

AIIB : CHINA'S NEW PAWN

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The ongoing discussion about the membership of the Asian Infrastructure Investment Bank (AIIB) has drawn the attention of the world. This comes amidst complex transformations of the international order, which has redefined international relations in the twenty first century.

The AIIB is a China led infrastructure development bank which would mainly cater to investment needs of Asian countries. AIIB, scheduled to be established by the end of 2015, has recently earned the spotlight owing to the flutter created by nations seeking admission into the body as its founding members.

The launch of the AIIB has signaled visible cracks in the Western dominated global financial regime. With countries like Britain, Australia, Italy, France, Germany and South Korea joining the bandwagon of AIIB membership, there appear clear signs of displeasure of both the developing and the developed countries with the Washington Consensus.

According to reports of the Chinese media, as many as 42 countries had applied for its membership, of which names of only 30 countries have been short-listed. Further it is being contemplated that the bank would be established with an initial subscribed capital of \$50 billion.

Essentially the AIIB is China's challenge to the global economic status quo. More precisely, it is a response to the US led international institutions like World Bank, IMF and ADB. China has consistently questioned the US led unipolar world order. For years China followed Deng Xiaoping's policy of "lie low, bide your time" and focussed on its domestic economic development with a relatively low profile in international affairs. Today it has risen up as

a close competitor of the US, overtaking the US economy (in terms of PPP) in 2014, and claiming the status of a global power in the international order.

Trends in China's foreign policy suggest that under the leadership of President Xi, China has decided to project its image as an assertive power. Since economy is a key factor in determining a country's position in the world order therefore China seeks to reserve its place as a significant economic power centre of the world. Further China seeks to strengthen the position of Renmenbi (RMB) as a fully convertible reserve currency as an alternative to the Euro and Dollar.

Apart from China's global ambitions, it is important to mention that, inspite of the Western proclamation of principles of equality and democracy, China has not found enough voice in the US led international institutions. A case in point is the voting share of US, Japan and China of 16.75%, 6.23% and 3.81% respectively, in the IMF.

The motive behind launching the AIIB is not purely economic in nature. The other aspect is the quest to fulfil China's security needs. Through initiatives such as One Belt One Road and the AIIB, China seeks to maintain greater economic engagement with its neighbours and regional economic partners. The AIIB is particularly significant to its internal security as China can curb the turmoil of the Xinjiang province, caused by the Uyghur terrorists, through maintenance of relation of goodwill and amity with countries of Central and West Asia. Apart from its mediatory role in resolving the territorial disputes in South and East China Sea, such goodwill would also contribute to China's desire to earn recognition as a global power.

Since the membership of the bank involves not only developing countries but also developed countries of the West and Europe therefore it is clear recognition of China's potential to coexist peacefully with Western as well as non-Western nations. It acts as a response to the China threat theory and in turn promotes the theory of China's peaceful rise.

The AIIB mirrors the balance of power situation, of the present world order. There is a possibility that the economic coalition may transcend into a political one, thus calling for a reconfiguration of the world order. The US which had till now made enough attempts to isolate China from the TPP, restrained its voting rights in ADB, World Bank and IMF, now itself faces the threat of isolation.

Exasperated by US high handedness countries like Russia have found a viable and "just" alternative in the China led AIIB. This gap in the US credibility allows Beijing to step in as the leader of the world in the near future.

Through the sharpness in its strategy to undermine its demand of “One China policy” for the time being and consequently welcome the membership of Taiwan in the organization as a separate economy is a smart move to clip the wings of USA by breaking away its allies..

Thus through this initiative, China has sent a strong message to the US and the world testifying its status as the next global hegemon. It would not only influence China’s international political clout but would also strengthen it domestically from the security perspective. In an unusual move of some Western powers to publicly side with China, overriding their affiliation with the US, signals the ushering of a new era in international politics.

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