

**KUNSHAN AS “LITTLE TAIWAN”:
CHINA’S MOST INDUSTRIAL
COUNTY-LEVEL CITY**

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Executive Summary

1. Kunshan, a county-level city (县级市) under Suzhou prefecture-level city (地级市) in Jiangsu, has been successfully transformed from a planned and agricultural economy to a globalized and industrialized city in the past three decades.
2. Economically, Kunshan is ranked top among 100 economically strong county-level administrations, and politically, ex-Kunshan leaders have been highly valued, promoted and deployed to assist in the development of other cities in the Jiangsu province
3. Apart from the location advantage of the Yangtze River Delta (Kunshan has proclaimed itself as the nearest county to Shanghai), and the entrepreneurship skills of Kunshan local officials (as testified by the many locally initiated policy innovations made by Kunshan cadres for economic development), the dramatic rise of Kunshan can be attributed to Taiwanese investment.
4. At the national level, Kunshan is one of the most Taiwanese invested localities in China. At the local level, Taiwanese investments in manufacturing clusters form a dynamic and flexible production network. These investments not only promote economic development in terms of attracting FDI, generating GDP and producing fiscal revenue and trade, but also upgrade Kunshan from a labour intensive industry to a technology-based industry.
5. Many Taiwanese also invest in the service sectors, including banking, hospitals, schools, restaurants, karaoke bars and so on, creating a Taiwanese home atmosphere that thereby attracted more Taiwanese FDI.
6. Certain Taiwan development experiences have been institutionally introduced to Kunshan through three ways. First, the ‘Honorary Citizen of Kunshan’ (昆山荣誉市民) system allows foreign investors to become economic consultants

to mayors. More than 65% of ‘Honorary Citizens of Kunshan’ are Taiwanese investors.

7. Second, annual conferences on ‘Cross-Strait Kunshan-Taiwan Industrial Cooperation Forum’ (海峡昆台产业合作发展论坛) have taken place since 2001. Former politicians, retired technocrats and active scholars from Taiwan have been invited as guests of honor to introduce their personal investor networks and working experiences to Kunshan officials.
8. Third, the Kunshan Association of Taiwanese Investors (昆山台商协会), a ‘semi-official’ civic organization, is located in the same building of the Kunshan government. It shares the services of some staff with the Taiwanese Affairs Office of the Kunshan Government (昆山台办) and has intensive formal and informal channels of interactions with Kunshan officials.
9. Kunshan’s development has impacted on regional development in at least two ways. First, the Kunshan experience has been un/intentionally emulated by other regions in China. Second, there is certain ‘positive’ competition, particularly in FDI bids between Kunshan and neighboring administrations (for example, China Singapore Suzhou Industrial Park), triggering more institutional innovations for better business environment.