



# Press Release

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## **New Sasakawa USA Research Report: “Asian Infrastructure Investment Bank: China as Responsible Stakeholder?”**

WASHINGTON, D.C.: Sasakawa USA today released its latest report, “Asian Infrastructure Investment Bank: China as Responsible Stakeholder?” The new publication focuses on the creation, development, and future of the Asian Infrastructure Investment Bank (AIIB), providing perspectives from Japanese, American and Chinese authors. Edited by Daniel Bob, Senior Fellow at Sasakawa USA, it was written by Masahiro Kawai, Professor at the University of Tokyo; Yun Sun, Senior Associate at the Stimson Center; and Tobias Harris, Economics Fellow at Sasakawa USA. The report details the evolution of AIIB from a China-driven initiative aimed at furthering narrow Chinese interests to a more collaborative and potentially more effective institution that could help address the enormous demand for infrastructure funding in the Asia Pacific region.

### Highlights from the report:

- China’s motivation for creating AIIB can be linked, in part, to Congressional failure to permit reforms at the International Monetary Fund. Without those reforms, China and other countries will never gain a level of influence that reflects their increased economic power.
- While Japan is not a member of AIIB, should it decide to join, Beijing would have more limited influence over the bank, including losing some of its veto powers.
- Neither China nor the United States was prepared for the degree of interest in AIIB among non-Asian countries. Washington’s inability to convince allies to refrain from joining AIIB was an embarrassing failure of U.S. diplomacy and policy. However, U.S. lobbying may have had some beneficial effects in terms of China’s plans for the bank’s role and governance.
- In joining AIIB, Western and other member countries were able to push the new institution to adopt a structure, purpose, and system of governance closer to the model of existing multilateral development banks, thereby increasing the bank’s chance of effectively addressing regional problems.
- The United States should learn from its mistakes over AIIB in dealing with China’s continued rise. In particular, the United States should address China’s valid complaints regarding its under-representation in current international financial institutions. Washington should also understand that changes in the international order do not inherently undercut U.S. interests.

“The AIIB story is worth a close look for a number of reasons,” said Adm. Dennis Blair, Chairman and CEO of Sasakawa USA. “Most directly, the Asia Pacific faces an infrastructure investment gap, which the bank may help fill. But Beijing’s push to establish the bank and the response by Washington and Tokyo also seem to encapsulate many of the issues associated with China’s rise. As the report notes, the extent to which China follows global norms and cooperates with existing international institutions—as well as how other countries respond to and accommodate China’s rise—represents one of the greatest challenges in 21<sup>st</sup> century geopolitics.”

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