

# 海峽兩岸經濟發展論壇

## 總結辭

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Forum on Cross-Strait Economic Development

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March 31, 2007, Hong Kong, China

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# Introduction

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- ◆ The Forum on Cross-Strait Economic Development Forum is a great success.
- ◆ The Chinese University of Hong Kong is extremely grateful to Prof. JIANG Zhenghua, Vice-Chairman, the Standing Committee of the National People's Congress, Chairman of the International Eurasian Academy of Sciences China Science Center, and Honorary Professor of Social Science, The Chinese University of Hong Kong, for his initiation of this Forum and for presenting an excellent keynote speech to the plenary session, “深化兩岸經貿合作，實現互利雙贏”.
- ◆ We are also extremely grateful to Dr. Vincent SIEW, Chairman, Chunghua Institution for Economic Research, Taiwan. and Cross-Strait Common Market Foundation, Taiwan, for presenting another excellent keynote speech, “新思維開創兩岸經濟發展願景”.

# Introduction

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- ◆ We are also grateful to all of the participants, who have come not only from Mainland China, Taiwan and Hong Kong, but also from as far as Japan and the United States.
- ◆ I also wish to take this opportunity to thank the three Vice Chairmen and Members of the Organizing Committee of the Forum, without whose advice and assistance this Forum would not have been possible.
- ◆ I also wish to thank our many colleagues at the University, who have worked extremely hard during the past few months to make our Forum possible. Time does not permit my thanking every single individual by name, but I would like to mention specially Prof. XU Yangsheng and Prof. Yun-Wing SUNG, who led our efforts here.
- ◆ Last, but not least, I would like to thank our generous sponsors--The Far Eastern Group—XU Yuanzi Memorial Foundation, Taiwan, Feoso Group, LIU Hao Tsing Foundation, and Shin Kong Life Insurance Co., Ltd., Taiwan—for their financial support.

# Objectives for the Next Decade (or Two)

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- ◆ 加強兩岸經濟合作
- ◆ 追求互利雙贏
- ◆ 促進大中華地區的長期繁榮和穩定

# Strategies

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- ◆ Separation of economics from politics--民間爲本，務實推進，建構長期而穩定的經濟合作機制，令交流制度化、規範化和便利化
- ◆ Identification of win-win opportunities
- ◆ A policy of protection of “Losers” on both sides
- ◆ Towards mutual economic interdependence
- ◆ The role of Hong Kong as an intermediary (e.g., “台港自由貿易區”)

# Identification of Win-Win Opportunities

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- ◆ Elimination or reduction of inefficiencies and waste can allow both sides to benefit (e.g., three direct links saves time and communication and transportation costs, direct currency exchange saves on transactions fees, financial cooperation facilitate the flow of capital and helps to prevent fraud).
- ◆ Specialization and division of labour in accordance with long-term comparative advantage.
- ◆ The size of the Mainland market enables premium returns on intangible capital and intellectual property (technology, patents, knowhow, trade secrets, brand names and business models and methods—the cost of discovery, invention and development is fixed but the benefits are proportional to the size of the market).
- ◆ Increasing the supply of and enhancing the opportunities for human capital.
- ◆ Collaborative research on new technologies, products and processes (e.g., traditional Chinese medicine); learning from and using Taiwan's experience in the promotion and establishment of high-technology industries.

# A Policy of Protection of “Losers” on Both Sides

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- ◆ The hollowing-out of industries is a challenge as well as an opportunity (Both Silicon Valley and Japan (and also Taiwan) have survived the hollowing-out successfully by upgrading its industries and moving up the value-added chain).
- ◆ Part of the gains from trade and from direct investment can be used to compensate the “losers” to facilitate the transitional adjustment.
- ◆ The creation of low-skilled jobs through tourism and the expansion of the service industries.

# Promoting Mutual Economic Interdependence

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- ◆ The economic complementarity of the two economies implies that the net benefits of economic cooperation can be high and that a high degree of mutual economic interdependence can be achieved.
- ◆ Mutual economic interdependence can enhance the stability of the relationship between the two sides of the Taiwan Strait by aligning their economic interests.
- ◆ Market-based economic relationships are always mutually beneficial and hence self-sustaining and stabilizing. (e.g., Taiwan exports to the Mainland are mostly in the form of intermediate goods needed by enterprises on the Mainland and hence cannot be easily halted without creating economic hardship on both sides.)

# Promoting Mutual Economic Interdependence

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- ◆ Increase of Mainland Chinese exports, direct investment and tourists (students?) to Taiwan should make the economic relationship between the two sides of the Taiwan Strait much more balanced and enhance the degree of mutual interdependence.
- ◆ Environmental protection and sustainability can be enhanced and disaster early warning and relief can be improved through closer cooperation and sharing of information.
- ◆ Regional and global cooperation are possible if politics are put aside—various possibilities include a form of “Closer Economic Partnership Arrangements”, a Cross-Strait Free Trade Area, a Cross-Strait Common Market, as well as the possible inclusion of Taiwan in other regional economic or trade groupings such as Asean+3 and Asean+6.

# Time for Action

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- ◆ Now is the best of times; now is the worst of times; now is the most critical of times.
- ◆ One must try to change expectations which can be “self-fulfilling”.
- ◆ Mutual trust can only be built gradually over time; the best place to start is with economic cooperation and collaboration.