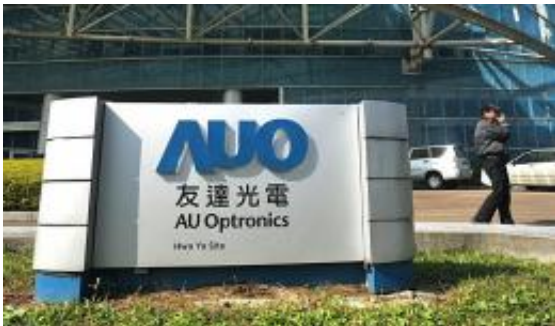


Taiwan softens on high-tech investment in China

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A security guard walks by a plant of flat-screen manufacturer AU Optronics Corp in Taoyuan, Taiwan. Taiwan further relaxed controls Tuesday on high-tech investments in China by local firms, allowing makers of flat-panel television screens to export their most advanced technology to the mainland.

Taiwan further relaxed controls Tuesday on high-tech investments in China by local firms, allowing makers of flat-panel television screens to export their most advanced technology to the mainland.

The move by the island's economic ministry is another sign of the fast warming ties between [Taiwan](#) and its former rival since Ma Ying-jeou of the China-friendly Kuomintang party came to power in 2008.

Ma had pledged to beef up trade links and allow more Chinese tourists to Taiwan.

The rule change, which becomes effective next week, came after the ministry gave the green light in December for the island's leading flat panel maker AU Optronics Corp. to invest \$3 billion in eastern China's Kunshan city.

The approval was conditional, as AU Optronics was allowed only to build a liquid crystal display plant there using the so-called "7.5 generation" technology, or one generation lower than its plant built on the island.

AU Optronics' "8.5 generation" plant in Taiwan produces 50-inch panels.

That restriction was aimed at keeping the island's most vaunted high technology at home while allowing its flat-panel makers to tap China's vast market.

But calls for easing controls on investment in the mainland have mounted among Taiwan's high-tech businesses, who argue that their competitors from [South Korea](#) and Japan have gained the upper hand in [China](#).

Taiwan's opposition, which favours independence from [Beijing](#), has repeatedly warned against easing controls, fearing closer economic integration.

China still considers Taiwan part of its territory awaiting to be reunified by force if necessary even though the island has ruled itself since their split in 1949 at the end of a civil war.

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