

Abstract

This paper aims to explore the dynamics of economic development of Taipei city in the globalization process. In spite Taipei city had taken advantage of rapid industrialization and exploited the rural-urban division of labor since the 1960s, the economic base changed dramatically after 1980s. On the one hand, more industrial firms moved part of their operations overseas, mainly China's coastal cities, and reshuffled the transnational production networks. On the other, the core competitive advantage of the cities and regions came not from traditional service sectors, but from the strategic node position in the transnational flows. Taipei city transformed itself as the node of knowledge flow with the high technology hub, particularly Silicon Valley of California, through the channel of transnational technical communities. At the same time, the City also played as the headquartering role in the extension of production chains which cross the Taiwan Strait to concentrate in the major coastal cities in Mainland China, such as Shanghai. In consequence, it led Taipei city to grow as the nodal city in the cross-border connections. However, numerous issues of governance had to be tackled down for the role to activate, including the solution of the conflict between Taipei City and other regions in Taiwan, the easing of political tension across the strait and the open flow of talent and capital to keep industrial upgrading. Otherwise, as the direct connection between Silicon Valley and China's major cities such as Shanghai grew faster, the role of interface city would face the peril of crowding out, unless it kept upgrading in the functional role to serve the business networks.

Keywords : Taipei City, interface city, global city, globalization, cross-border business networks.