

The AIIB and Regional Development

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I. Founding Background

——Why is the AIIB needed?

- **Firstly, infrastructure construction helps support economic growth, especially in developing countries (China case).**
- China has been enjoying incredible economic growth for the past three decades, partially owing to the government's long-lasting massive investment in infrastructure. Ever since the beginning of the reform and opening-up in the late 1970s, the Chinese government has exerted great efforts by absorbing funds to strengthen all-round infrastructure construction.
- As estimated, in the past 30 years, roughly about 30 trillion RMB (\$6-7 trillion) has been injected into infrastructure and primary industries, which significantly improved its infrastructure and helped boost China's economy.

I. Founding Background

——Why is the AIIB needed?

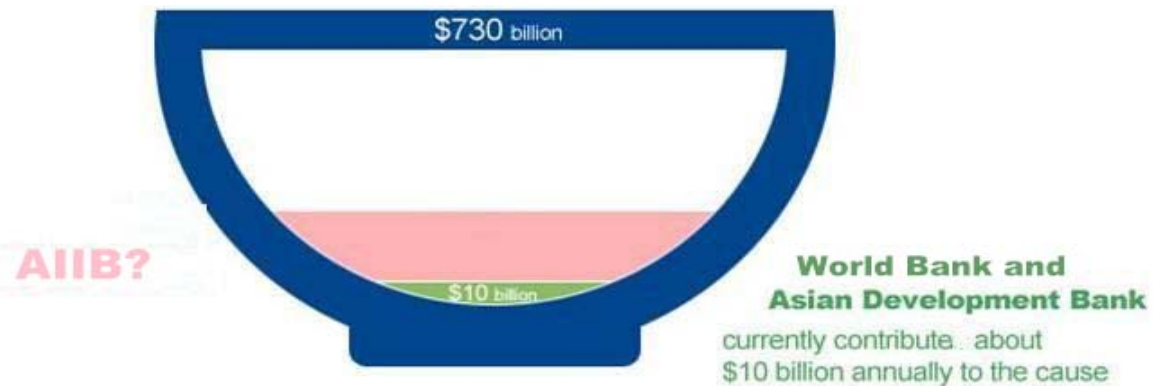
- **Secondly, there is a huge demand for infrastructure construction in Asia.**
- The Asia-Pacific region is the most vigorous region in the world. Infrastructure in the region needs to be improved and upgraded to achieve connectivity, in order for further development and better integration of the Asia-Pacific region. According to the Asian Development Bank (ADB)'s statistics, in 2010-2020, at least \$8 trillion infrastructure investment is needed for Asia to sustain its current economic growth.

I. Founding Background

——Why the AIIB needed?

- **Thirdly, The WB, the ADB and other existing multilateral development institutions are not able to provide sufficient resources.**

Fund used to support infrastructure



According to the Asia Development Bank (ADB) data, Asia's infrastructure demand is expected to reach some \$730 billion per year by 2020.

II. The AIIB and Existing MDBs

The AIIB is to complement and cooperate, not to compete with the existing MDBs.

- The WB and the ADB have expressed their willingness to cooperate with the AIIB. The AIIB will actively explore possibilities with existing MDBs on various ways of cooperation, such as co-financing and parallel financing, knowledge sharing, capacity building, personnel exchanges, and etc..

- On July 17, Jin Liqun, secretary-general of the AIIB Multilateral Interim Secretariat, and Jim Yong Kim, president of the World Bank, signed cooperation agreements between the two institutions in Beijing. Mr. Takehiko Nakao, President of the ADB, also states that the ADB is committed to working closely with the AIIB to address the vast infrastructure needs facing Asia.

III. The AIIB and Regional Development

Benefits that the AIIB will bring



To boost financial leverage and speed investment in Asian infrastructure projects



To promote interconnectivity among Asian countries



To strengthen the global economic recovery

- **The AIIB will support global economic recovery.** The AIIB will make a real difference by harnessing more capital from both the public and private sectors, for investment in infrastructure development and regional connectivity. This will help catalyze investment growth, stimulate global aggregate demand, create more jobs, and ultimately contribute to a faster recovery of the global economy.

III. The AIIB and Regional Development

- **The AIIB will help promote regional economic development.** The AIIB's investment will be focused on country specific projects, regional projects, and inter-regional projects.
- **The AIIB will improve regional economic integration.** The AIIB will play a role in helping fuel RCEP, 10+3 and other regional mechanisms and improve regional economic integration thereafter.
- **The AIIB will generate a new impetus for the global financial system, especially for the reform of regional and global economic governance.**



THANK YOU!