

IMPLICATION OF THE ASIAN INFRASTRUCTURE
INVESTMENT BANK FOR GLOBAL FINANCIAL
GOVERNANCE: ACCOMMODATION OR CONFRONTATION?

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Table of Contents

I. INTRODUCTION.....	140
II. THE BACKGROUND AND PROCESS OF THE AIIB'S ESTABLISHMENT.....	141
III. INCLINATIONS REFLECTED IN THE AIIB ISSUE.....	143
IV. THE GLOBAL FINANCIAL GOVERNANCE SYSTEM AND ITS EXISTING PROBLEMS.....	146
V. THE AIIB'S CONTRIBUTION TO GLOBAL FINANCIAL GOVERNANCE.....	148
VI. CONCLUDING REMARKS.....	150

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Abstract

The creation of the China-led AIIB has been the most important event in the international financial sphere in recent years, but the comments about it have often been made from a multitude of lenses, thus complicating the recognition of its real implication. By clarifying the inclinations reflected in the AIIB issue and reviewing the problems with the global financial governance system, this article argues that the AIIB is not so much an extension of Chinese influence as a reaction to the demand of transforming this system. This article concludes that the AIIB is an accommodation, rather than confrontation, to the global financial governance system.

I. INTRODUCTION

The establishment of the Asian Infrastructure Investment Bank (AIIB) is one of the most eye-catching events in the international financial sphere in recent years. It must be noted, however, that in its early founding stage the AIIB did not garner considerable attention. Only after Britain declared to join the AIIB as a prospective founding member (PFM) in defiance of the dissuasion by the United States, which induced more European developed countries to follow,¹ the AIIB became a hotspot throughout the world, giving rise to various opinions. Some experts think of the AIIB as a landmark event signaling China's challenge to the current global multilateral order;² whereas many others find that the AIIB is just a "pilot project rather than a dominant new model," which bears no extension of Chinese influence.³ Now the AIIB has been operational for months, and the debate about it seems to have faded as the U.S.

¹ Anne-Sylvaine Chassany et al., *Europeans Defy US to Join China-led Development Bank*, FINANCIAL TIMES, Mar. 17, 2015, at 01.

² *Should Washington Fear AIIB? Foreign Affairs' Brain Trust Weighs In*, FOREIGN AFFAIRS (Jun. 11, 2015), <https://www.foreignaffairs.com/articles/china/2015-06-11/should-washington-fear-aiib>. This magazine conducted a survey about experts' opinion on the statement that AIIB represents the start of a fundamental challenge to the current global multilateral order. The results show that among 33 feedbacks, 2 strongly agree, and 9 agree.

³ *China Plays Ball with Its Development Lending*, FT.NET (Mar. 23, 2016), <https://www.ft.com/content/1211215e-f02b-11e5-aff5-19b4e253664a>.

has slightly changed its attitude towards the AIIB.⁴ But it is still meaningful to have an in-depth reconsideration of the debate in order to better understand the actual implication of the AIIB towards the global financial governance.

This article proceeds as follows. The first part addresses the background and process of the AIIB's establishment, so as to provide a framework for discussion. The second part rethinks the AIIB issue by summarizing four characteristics reflected in the debate. The third part discusses the global financial governance system and its existing problems. The fourth part reassesses the AIIB's contribution to global financial governance. This article concludes that the AIIB accommodates rather than confronts the current system of global financial governance.

II. THE BACKGROUND AND PROCESS OF THE AIIB'S ESTABLISHMENT

Just as the Chinese proverb "Luanshi Chu Yingxiong"⁵ has prophesied, the AIIB is a big thing that is destined to emerge in a perplexing and changing world. In view of the occurrence of global financial crisis, the world economy system has to adjust itself and make necessary changes. Major developed economies, in particular the United States, the European Union, and Japan, have diverging performances on economic recovery, resulting in an increased difficulty in global economic rebalance. Developing countries might have a stronger voice in global economic governance, yet they are still facing unprecedented problems and challenges. On the other hand, China is also under huge pressure to find new momentum to rein in an economic slowdown and restructure its economy.

In this context, China has put forward an astoundingly grand state strategy, namely the Belt and Road Initiative. As advocated by the Chinese government, the Belt and Road Initiative aims to "build a community of shared interests, destiny and responsibility featuring mutual political trust, economic integration and cultural inclusiveness."⁶ With regard to the implementation of this strategy, however, cooperation priority is given to facilities connectivity, that is, to "jointly push forward the construction of international trunk passageways, and form an infrastructure network connecting all sub-regions in Asia, and between Asia, Europe and Africa step by

⁴ See, e.g., Shawn Donnan, *White House Declares Truce with China over AIIB*, FT.NET (Sept. 27, 2015), <https://www.ft.com/content/23c51438-64ca-11e5-a28b-50226830d644> [hereinafter *White House Declaration*].

⁵ Its original meaning is that a turbulent world gives rise to heroes.

⁶ *Vision and Actions on Jointly Building Silk Road Economic Belt and 21st-Century Maritime Silk Road*, National Development and Reform Commission of the People's Republic of China (Mar. 28, 2015), http://en.ndrc.gov.cn/newsrelease/201503/t20150330_669367.html.

step.”⁷ In November 2014, Chinese President Xi Jinping chaired a dialogue with leaders of seven other neighboring countries and two international organizations, at which they reached a common understanding that the infrastructure development is the basis and priority of connectivity enhancement and common development.⁸ Accordingly, though the Belt and Road Initiative has been designed to cover a multitude of affairs in politics, economy, culture, and diplomacy, China targets infrastructure construction and relevant investment and financing service as a breakthrough.

In October 2014, 21 countries, including China, India, and Singapore, signed a Memorandum of Understanding regarding the AIIB in Beijing. From October 2014 to February 2015, Indonesia, New Zealand, and another four Asian countries applied to join the AIIB. On 12 March 2015, Britain submitted its application as the first developed European economy to join the AIIB. Britain’s action has then triggered a wave of enthusiasm to join the AIIB throughout the world. In the following month, a total of 30 countries, including France, Germany, Italy, Luxembourg, Switzerland, Austria, Sweden, and Finland, joined the AIIB. By the deadline of 31 March 2015 the AIIB had attracted 57 PFMs, including four permanent members of the UN Security Council, four G7 members, and fourteen G20 members. The Articles of Agreement (AOA) were signed by all fifty-seven PFMs between 29 June 2015 and 31 December 2015. The AIIB’s Articles of Agreement entered into force on 25 December 2015. On 16 January 2016, the AIIB was declared open for business.

For China and many other Asian countries, the AIIB provides nothing but a platform to achieve win-win objectives. On the one hand, weak infrastructure is a major constraint on economic development in many Asian countries. Economic backwardness in turn hampers these countries from allocating enough funds to infrastructure development. The existing International Financial Institutions (IFIs), especially the ADB, can only provide a negligible amount of loans compared to the large infrastructure deficit in these countries.⁹ The AIIB’s focus on infrastructure financing has the potential to assist these Asian countries in solving the lack of infrastructure funding issue. On the other hand, the AIIB contributes to China’s future development in the context of a slowing Chinese economy. In order to escape the “middle-income trap” and to achieve

⁷ *Id.*

⁸ Mu Xuequan, *China, Neighbors Vow to Strengthen Connectivity, Deepen Cooperation*, XINHUA NET (Nov. 9, 2014, 22:53), http://news.xinhuanet.com/english/china/2014-11/08/c_127192125.htm.

⁹ ASIAN DEVELOPMENT BANK & ASIAN DEVELOPMENT BANK INST., *INFRASTRUCTURE FOR A SEAMLESS ASIA* 167 (2010), available at <http://adb.org/sites/default/files/pub/2009/2009.08.31.book.infrastructure.seamless.asia.pdf> (estimating that between 2010 and 2020, Asia’s overall national infrastructure investment needs are estimated to be \$8 trillion).

economic transition, China must expedite the cultivation of new economic growth points. By creating the AIIB, it seems that China can extend its investment-driven economic development mode to the far-flung Asian region. In doing so, China can export its technology, experience, and surplus production capacity in infrastructure construction and thus obtain a considerable sum of investment return for its enormous foreign exchange reserves.

The AIIB is also likely to be a multi-win arena for other members who have various incentives to join it. Asian countries that are potential clients may hope to get larger investments. European advanced countries may get out of the post-2008 crisis stagnation and make full play of their underutilized labor and production capacity by financing the poorest countries' infrastructure projects.¹⁰ Members from the Middle East may intend to find more opportunities to diversify their economy by positioning themselves as a key passageway of the "Belt and Road." And those countries with rich resources, such as Australia and Brazil, can probably expand their exportation of raw materials. Needless to say, the AIIB is confronted with a challenge of how to reconcile the various objectives of its members. But the diverse economic development situations may also help the AIIB develop into an integrated platform, fulfilling the demand of all the members.

III. INCLINATIONS REFLECTED IN THE AIIB ISSUE

Based on the above review of the background and process of the AIIB's establishment, it is not very difficult to conclude the following inclinations reflected in the AIIB hotspot.

A. Politicization of an Economic Mission

The fundamental purpose of the AIIB is to expand regional connectivity and to improve regional integration by financing infrastructure development for the developing countries in the Asian region.¹¹ So in a strict sense, the establishment and operation of the AIIB is a topic in international development financing and multilateral financial cooperation. However, largely because of China's leading role in proposing and establishing this new multilateral development bank (MDB), a plethora of geopolitical and diplomatic sensitivities have been added to this issue. Just as China's rise could be readily conceived as a provocation to the world order,

¹⁰ Guido Cozzi, *AIIB: China's superpower or a harmonious Asian programme?* (May 1, 2015), <http://www.thebanker.com/Comment-Profiles/Bracken/Good-potential-for-China-s-Asian-Infrastructure-Investment-Bank?ct=true>.

¹¹ Asian Infrastructure Investment Bank, Articles of Agreement art. 1, June 29, 2015 [hereinafter AIIB Agreement].

many things pushed forward by China, even if they are economic development-oriented, are quite likely to be interpreted from a political perspective. Bearing this in mind, it will not be difficult to understand why some consider the AIIB “a direct alternative and challenge to the 70 years-old Bretton Woods system.”¹²

B. Globalization of a regional task

The focus of concern of the AIIB is the development task of the Asian developing countries, but due to its embrace of a number of non-regional members, especially those from the Europe, the AIIB bears implications for global governance. The divergent attitudes of the G7 members also make it more like a challenge to the global order. Indeed, the AIIB should address its business with a global perspective. One urgent issue is to develop its cooperation with other IFIs and then acquire the identity as a member of the existing global financial system.

C. Bi-lateralization of a multilateral institution

The inclination of seeing the multilateral AIIB from a point of view of two powers’ confrontation culminated when the United States was frustrated in holding the United Kingdom back from joining the AIIB. The unexpected enthusiasm of various countries in joining this China-led institution was fairly easily to be interpreted as heralding the forthcoming confrontation between China and the United States, or between a new world order and an older one. Now the position seems to have weakened,¹³ as some U.S. officials have publicly expressed that the United States made a wrong choice in not joining the AIIB.¹⁴ The AIIB should be wary of transforming itself into a frontline of any sort of confrontation.

D. Complication of a technical issue

The social and environmental safeguard standard of the AIIB is a major reservation that has been expressed by the U.S. and Japan.¹⁵ The AIIB released its Environmental and Social Framework in February 2016, after a consultation session for collecting comments on the draft version thereof. However, some key points reflected in the consultation, like the overall lack of procedures, the ineffective

¹² Sebastian Heilmann et al., *China’s Shadow Foreign Policy: Parallel Structures Challenge the Established International Order*, MERICS.ORG (Oct. 28, 2014), http://www.merics.org/fileadmin/templates/download/china-monitor/China_Monitor_No_18_en.pdf.

¹³ *White House Declaration*, *supra* note 4.

¹⁴ See, e.g., Robert Zoellick, *Shunning Beijing’s Bank was A Terrible Mistake*, FINANCIAL TIMES, June 8, 2015, at 09.

¹⁵ See Administration of Barack Obama, *2015 The President’s News Conference with Prime Minister Shinzo Abe of Japan*, DAILY COMP. PRES. DOCS. 1, 14.

grievance mechanism, and the recognition of universal human rights, remain unresolved.¹⁶ The practice of some other MDBs shows that the prevailing higher standard sometimes leads to the difficulty of many developing countries in obtaining loans. So, the AIIB is still facing a challenge of striking a balance between a higher standard advocated by many developed countries and the actual demand of the developing countries, which certainly requires some creative wisdom.

Ostensibly, two major facts may help account for the emergence of the AIIB hotspot. Firstly, the AIIB is the first international financial organization created under the leadership and sponsorship of China, and also enjoys an extensive participation by various countries. Compared to other China-sponsored financial arrangements, like the Silk Road Fund,¹⁷ and the New Development Bank of BRICS,¹⁸ the AIIB appears to have a far-reaching influence. Accordingly, the AIIB is readily conceived as the first step of the developing countries, represented by China, to express their own interests and reform the current international financial order. Secondly, the recognition of the AIIB by many western countries, especially those G7 members, has led to a rare clash between the U.S. and its allies. The joining of the U.K. in defiance of U.S. dissuasion is a good contribution to the thought that China conducted a successful provocation to the U.S.-led financial order.

However, the intrinsic reason for the AIIB hotspot lies in the unreasonableness of the current international financial order, especially the clash between the strong will of the global community other than the U.S. to push forward the reform of this order and the unavailability of the reform. It has less to do with China's rise on the world stage. In other word, in consideration that the reform of the international financial order had come to a standstill,¹⁹ the China-led

¹⁶ For instance, though the Environmental and Social Framework has established an oversight mechanism for grievance redress, it still seems a formality before a detailed procedure is set up. See Article 64 and the accompanying footnote of the Environmental and Social Framework of the AIIB, available at <http://www.aiib.org/uploadfile/2016/0226/20160226043633542.pdf>.

¹⁷ The Silk Road Fund is a state-owned investment fund of the Chinese government to foster increased investment throughout the Belt and Road Initiatives. See *China's Silk Road Fund Starts Operation*, XINHUA NET, http://news.xinhuanet.com/english/china/2015-02/16/c_134001196.htm (last visited Oct. 30, 2016).

¹⁸ The New Development Bank of BRICS is a multilateral development bank established by the BRICS states with the aim to finance public or private projects. See Huaxia, *BRICS New Development Bank Launches in Shanghai*, XINHUA NET, http://news.xinhuanet.com/english/special/2015-07/21/c_134431553.htm (last visited Oct. 30, 2016).

¹⁹ The 2010 Quota and Governance Reforms were approved by the Board of Governors in December 2010. In contrast to most countries which have ratified the reforms, the U.S., also the de facto veto power holder, had not ratified it for a long time. It was not until December 2016 that the U.S. Congress, facing criticism from the international community including many of its traditional allies

AIIB turns into an outlet for many countries, including those developed countries, to express their dissatisfaction with the current global financial governance system.

IV. THE GLOBAL FINANCIAL GOVERNANCE SYSTEM AND ITS EXISTING PROBLEMS

Global financial governance, also known as international financial governance, is generally regarded as a narrower domain of the global governance theory.²⁰ The United Nations Institute for Training and Research concludes the objectives of global financial governance as follows: first, to maintain the predictability and stability of the global monetary system, so as to facilitate payments for international economic transactions; and second, to oversee the international financial system with a view to safeguarding the interests of global savers and investors, and to fairly and efficiently allocate credit among all potential borrowers. Its overall objective is to facilitate the sustainable development of global economy that fulfils the interests of all concerned parties in the international economic order. Accordingly, sound global financial governance shall comply with five basic principles: holistic approach to development, comprehensive coverage, respect for applicable international law, coordinated specialization, and good administrative practice.²¹ In all, the concept of global financial governance is rather extensive, covering such major issues as the reform of international monetary system, international financial surveillance, and international financial organizations.

The current global financial governance system is comprised by a mass of institutions existing on the global, regional, and sector level, and therefore it is difficult to have a full purview based on a single standard. From the perspective of historical evolution, the global financial governance system can be divided into two complementary and also competing subsystems: first, the traditional Bretton Woods System that was established in the aftermath of World War II; and second, a nascent system that came into being since the 1970s in the context that the Bretton Woods System has been ineffective to the

such as the U.K. and France, had to adopt a legislation to authorize the reforms. [hereinafter The U.S. Delay].

²⁰ See, e.g., James N. Rosenau, *Governance in the Twenty-first Century*, 1 GLOBAL GOVERN. 13, (1995) (analyzing the concept of global governance). See also, e.g., John Eatwell, *Global Governance of Financial Systems: The International Regulation of Systemic Risk* (2006) (analyzing global financial governance).

²¹ Daniel Bradlow, Materials for a 4-Part On-Line Course on Global Financial Governance Offered by United Nations Institute on Training and Research (UNITAR) (Fall 2009), SSRN, available at <http://ssrn.com/abstract=1488020>.

greatly changed world economy and the ensuing challenges.²² The former includes the International Monetary Fund (IMF),²³ the World Bank,²⁴ and several regional MDBs such as the Asian Development Bank (ADB), the Inter-America Development Bank (IDB), the European Bank for Reconstruction and Development (EBRD), and the African Development Bank Group (AfDB).²⁵ The latter includes the most representative G7 and the subsequent G20, as well as the Basel Committee on Banking Supervision (BCBS),²⁶ and the Financial Stability Board (FSB).²⁷ The former is characterized by a formalized governance mechanism on the basis of capital subscription and voting power; whereas the latter works much like a forum, primarily relying on the negotiation and common understanding among members to push forward its operation.²⁸

A vast and complicated global financial governance system would definitely face multi-level and wide-ranging problems. For a long time, the traditional system, with a rigid governance system, has always been confronted with a paradox between multiple objectives and inadequate resources, as well as the problems of excessive bureaucracy and less efficiency.²⁹ The hard step of the 2010 Quota and Governance Reforms of the IMF clearly shows the deficiency of its governance mechanism.³⁰ The nascent system has a strength in its flexibility, but it has been noted that the lack of accountability of

²² See, e.g., Richard W. Edwards, Jr., *International Monetary Collaboration* (1985).

²³ The IMF was founded at the Bretton Woods Conference in 1944. It started as the international supervisor of a system for facilitating increased international trade by resisting competitive currency devaluations among countries. Later in the 1970, its role was primarily shifted to provide financial assistance for countries facing heavy external debts and facing financial or economic crises. The veto right held by the U.S. in the IMF is a subject of frequent criticism.

²⁴ The World Bank is comprised by two legally distinct entities: the International Bank for Reconstruction and Development (IBRD) and the International Development Association (IDA). The IBRD's original mission is to finance post-war reconstruction in Europe. Since the 1960s, the Bank's mandate has transitioned to eradicating poverty around the world.

²⁵ The MDBs take the World Bank as their model, but carry out financing operations only in their own regions. However, membership in the regional MDBs is not restricted to their specific regions.

²⁶ The BCBS was formed in 1975. It provides a forum for regular cooperation on banking supervisory matters. Its objective is to enhance understanding of key supervisory issues and to improve the quality of banking supervision worldwide.

²⁷ The FSB, formerly the Financial Stability Forum, was established in 2009. It promotes international financial stability by coordinating national financial authorities and international standard-setting bodies as they work toward developing strong regulatory, supervisory and other financial sector policies.

²⁸ K. Alexander, *Global Financial Standard Setting*, the G10 Committees, and International Economic Law, 34 *Brook. J. Int'l L.* 861, 874 (2009) [hereinafter *Financial Standard Setting*].

²⁹ For instance, based on a common understanding of the adverse effect of corruption, a Joint International Financial Institution Anti-Corruption Task Force was established by the IMF, World Bank Group, and many regional MDBs in September 2006, to combat corruption in their activities and operations. See <http://www.afdb.org/fileadmin/uploads/afdb/Documents/Generic-Documents/30716700-EN-UNIFORM-FRAMEWORK-FOR-COMBATTING-FRAUD-V6.PDF>.

³⁰ The U.S. Delay, *supra* note 19.

its decision-making structure has led to some developed countries' unwillingness to adopt strict bank capital standards, thereby contributing to the global economy's fall into a severe worldwide economic recession.³¹ The traditional system and the new system has not constituted a comprehensive, coherent or credible system of global finance governance; instead, it seems that the clash and competition among the international governing organizations will be intensified along with the progression of globalization.³² Without a single supreme power, any furtherance of global financial governance would be restricted by the logic of collective action: on the one hand, the bigger the collectivity is, the harder it makes steps; on the other hand, to carry out governing actions needs the support from the largest beneficiary (usually the United States).

The rise of China and many other emerging economies since the new millennium has been an irrefutable fact, especially in the aftermath of the 2007-08 global financial crisis. The emerging countries have played an increasingly important role in world economy. However, both the traditional system and the new system have not responded accordingly to the change in global economic landscape. This poses as not only a challenge for the current global financial governance system, but also as an incentive for the emerging economies, in particular the BRICS countries, to seek a transformation of this system.

V. THE AIIB'S CONTRIBUTION TO GLOBAL FINANCIAL GOVERNANCE

In view of the implicative profoundness of the concept of global financial governance, it is necessary to have an objective reassessment of the AIIB's impact on the current global financial governance system. The AIIB has defined itself as a multilateral development financing institution with the mission to foster regional economic development by serving infrastructure investment. This self-recognition feature of the AIIB determines that the AIIB and its largest stakeholder, China, cannot cause big influence over the more critical issues of global financial governance, such as international financial surveillance cooperation and the reform of the international monetary system, needless to say, challenging the U.S. position in the world order. Therefore, in the foreseeable future, the AIIB can only have a rather limited effect on the global financial governance system. The saying that the AIIB signals "the eastward shift of global

³¹ Financial Standard Setting, *supra* note 28, at 880-81.

³² John J. Kirton et al., *Making Global Economic Governance Effective: Hard and Soft Law Intuitions in a Crowded World*, 3-4 (2010).

power”³³ and other similar comments are based on an imaginary vision rather than an objective analysis. It would be better to say that the AIIB is an accommodation to the global financial governance system. Basically, this is reflected in the following three aspects.

First, the AIIB’s business practice clearly shows its sincerity to seek cooperation with other international financial institutions. The AIIB president Jin Liqun has always stressed that “the AIIB is a supplement rather than replacement, representing an advancement, rather than subversion, of the current international financial system.”³⁴ This is also reiterated in the AOA of AIIB, which reads: “(t)he purpose of the Bank shall be to promote regional cooperation and partnership in addressing development challenges by working in close collaboration with other multilateral and bilateral development institutions.”³⁵ The business practice of the AIIB, though quite short in time, has shown a clear compliance with this principle. Among the four projects disclosed by it to date, three are co-financed with other MDBs, respectively the WB, the EBRD, and the ADB.³⁶ Also, it has been declared that US dollars will be used for conducting its business,³⁷ signaling that Beijing will not make the Bank a platform to promote RMB internationalization. It seems that the AIIB strives to impress the world that it is not an extension of Chinese influence.

Second, the AIIB represents a south-south cooperation mode as a supplement to the north-south cooperation mode for international development financing. The north-south mode that features rich countries helping poor countries, as promoted by most of the former international financial institutions, is enshrined in the Washington Consensus.³⁸ The China-led AIIB, though joined by non-regional developed countries, is in general a reflection of developing countries helping developing countries. It is expected that the AIIB will take more consideration of the specific circumstances of Asian developing countries, instead of attaching political conditions to financial assistance.

³³ Jamil Anderlini, *UK Move to Join China - Led Bank a Surprise Even to Beijing*, FT Net (Mar. 27, 2015).

³⁴ Jin Liqun, *AIIB Is Not Born for Subversion*, IIForum Net (Mar. 23, 2015), <http://www.ftchinese.com/story/001061171>.

³⁵ See AIIB Agreement, *supra* note 11.

³⁶ See generally through <http://www.aiib.org/html/PROJECTS/>.

³⁷ Gabriel Wildau & Tom Mitchell, *China's New Asia Development Bank Will Lend in US Dollars*, FT Net (Jan. 17, 2016), <https://www.ft.com/content/762ce968-bcee-11e5-a8c6-deeeb63d6d4b>.

³⁸ The Washington Consensus is a concept that was first presented in 1989 by economist John Williamson. It is a summarization of 10 economic policy prescriptions considered to constitute the "standard" reform package promoted for crisis-wracked developing countries by Washington D.C.-based institutions such as the International Monetary Fund, World Bank, and the US Treasury Department. It is essentially a propaganda of neoliberalism.

Third, the AIIB, as a regional development financing institution for Asia, embodies an incremental, rather than subversive, evolution of the global financial governance system. New thoughts will be added to the promotion of global financial governance by the formation and operation of the AIIB. It will also work as a catalyst for the reform of the international monetary system, though having no direct influence to it. In Asia, the cooperation and competition between the AIIB and the ADB will foster better financial service for this region. On the global level, the AIIB's membership extensiveness creates favorable conditions for it to develop dialogue and cooperation with the IMF and other international financial institutions, thus contributing to improving the status of developing countries and to enhancing the reliability of the global financial governance system.

VI. CONCLUDING REMARKS

The AIIB has an amiable intention to achieve shared development by solving economic bottleneck problems jointly faced by Asian developing countries, but its significance can be interpreted from a multitude of lenses, thus resulting in different views about it. If considered as it stands, the AIIB has no capacity to change the current global financial governance pattern, not to mention the overall geopolitical landscape at the international level. The AIIB's establishment is a logical result of the unreasonable global financial governance order which calls for transformation, but it by no means implies the arrival of the Chinese-style Bretton Woods moment. The AIIB's value to the world is that it can promote regional cooperation and partnership in addressing development challenges, thus contributing to reaching agreements and shaping new thoughts on global financial governance. In this sense, the AIIB is an accommodation, rather than confrontation, to the global financial governance system.