

The first round of US-China trade talks are over. According to media reports, China has merely relaxed restrictions on foreign investment in financial institutions, and in exchange, the US is suspending raising tariffs on US\$250 billion of Chinese imports.

Nevertheless, both sides said that “substantial progress” has been made in multiple areas.

It seems that a desire to strike a balance to the mutual benefit of both parties was the driver behind this “substantial progress,” while both sides are wrestling with each other to see who can hold out longer.

Due to the US-China trade dispute and Hong Kong’s “anti-extradition movement,” a number of US enterprises have been targeted by Beijing.

Meanwhile, the National Baseball Association (NBA), representing US soft power, has experienced first-hand the Chinese government’s ability to manipulate the private sector and appears to have taken orders without providing much objection.

The saga has highlighted an important message: The Chinese market belongs to the Chinese government, period. China can simply remove billboards and suspend broadcasts with a single order, as easily as “taking an orange from the table.”

As a result, a company’s performance in the Chinese market depends on what price it is willing to pay.

Eventually, NBA commissioner Adam Silver drew a red line on Oct. 8 by saying: “But if that’s the consequence of us adhering to our values, we still feel it’s critically important we adhere to those values.”

Cost of doing business with China

Written by Chen Chi-yuan 陳其元
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Anyone who wishes to profit from the market must acknowledge that the No. 1 rule is to listen to Beijing and to comply with its values. Only those investing in the Chinese market know whether the cost of complying with Beijing's values is higher than their other expenses.

However, judging by the withdrawal of a number of US, European and Japanese companies from the market in the past few years, firms may have suffered more losses than gains from complying with these values.

For many years, the contradiction between Taiwan and China has always been in the conflict between market interests and Taiwanese values, which is a cause of disagreement between the blue and green camps.

Since Taiwanese businesspeople are obsessed with the Chinese market, this has allowed the Chinese government to weaponize it.

However, Taiwanese businesspeople should understand that the Chinese market belongs to the Chinese government. As such, the market is like a pie in the sky.

If the NBA case were to happen in Taiwan, or even if the association were to criticize Taiwan every day and no longer operate in the nation, its share in the Taiwanese market would likely remain unchanged, while Taiwanese would still be free to watch its games.

Yet in China, the NBA's advertisements and broadcasts were canceled and those who breach the firewall to watch the games could have points deducted from their "social credit" rating.

After all its hard work building up its profile within the Chinese market, the NBA might go home empty-handed.

Some Taiwanese companies believe that since they possess control of core technology, they have nothing to be afraid of if Beijing were to suddenly become hostile or steal elements of

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their technology.

However, compulsory technology transfer and intellectual property rights were listed as main issues in the US-China trade talks, showing that the Chinese government is no pushover.

As more and more Taiwanese companies relocate from China, gradually both the grounds for the trade dispute and the blue-green standoff have started to crumble. Hopefully, the NBA commissioner's remarks will lead to a review and consolidation of the blue and green camps' divergent positions on doing business with China.

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