business. At present, customers using AsiaSat1 for national broadcasting include national broadcasters from Pakistan, as well as the 20 provinces, autonomous regions, and municipalities from mainland China. Radio broadcasting can be brought to the masses in rural and remote areas more efficiently by satellites. Not only can radio programs be transmitted and then received directly with satellite antennas, once received from satellites they can also be re-transmitted from local radio stations using conventional radio broadcast equipment. With digital radio broadcast technology, stereo-quality program broadcasts via a satellite have become an effective way of delivering radio services to a larger area. AsiaSat1 currently broadcasts some 130 stereo radio programs from around the world to the

²⁹ Daya, p.105

whole Asian region.³⁰

In the website of the Xinhua agency updated in the year 2004-10-17, we find an article stating that “Taiwan seeks business co-op with mainland.” The author wrote that Taiwanese companies are seeking to discuss further opportunities in the financial sector for cooperation with Shanghai. This news also was reported through CCTV on 2004-10-27.

From Taiwan the main news media include: the Central News Agency (CNA) with its service to over 100 Chinese-language worldwide. Newspapers include: China Times, United Daily News, Taiwan news, Taiwan Times.³¹ Radio broadcasting in Taiwan includes regular domestic programming by medium-wave AM and VHF FM stations, medium- and shortwave broadcasts to the Chinese mainland, and specialized programming via shortwave transmissions to other countries. Programs in various Chinese dialects and English are also available.

Mobile phone, radio paging, and mobile data services were open to the private sector in 1997; followed by satellite communications in 1998; cable leasing and 1900MHz digital low-power cordless phone services in 1999; fixed networking and international submarine cable leased-circuit services in 2000; and international simple resale (ISR) and third-generation mobile telecommunications services in 2001.

With respect to technological dependency, in comparative studies Taiwan is often counted among the technological leaders of the Third World (e.g., Hveem, 1983). Technological leadership is a relative matter however, for compared to core countries and to its perceived

³⁰ http://www.asiasat.com.hk/eng/03_services/broadcast.html Regional Broadcasting.

³¹ <http://www.kidon.com/media-link/taiwan.shtml>

technological needs for further development and structural change, the island is quite dependent on foreign corporations for much of its advanced technology.³² Television is a substantial market in Hong Kong, with an estimated customer base of almost 2.2 million households (99%). There are up to 38 domestic and regional TV channels broadcasting in a range of languages, including five free-to-air commercial channels, 30 pay TV channels and a variety of Free-to-Air (FTA) satellite channels. Hong Kong, however, has been largely unsuccessful in its efforts to bring competition to its pay TV market, which continues to be dominated by cable TV operator, i-Cable Communications. New commercial initiatives proposed to take place in 2004 may change this, however. This report provides an overview of the Hong Kong TV market and the major players.

Since mainland China is increasingly keen to integrate with global financial and information markets, the accent for news and information programmers is on economic and trade issues. The party now happily embraces what it calls market socialism, with CCTV keenly promoting consumerism through retail programming - CCTC2 launched a direct retail TV Shopping program in 1998.³³ By 1999, mainland China had an estimated 320 million television sets, while TV stations have also grown substantially from 30 in 1978 to 980 in 1995. CCTV is already earning serious advertising revenue. It brought in \$640 million last year, a hefty increase on 1999. CCTV's main competitors are the hundreds of regional

³² Wincler A.Edwin and Greenhaldgh Susan, editors (1988), "Contending Approaches to the political economy of Taiwan." Library of Congress, p.85

³³ Zhao (1999), "International Communication." p.214

stations largely restricted to broadcasting to their home provinces. Despite the global downturn and a slowing domestic economy, this state-owned Chinese Central Television pulled in \$317 million from its 2002 auction, a 20% increase over in the year 2001.

In 1999, China Central Television (CCTV) announced that it was investing US\$6 million for the production of 100 made-for-TV movies to ensure an adequate supply for its dedicated film channel CCTV6, the second most popular of the national broadcaster's light channels.³⁴ CCTV International (CCTV-9) is the English-language channel of China Central Television. Officially launched on September 25, 2000, CCTV International is dedicated to reporting news and information to its global audience, with a special focus on mainland China. With a team of experienced and committed journalists, CCTV International is China's contribution to greater diversity and more perspective in the global information flow.³⁵

About business relations with Taiwan, CCTV-9 has broadcasted: "Taiwan businessmen, particularly those working on the mainland, have welcomed news of direct charter flights across the Straits. Ge Shuren, CEO of Taiwan Kejie Manufacture Co Ltd, said, "Basically, I'm happy to see the flight will be non-stop and the number of flights increased. I think it's helpful to the economy and feeling of communication between people across the straits. And it will promote mutual understanding."³⁶

³⁴ Daya, p.179

³⁵ <http://www.cctv.com/english/20040407/101796.shtml>

³⁶ "Taiwan business people call for flight," cctv.com – 01-11-2005

In the mid – 1970s, with economy booming, an increasing per capita income and literacy rate, increased use of mass communication, and a differentiated urban sector, opposition nationalists who wished to establish a democratic structure with Taiwanese identity came into existence.³⁷ During Taiwan’s democratic transition between 1977 and 1986, the KMT faced the challenge from a strong civil society. In response to liberalization of civil society emerging in 1977, a media monopoly was essential to stabilize the situation or to consolidate National identity. Therefore, new forms of state control were adopted to maintain an integrated and docile newspaper industry. Under martial law, members of the government such as the President and the Premier had no tradition of dealing with journalists. The history of journalism in Taiwan records that the confrontation with the party-state has altered the close links between the KMT and the press. The transformation of state-press relations marks a change from direct control by the party-state to a form of “market censorship,” with the party-state manipulation of the press shifting from formal regulation and censorship to news management. Above all, the power of the state and the market are the two factors which have inhibited journalism from communicating democratically.³⁸

Taiwan’s over-the-air TV stations (4 commercial stations) are being severely threatened as cable TV continues to gain viewers and advertising receipts. As of September 2002, over 70 cable systems were offering services throughout Taiwan. During 2002, a total of 54 domestic and 17 foreign companies were offering 86 and 32 satellite channels,

³⁷ Chen Sheue Yun (1998), “State, media and democracy in Taiwan.” *Media, Culture & Society*, SAGE publications, London, Vol.20, p.11

³⁸ Chen Sheue Yun (2003), “State, media and democracy in Taiwan.....” p.32

respectively, including a number of foreign channels as well as groups of specialized, satellite-based channels operated by local media conglomerates.³⁹

The rapidly changing sectors of telecommunications and telecommunications-based services today are at the center of competition both among and between the economies and politics of the major financial powers.⁴⁰ Information, exchange of knowledge, and communication are of vital importance in economic activity and in the balance of power in the world.

The Asia-Pacific region is home not only to the world's largest but also most sophisticated ICT (Information and Communication Technologies) markets. The region leads the world in terms of next generation mobile technologies and broadband access and encompasses a number of emerging markets, which are experiencing rapid telecoms growth and offer considerable potential. Yet the Asia-Pacific region also includes countries with some of the world's lowest levels of access to ICTs.

Asia-Pacific is witnessing a huge increase in the use of the Internet, with more than 250 million subscribers by the beginning of 2004. China's burgeoning Internet sector, for instance, is now the second most important global market for Internet services after the United States with Japan ranking third. China had an estimated 31 million broadband users in mid 2004, according to the China Internet Network Information Centre, and will soon overtake the United States in terms of its broadband

³⁹ "A brief introduction to Taiwan," GIO, p.140

⁴⁰ Mowlana Hamid (1986), "Global Information and World Communication." p.54

subscriber base, as it has already done in terms fixed-lines and mobile phones. Another Asian economy, Japan, offers the world's lowest prices per Mbit/s per month thanks to the intense competition between service providers.⁴¹ Mainland China and Taiwan have begun to initiate new journalist exchanges, and Taipei has even allowed the mainland Chinese press to establish new offices in Taiwan.⁴² Since the November 2000 up-wards of 340 Chinese reporters have been stationed in Taipei. Aside from the Chinese News Service, reporters from Xinhua News Agency, the People's Daily, China Central People's Radio Station, and China Central Television are authorized work in Taiwan.

2.4 The existing studies

The existing studies represent analytical framework for further discussion and research. Among them governmental and business portals and research centers from Taiwan and mainland China (see p.6), which present statistical data and official documents about cross-Strait trade volume, preference of Internet and B2B e-commerce. The adoption of B2B e-commerce in China both at an individual firm and at a national level depends on the interaction of top-down (governmental) and bottom-up (market) forces mediated by the interaction between Western and Chinese culture.⁴³ It has been documented elsewhere by the authors

⁴¹ <http://www.itu.int/ASIA2004/media/policy.html> International Telecommunication Union

⁴² Mastel Greg (2000), "China - Taiwan and the WTO." The Washington Quarterly. p.45

⁴³ Foster William, Seymour E. Goodman (2000), "The diffusion of the Internet in China." Stanford University, <http://the-diffusion-of-the-internet.blogspot.com/>

(Chen and Liu, 2002) that in response to the formation of the global production network, Taiwanese firms in the IT industry have evolved from pure manufacturers towards “integrated service providers,” shouldering such functions as supply-chain management, logistics operations and after-sales, particularly through e-commerce applications (Chen, 2002). Faced with the lack of competitiveness vis-à-vis large firms, small and medium-sized Taiwanese firms have even brought their networks across national borders into China (Hsing, 1998) and Southeast Asia (TJ Chen, 1998). We believe that methodologically there are many questions that can be strengthened in future research projects: first, about business and political elites’ corporate interests between two sides of the Taiwan Strait, and second, about future economic and political integration between mainland China and Taiwan.