The East Asian region continues to experience rapid transformation, revealing both dynamic changes as well as unresolved issues. This innovative book is a valuable resource in understanding the extent to which countries in East Asia are confronting old and new challenges. Similarly, at this regional level, the book studies the treaty in consolidating East Asia as a region. Within this context, insights to East Asia provides an introduction to a wide-ranging array of issues, actors, and institutions interacting inside and outside the region.

The book reflects the diverse ways in which state and non-state actors are responding to numerous concerns. The complexity of issues is unraveled through an informed analysis of contemporary concerns that include the development of East Asian regionalism, impact of China’s foreign aid on Timor Leste, the competition from Chinese manufacturers to their South Korean counterparts, protectionist North Korean denunciations, the influence of pressure groups in Japanese politics as well as the dilemma of an emerging plural society in Japan.

By reflecting on these key issues, students, scholars and policy practitioners will find that the book engages readers to think critically of the ever-changing East Asian landscapes.
Insights to East Asia
Bridging the Past and Present
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ASMADI HASSAN is a Senior Lecturer at the Department of East Asian Studies, University of Malaya. He received his Ph.D and Bachelor’s Degree from Japan Studies programme at the University of Malaya. He obtained his Master of Law (Political Science) from Keio University, Japan. His expertise includes Japanese politics and Japanese local government.

GEETHA GOVINDASAMY is a Senior Lecturer at the Department of East Asian Studies, Faculty of Arts and Social Sciences, University of Malaya where she teaches in the Korea programme. She obtained her Ph.D from Monash University, Australia and M.Phil from University of Cambridge, UK and M.A from the International University of Japan specializing in inter-Korean relations. Her research and teaching interests include inter-Korean relations, Korean foreign policy and East Asian regionalism. She is a member of the Malaysia Scholars on Korea (MASK) Network.

KHOO YING HOOI is a Senior Lecturer at the Department of International and Strategic Studies, University of Malaya. She completed her Ph.D in Politics and Government from University Putra Malaysia (UPM) examining social movements and democratization with a focus on Malaysia’s electoral reform movement. Her research interests include social movements, national human rights institutions, human rights and democratization with a regional focus on Southeast Asia, especially Malaysia and Timor Leste.

MUHAMMAD DANIAL AZMAN is a Senior Lecturer at the Department of International and Strategic Studies, Faculty of Arts and Social Sciences, University of Malaya. He received his Ph.D in International Relations from the University of St Andrews, UK, and obtained his M.A (Peace and Conflict Studies) from the University of Bradford, UK. His research interests includes
Asia-Africa Relations, politics of developing countries, peace building, governance, political violence, transitional justice and reconciliation studies. He is a member of the International Political Science Association (IPSA) in Canada, and Royal African Society (RAS), in the UK.

ROHAYATI PAIDI is a Senior Lecturer and Sociologist at the Department of East Asian Studies, Faculty of Arts and Social Sciences, University of Malaya. She received her Ph.D from the University of Malaya and MBA from Shiga University, Japan. She is currently serving as the Head of the Department and holding the position as the President of Malaysian Association of Japanese Studies (MAJAS). Her research interests include the change and continuity in Japanese culture and society with a focus on Japanese popular culture and subculture abroad.

SOO KEETAN is a Senior Lecturer at the Department of East Asian Studies, Faculty of Arts and Social Sciences, University of Malaya. She obtained her Ph.D in International Studies (International Commerce) from Seoul National University and Master of International Studies (International Business) from Ewha Womans University, South Korea. Her research interests relates to economic culture, international business, cross culture and economic policies. Her recent publications included “Race in the shipbuilding industry: Case of South Korea, China and Japan” (2017); “Korean Economy: From Protectionism to Liberalism” (2016) and “The role of Korean collectivism in South Korea’s industrialization process” (2015).

WONJUN SEO is a Master’s candidate at the Department of East Asian Studies, Faculty of Arts and Social Sciences, University of Malaya. He was born in Shiga Prefecture, Japan and graduated from Tottori University with a Bachelor of Regional Sciences. During the course of his studies, he was an exchange student at Xiamen University, China. He is currently researching on issues pertaining to multicultural coexistence in Japan.
Preface

Following the dramatic end to the Cold War in the 1990s, the stellar economic success of East Asia is one of the notable events of the twentieth century and yet in the following century, the region faces a gamut of challenges that have yet to be resolved. This book is written for those seeking an overview of East Asia, its present and possible future. As a region, an economically rich East Asia flexes its influences globally but its internal dynamics are fraught with obstacles. The overriding theme of our book is that East Asia’s wealth has deeper consequences in which old and new issues emerge constantly, waiting to be resolved. Particularly significant are the challenges that have emerged due to the interplay between domestic, transnational and multilateral linkages in the region. Not surprisingly, challenges are due to the wide political, economic and social gap that exists between countries in the region. To understand this, the collection of essays in the book focuses on the vulnerability of East Asia as a region, to what extent pressure groups impact political decisions, the dilemmas of diversity and multiculturalism, the North Korean nuclear brinkmanship that has alluded better inter-Korean relations, the fourth industrial revolution that is forcing the region to revamp its manufacturing sector as well as how an increasingly influential China is flexing its muscles among its poorer neighbours in the region. We aim to refine readers’ understanding of East Asian issues from a multi-level analysis: domestic politics, economics and social considerations; traditional state to state relations; balance of power dynamics and transnational forces. With the exception of the first chapter, this book adopts a country based-perspective.

The international relations of East Asia is fluid and in transition. The book begins with Muhammad Danial Azman and Geetha Govindasamy’s examination of the key institutional process towards creating an East Asian Regionalism (EAR). It focuses on the key challenges and various dynamics that
continue to shape the process of the EAR. The authors argue that the EAR is mostly driven by national interests and pragmatic concerns at the best of times. They highlight elements that encourage as well as discourage cooperation among regional partners and the enigma of ASEAN being the main driver of the process towards regionalism. Although regionalism holds many promises, due to differing levels of capabilities and commitment between regional partners, it is not an easy objective to achieve. In the early stages, the EAR began within the need for strengthening the economic voice of the region, particularly after the Asian Financial crisis in 1997. Later, for some members, the EAR was an alternative to US hegemonic tendencies in the region. However, the rise of China as an economic powerhouse presented a newer challenge in the process towards establishing the EAR. As the partnership between ASEAN together with Japan, China and South Korea began to emerge in a more structured manner through ASEAN Plus Three, East Asian Summit and East Asian Community, rivalry for regional leadership became a focal point, particularly between Japan and China. The authors note that ASEAN’s role almost became side-lined by Tokyo, Beijing and Seoul. However, reality has shown that political distrust and economic rivalry among Japan, China and South Korea has all but forced ASEAN to be the natural leader of regional cooperation. Nonetheless, the EAR is very fragile due to internal differences and external geopolitics forces. Therefore, the authors observe that for the time being, the EAR can be better served through a loose arrangement reinforced by links to other multilateral frameworks like the Asia-Pacific Economic Cooperation (APEC), the Asia-Europe Meeting (ASEM) and other similar international forums.

From analysing East Asia at a regional level, the second chapter highlights the struggles of a small nation at the domestic level that has been impacted by a long battle for independence and violence but is now being courted by China. Khoo Ying Hooi and Asmadi Hassan explore the newest country in Southeast Asia, Timor Leste, which they eloquently argue has been neglected in Southeast Asian political discourse. The chapter analyses linkages between foreign aid and development, and its impact on state building and development in Timor-Leste. While, there are large numbers of international groups and agencies supporting the rebuilding of Timor Leste’s infrastructure and economy, the authors focus on China as an important aid contributor. Most Chinese aid does not concentrate on critical needs like poverty reduction or providing basic needs such as water and sanitation and health but is given for the building of physical infrastructure such as government buildings and tele communications networks. Closer bilateral relations has resulted in China becoming Timor Leste’s third largest provider of goods. The eventual joining of Timor Leste as a member of the Beijing-based Asian Infrastructure Investment Bank is another indication of
how close the donor-recipient relationship has become. To a large extent, the authors argue that China’s influence in Timor Leste is based on Beijing’s self-interests. The two main objectives are to expand its influence in the region and to seek for natural resources. Hence, it is not surprising that China is competing with Australia and Indonesia for influence as well as access to Timor Leste’s natural resources. The authors suggest that Timor Leste is the gateway for the Chinese to establish relations with the resource rich Community of Portuguese-Speaking Countries (CPLP). The interplay between Beijing and Canberra as donors to the Timor Leste is also explored in detail. For example, the authors highlight that compared to Australian aid, Chinese aid is given without any preconditions which is perceived as attractive by the Timor Leste government. For Timor Leste, Chinese aid is viewed as complimentary as well as an alternative source of development aid for Timor Leste. More importantly, China’s foreign aid contribution allows Timor Leste to reduce its dependency on its other main donors like Indonesia and Australia. Overall, the chapter emphasises the donor-recipient relation within the framework of foreign aid as a soft power instrument for achieving economic and geostrategic interests and opportunities on both sides.

The rise of China has implications on its neighbours. Hence, the third chapter probes into China’s ambition of transiting into a high-skilled manufacturing hub under the “Made in China 2025” campaign. Soo Kee Tan and Rohayati Paidi capture China’s ambition of becoming a world leader in manufacturing and being self-sufficient in high-tech goods in the next decade. Using the cases of the semiconductor and shipbuilding industries, the authors postulate that China’s ambitions have an impact on its neighbours, particularly South Korea which has had achieved tremendous success in the same key industries. Thanks to the global high demands for memory chips, South Korea which is a world leader in the semiconductor industry is now facing threats from China’s ambitious plan to reduce its dependence on imported semiconductors. State owned semiconductor companies are developing aggressively to turn China from a low-cost manufacturer to a technological innovator. The authors believe that this trend poses a threat to South Korean manufacturers in the near future. Although at present South Korean industries are ahead of China in technology and quality, but the lag in price competitiveness has already created serious ripples in the semiconductor industry. Though South Korea is currently still able to maintain its position as one of the worlds’ leading chip makers, it has lost out to China in the shipbuilding business. According to the authors, China enjoys advantages in terms of low production cost, government supported programmes in shipbuilding and its large domestic market. Cost competitiveness has become a decisive factor in determining who succeeds in the global shipbuilding industry. China’s production costs
are low compared to South Korea because of its low currency value and labour costs. More importantly, rigid labour market regulations in South Korea make it impossible for domestic companies to cut labour cost through massive layoffs. On top of that, unlike South Korean companies that are mostly private entities, Chinese companies are state owned and enjoy huge support of the state. In addition, South Korea also has the disadvantages of a smaller domestic market. The authors observe whenever the shipbuilding industry faces a crisis, South Korean companies face hindrances in obtaining new orders, have difficulties in fundraising and sustain huge financial loses. In contrast, domestic orders are big enough for Chinese companies to sustain during hard times. Overall, the authors predict that the future for South Korean manufacturing companies looks bleak as China aims to become a smart and green manufacturing nation by 2025. The authors observe that such tough competition highlights the need for South Korea to develop newer higher value-added industries as it cannot compete with China in terms of cost competitiveness.

Besides the rise of China, the East Asian region has had to deal with a nuclear North Korea for the past few decades. Consequently, the fourth chapter examines North Korean nuclear brinkmanship, which has been a global challenge mainly for South Korea and the US. In their study of the Korean peninsula’s security situation, Geetha Govindasamy and Muhammad Danial Azman explore inter-Korean relations within the framework of North Korea’s rapidly developing nuclear weapons program. Both sides are technically still at war since the 1950-53 Korean War did not end with a peace treaty. The authors believe that unless denuclearisation is achieved, peace on the Korean peninsula would be impossible. Over the years, North Korea has carried out missile and nuclear test launches despite international condemnation and continues to develop its nuclear weapons capability. While inter-Korean relations were frosty during the administrations of Lee Myung Bak and Park Geun Hye, the Moon Jae In administration, however, has succeeded somewhat in engaging the North. The authors explain Kim Jong Un’s decision to send North Korean athletes to the 2018 Pyeongchang Winter Olympics signalled a new phase in inter-Korean relations. Relations improved dramatically when both sides marched as one under a unified flag at the opening ceremony of the Winter Olympics on 9 February 2018. Sports diplomacy also contributed to the resumption of numerous inter-Korean talks leading to three summits between Kim Jong Un and Moon Jae In later in the year, at the truce village of Panmunjom in the demilitarised zone as well as Pyongyang.

Though relations are on the mend, South Korea alone is unable to resolve the nuclear proliferation issue. The authors argue that the role of the US is crucial in dealing with North Korea’s denuclearisation and deescalating
tensions on the peninsula. Hence, South Korea has been working towards encouraging and facilitating talks between North Korea and the US. During a meeting with South Korean officials in Pyongyang in March 2018, Kim Jong Un expressed an interest in meeting President Trump. In an unprecedented move, Trump accepted an invitation from Kim for direct negotiations over his nuclear programme. The historic meeting was held in Singapore in June 2018. As of this writing, the Trump administration was considering how to respond to a second North Korean offer of direct talks. The authors highlight the advantages and pitfalls of direct negotiations on denuclearisation at the highest level between Trump and Kim. Overall, the chapter points out the complexity of inter-Korean relations due to the process of North Korea’s denuclearisation, which relies heavily on the outcome of the relationship between Washington and Pyongyang.

Though East Asia is well known for issues that influence not only the region but the world, the book also delves into domestic issues that have affected national cohesion, especially in Japan. Hence, the fifth chapter explores the issue of pressure groups at the grassroots level. Asmadi Hassan and Khoo Ying Hooi discusses the role of *Nippon Izokukai*, the largest right-wing pressure group in Japan that was established in 1953. It is notable that right wing groups are gaining influence due to the increasing tensions in East Asia pertaining to territorial disputes and the effects of historical memories due to Japanese colonialism in the region. Pressure groups such as *Nippon Izokukai* are able to influence government of the day through their strength as a voting bloc in elections as well as for having strong financial resources. Hence, it is not surprising that Japanese political parties are attracted to groups like *Nippon Izokukai*. The authors examine the pressures imposed by *Nippon Izokukai* in pressuring Japanese Prime Ministers to visit the controversial Yasukuni Shrine in Tokyo. The Yasukuni Shrine was built in 1869 to enshrine the souls of soldiers who died in the Boshin War, the Uprising Saga, Seinan War, Sino-Japanese War, Russo-Japanese War, World War 1, Manchurian Incident and World War 2. The two main objectives of *Nippon Izokukai* are the nationalisation of the Yasukuni Shrine to honour the war dead as well as to take care of the relatives of deceased war veterans. *Nippon Izokukai* is of the firm opinion that it is the government’s responsibility to nationalise the shrine. However, the enshrinement of 14 A-class war criminals has caused tension in Japan’s bilateral relations with China and South Korea being the victims of Japanese wartime aggression. When a Japanese Prime Minister visits the Yasukuni Shrine, China and South Korea view it as an attempt to revitalise Japanese imperialism and militarism. The authors focus on the controversial visits of Prime Ministers Nakasone, Koizumi and Abe to the Yasukuni Shrine and the pressures they faced in trying to appease the wants of the *Nippon Izokukai* with the needs.
of sustaining cordial diplomatic relations with China and South Korea. However, the authors do observe that the Nippon Izokukai is losing its strength as it is finding it difficult to recruit young members of the society to replace the elders who have passed on. Moreover, the establishment of a new organisation called the War-Bereaved Families Association for Peace and Against War (Heiwa Izokukai) by a breakaway group is another indication that perceptions are slowly changing to accommodate the new realities of diplomacy and peace in the 21st century. Alternatively, the authors highlight that Heiwa Izokukai prefers to engage peacefully with Japan’s neighbours and downplay the militaristic elements of the Yasukuni Shrine.

The sixth chapter of the book investigates minority inclusion policies and acceptance in Japan. Rohayati Paidi, Wonjun Seo and Soo Kee Tan examine this timely subject in the context of Japan facing low birth rates and the emergence of an ageing society. The authors explore the notion of diversity and multiculturalism by probing into the many minority groupings that exist in Japan. The subject is complex mainly because Japan prides itself as a homogenous society. In 2008, the Liberal Democratic Party (LDP) made a few policy recommendations that was in favour of multicultural policies. Among others, the LDP advocated accepting more immigrants that will cohabitate with the Japanese, possibility of allowing dual citizenships, revising its visa policy for immigrants as well as introducing new immigrant friendly laws. Similarly, the Regional Multicultural Society Promotion Plans introduced by the Ministry of Internal Affairs and Communications encourages the Japanese to accept and recognise living with different nationalities and ethnicities while giving them equal respect and opportunities in society. While the authors stress that diversity and multicultural issues need to be taken seriously by the government, the authors is also are aware of the differences in managing these minority groupings. The reality is that the Japanese government’s multiculturalism policies do not always treat all minority groups equally. As such, Japan has the lowest score compared to other countries in the Multiculturalism Policy Index (MCP Index) in implementing multiculturalism policies impartially towards its indigenous people, national and immigrant minorities. Overall the authors conclude that Japanese policymakers have a long way to go in constructing and recognising a truly diverse and multicultural society that is accepted by government and the society at large. The fact remains the government has yet to officially recognise Japan as a multicultural society is confirmation of the present situation. Critics have argued that policies introduced so far have been merely cosmetic and not substantial enough to change the attitude of the Japanese that they are indeed living in a diverse and multicultural society.
Given the rapid pace of change and complexities of the region, the contributors have provided an up-to-date study on selected issues of concern in the countries studied. The book draws attention to the fact that countries in East Asia are responding to issues and challenges of the 21st century within a complex environment borne by domestic as well as international pressures and calculations. As such, we hope that the book has adequately captured these complexities and is of practical use to scholars and students alike.

Finally, in completing this manuscript, the editors owe a tremendous debt to all our contributors who worked hard to make this book possible. We are deeply appreciative of the 2017-2018 grant awarded to us by University Malaya’s Equitable Society Research Cluster. The authors owe much to the assistance accorded by Devi Anggraeni Poetri in completing the manuscript. We give our heartfelt thanks to the University Malaya Press for publishing our book.

Muhammad Danial Azman and Geetha Govindasamy
University of Malaya
December 2018
List of Abbreviations

AMOLED  Active-matrix Organic Light-emitting Diode Display
APEC    Asia-Pacific Economic Cooperation
ARF     ASEAN Regional Forum
ASEAN   Association of Southeast Asian Nations
ASEM    Asia-Europe Meeting
BOE     Beijing Oriental Electronics
CBM     Confidence-Building Measures
CPLP    Community of Portuguese-Speaking Countries
DAC     Development Assistance Committee
DPRK    Democratic People’s Republic of Korea
EAC     East Asian Community
EAR     East Asian Regionalism
EAS     East Asian Summit
ESCAP   Economic and Social Commission for Asia and the Pacific
EU      European Union
FEALAC  Forum for Asia-Latin America Cooperation
FRETILIN Revolutionary Front for an Independent East Timor
FTA     Free Trade Area
GMD     Ground-based Midcourse Defense
IAEA    International Atomic Energy Agency
ICBM    Intercontinental Ballistic Missiles
IDPs    Internally Displaced Persons
INTERFET International Force in East Timor
KIE    Korea Institute for Industrial Economics and Trade
L-SAM   Long-range Surface-to-Air Missile
LDP     Liberal Democratic Party
M&A     Merger and Acquisition
MDRI    Multilateral Debt Relief Initiative
MEXT    Minister of Education, Sports Culture, Science and Technology
NGOs    Non-Governmental Organizations
<table>
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<th>Acronym</th>
<th>Description</th>
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<tr>
<td>NPT</td>
<td>Non-Proliferation Treaty</td>
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<tr>
<td>OBOR</td>
<td>One Belt and One Road</td>
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<tr>
<td>OECD</td>
<td>Organisation for Economic Co-operation and Development</td>
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<tr>
<td>OLED</td>
<td>Organic Light-emitting Diode</td>
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<tr>
<td>PIF</td>
<td>Pacific Island Forum</td>
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<tr>
<td>PSI</td>
<td>Proliferation Security Initiative</td>
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<tr>
<td>ROK</td>
<td>Republic of Korea</td>
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<tr>
<td>SCO</td>
<td>Shanghai Cooperation Organization</td>
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<tr>
<td>SDP</td>
<td>Social Democratic Party</td>
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<tr>
<td>SMEs</td>
<td>Small and Medium Enterprises</td>
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<tr>
<td>SMIC</td>
<td>Semiconductor Manufacturing International Corp</td>
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<tr>
<td>THAAD</td>
<td>Terminal High Altitude Area Defense</td>
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<tr>
<td>TPPA</td>
<td>Trans-Pacific Partnership Agreement</td>
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<tr>
<td>UN</td>
<td>United Nations</td>
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<tr>
<td>UNDP</td>
<td>United Nations Development Programme</td>
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<tr>
<td>UNTAET</td>
<td>United Nations Transitional Administration in East Timor</td>
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<tr>
<td>WMD</td>
<td>Weapons of Mass Destruction</td>
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<td>World Trade Organization</td>
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China is going through a rapid change. From a struggling nation riddled with poverty in 1970s to the second largest economy in the world, it has achieved breakthroughs in many fields. In particular, China has undergone a transformation in its industrial structure. In the past, China’s industrial growth was mainly derived from cheap labour and low technology goods but now it has shifted from medium to high technology goods since 2000s. From machinery, petrochemical, shipbuilding, energy and information technology to consumer electronics, China’s performance is remarkable with its ever-expanding of world market share annually. Under the current government’s ambitious grand plan—“Made in China 2025”, China aims to become a global smart and green industrial producer by 2025. The long-term strategy is to make China a world leader in manufacturing and self-sufficient in high-tech goods. The policy aims to a breakthrough in the manufacturing sector and turn China into a cost effective, high-end and green manufacturing power house, from the design to production stages. To boost its manufacturing capabilities, the Chinese government has provided enormous financial support for major projects of its “Made in China 2025” strategy. Targeted sectors include information technology, semiconductors, robotics, aerospace equipment, ocean engineering equipment, high-tech ships, smart appliances and high-end consumer electronics. The total government funding is expected to involve more than 20 billion Chinese yuan as well as 300 billion Chinese yuan of financing from the China Development