

Cross Border Business Law Blog

Asian Infrastructure Investment Bank: Comings and Goings

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The last few weeks have been busy for developments on the Asian Infrastructure Investment Bank (“AIIB”), a project spearheaded by the People’s Republic of China (PRC), that is expected to provide loans for infrastructure development in Asia. The PRC has accused the International Monetary Fund and the World Bank, both common institutional investors in developing countries and based in Washington, D.C., of being overly exposed to Western influences and attaching too many conditions to the loans they issue. With an active AIIB, we would expect to see new opportunities created in underdeveloped areas that have, until now, had limited access to credit for ambitious projects. In recent news:

- Japan has declined to join the AIIB as a founding member, and is the first major economic player in the region to do so: <http://www.nytimes.com/2015/04/01/world/asia/japan-says-no-to-asian-infrastructure-investment-bank.html>
- Taiwan’s application to join the AIIB as a founding member was rejected when the PRC objected to the name designation under which Taiwan submitted its membership: http://sinosphere.blogs.nytimes.com/2015/04/13/because-of-name-dispute-taiwan-wont-join-china-led-investment-bank-as-founding-member/?_r=0
- Despite American opposition to the AIIB, the United Kingdom, along with France, Italy and Germany, has applied for founding membership to the AIIB: <http://www.ibtimes.com/china-welcomes-iran-uae-asian-infrastructure-investment-bank-founding-members-now-1872553>

The effects of these membership choices remain to be seen, but many of the prospective founding members will be candidates for management positions within the AIIB. Such positions could have significant impacts on which infrastructure projects are funded first and on what terms.