

UNIVERSITY OF MACAU
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Master in European Studies

**Economic Integration in Greater China: Drawing Lessons
from European Union**

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Abstract

Greater China as one of the most dynamic regions in the world has been initially established to adopt the trend of regional economic integration in the world, comprising the Mainland China, Hong Kong, Macao and Taiwan. And the European Union (EU) has become a successful story as the highest degree of regional economic integration. However, research which has theoretically and empirically documented the successful lessons from the EU to Greater China is scant. Therefore, this thesis attempts to study: How far has economic integration in Greater China been progressed in recent years? What effects have been produced by the economic integration in the Greater China area? And to what extent could the EU experience be applied to Greater China? Furthermore, this thesis will mainly study the issue of economic integration from the perspective of international political economy. The (classical & extended) theory of regional economic integration, and nationalist vs. liberal perspectives of IPE will be used as theoretical foundation respectively from economic and political perspectives, and some available experiences from the EU will also be applied to the empirical analysis of this study.

Under the guidance of the theoretical framework, three representative cases of Greater China economic integration will be analyzed respectively in this study: the Hong Kong case (CEPA), the Macao case (CEPA), and the Taiwan case (ECFA). Results of the empirical case studies showed enough evidence that economic integration in Greater China has not created static effects but dynamic effects, and dynamic gains come from scale of economies, competitive effect, and investment attractive effect. Although Greater China is still in the first stage of regional economic integration facing many challenges, it

has developed rapidly and has produced mutual benefits for the four economic entities. Moreover, Greater China can learn from most of the EU experience but cannot just imitate the EU process of economic integration due to some unique problems existing in the four economies such as different economic and political systems and disagreements on political identities.



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