
The AIIB's Second Annual Meeting: Cruising along without Much Disturbance

Dae Un Hong*

New York Correspondent

1. Launching Jeju Initiative

The Asian Infrastructure Investment Bank (“AIIB”)’s second annual meeting was held on June 16-18, 2017 in South Korea’s southern island of Jeju. It was the first time that the AIIB’s annual meeting was held outside China.¹ The meeting was attended by about 2,000 participants, including delegates from both 57 founding members and 20 new members along with different international organizations, academia, as well as businessmen, financiers, and journalists. The attendees included over 20 finance ministers of the 77 approved AIIB members, such as Australia, China, Georgia, India, Indonesia, and Laos.² In its second annual meeting, the AIIB adopted resolutions accepting three new members - Tonga, Argentina, and Madagascar. Thus, its total approved membership has reached 80, surpassing that of the Asian Development Bank (“ADB”).

2. The AIIB and China’s Influence

The China-initiated AIIB was established in January 2016 to fund infrastructure projects in Asia. Many critics anticipated that the AIIB might serve China’s interests, just as existing multilateral development banks (“MDBs”) are serving the interests of some developed countries, especially the US.³ Indeed, at the first AIIB annual meeting in 2016 in Beijing, Chinese Vice Premier Zhang Gaoli said that “China hopes the AIIB can be actively involved in the development of countries

* JSD Candidate at Cornell Law School; Attorney-at-Law (Korea Bar), A.B.(Seoul Nat’l Univ.), J.D.(Hanyang Univ.), LL.M.(Northwestern). The author may be contacted at: dh632@cornell.edu

along the Belt and Road Initiative,” which is one of the core initiatives of the Xi Jinping regime.⁴

The AIIB, however, at least officially, has tried to distance itself from the Chinese government.⁵ China is the largest AIIB shareholder, with 27.5 percent of the voting rights,⁶ granting China veto power where special majority -two-thirds of the number of members representing three-quarters of the voting power - is required.⁷ China alone, however, cannot exercise its veto power in other matters, such as project approvals that require a simple majority.⁸

China’s compromise has been evidenced by the fact that India, China’s rival in Asia, has been accepted as the second most influential member by securing 7.9 percent of the voting rights. Actually, a project proposed by India was approved in July of this year despite the mounting tension over the border dispute between China and India (Table 1).⁹

Table 1 Projects approved by the AIIB (As of August 1, 2017)¹⁰

	Country	Financing (USD million)	Sector	Approval Date	Co-financing
1	Tajikistan	27.5	Transport	June 24, 2016	O
2	Bangladesh	165	Energy	June 24, 2016	
3	Pakistan	100	Transport	June 24, 2016	O
4	Indonesia	216.5	Urban	June 24, 2016	O
5	Pakistan	300	Energy	Sept. 27, 2016	O
6	Myanmar	20	Energy	Sept. 27, 2016	O
7	Oman	36	Transport	Dec. 08, 2016	
8	Oman	265	Transport	Dec. 08, 2016	
9	Azerbaijan	600	Energy	Dec. 21, 2016	O
10	Indonesia	100	Urban	Mar. 22, 2017	O
11	Indonesia	125	Multi-sector	Mar. 22, 2017	O
12	Bangladesh	60	Energy	Mar. 22, 2017	O
13	India	160	Energy	May 02, 2017	O
14	Georgia	114	Transport	June 15, 2017	O
15	India	150*	Multi-sector	June 15, 2017	O
16	Tajikistan	60	Energy	June 15, 2017	O
17	India	329	Transport	July 04, 2017	
	Total	2828			

* Maximum amount