



China and the Longing for Making Order; An Insight toward the Emergence and Reliability of the AIIB

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Abstract

China is consolidating its position in the international system, taking advantage of a variety of channels in the process. The establishment of the Asian Infrastructure Investment Bank (AIIB) is a historical step by China in the international economic order. The AIIB, as an international financial and development institution attempts to engage and participate in the economic infrastructures of the member states. The question addressed in this research is, How could China's approach in establishing the AIIB be analyzed with respect to new economic developments in the last two decades? The hypothesis is that the AIIB is considered as a network structure for making a centrality in the economic order for China, which facilitates the systemic evolution in international arena. The AIIB is therefore considered as a strategic turning point in the international economic order. This study argues that China is attempting to elevate and consolidate its economic role among the regional countries to institutionalize its centrality. Accordingly, it seems that China aspires to promote changes in the international system through a complementary and distinguished evolution. Therefore, the reliability of the AIIB is vital for this openness phase, and China is keenly going to maintain and strengthen the AIIB for coming games and required strategic plans.

Keywords: AIIB, Centrality, China, International Economic Order, Inter-regionalism, Systemic Evolution

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1. Introduction

International relations tend to have creative games and developments. System and its agents such as states and institutions face various paths to rebalance positions and policies. The international systemic developments have occurred dramatically over the last two decades. The distributions of power at the international level, mainly economic power, as well as the composition of institutions is particularly important in managing international affairs. In this regard, one of the most important elements in the international system is states' share and capability in acquiring resources, as well as institutional management in economic power. China has its own concerns and conceives to rebalance its position and policies in the international system affairs. China is a smart and powerful player in the adaptation and transformation of international interactions, and through its power, attempts to bring reforms in various international economic affairs. The AIIB, as a multilateral and Inter-regional bank, is a new international phenomenon, which has brought to the international economic arena, various questions and arguments: How could one consider this strategic action and which active, reactive and assertive policies could be applied to this issue from other nations? China considers the AIIB as a shared action to cooperation; as President Xi puts it, "It is a pursuit not to establish China's own sphere of influence, but to support common development of all countries. It is meant to build not China's own backyard garden, but a garden shared by all countries" (Xi, 2016). According to Yi (2016), "the international order and system also need to keep abreast of the times. It should go through reforms and be adaptive to development and progress in international relations". On the other hand, China tries to open a new path to adjust the US power in international economic institutions. "China has adopted an

institutional strategy to increase its global influence, lock-in future benefits and constrain other states' actions and development policies in Asia and beyond" (Hodzi, 2017, p. 15). This point is a key factor: "The AIIB's creation followed more than a decade of deliberations among East Asian governments on institutional innovation to meet regional needs and provide alternatives to the Bretton Woods institutions" (Stephen & Skidmore, 2019, p. 76). Leadership goal is a real concern for a rising power, but China does not pursue a policy of confrontation with the US. "The AIIB does not imply a radical change of the rules of the game. This is evident from the fact that four out of AIIB's first six approved projects are co-financed by the ADB, World Bank, the European Bank for Reconstruction and Development (EBRD), and the International Finance Corporation of the World Bank group (IFC), and among the other seven proposed projects that are still pending for approval, four are proposed to be co-financed by the World Bank" (Åberg, 2016, p. 1154).

One could argue that China's economic growth has been far superior to that of any other country in recent years. China's various indicators of economic performance, including employment, production, investment, consumption, and trade, have shifted international equations since the turn of the millennium. As a result, China's position has shifted in many aspects of international political and economic relations, particularly with regards to the world's major economic powers. China's approach to the international arena, according to new requirements, has been centered for achieving a better position in the international system. Focusing on reshaping the existing order is critical in China's international strategy if it is to participate in accordance with its global power. The AIIB is regarded as a significant step taken by China to adjust the existing economic structure and international

system. This institutional and international step is critical in strengthening China's position in international strategic equations. The main question raised regarding this issue is: Given the current developments in the international system, how could China's approach in establishing and advancing the AIIB be analyzed under systemic changes? The hypothesis is that: "China's approach to establish and advance the AIIB could be analyzed as a sub-order in the international economy structure in sake of the evolution of the international system".

This study tries to explain a new perspective on the AIIB, which concentrates on system evolution. This article therefore begins with an examination of the significance of the international system trend and its institutions. Institution-building is a novel step to systemic openness. The roles of international economic institutions, as well as their regimes, are then discussed. The third section discusses China's economic power and its capacity to change the international order. The significance of the establishment of the Chinese AIIB, which is a significant strategy for bringing about changes in the international system and its order, is then reviewed.

2. Literature Review

There is a significant amount of complex and overlapped discussion and approaches on the developments of the international system, economic order, China's economic strategies, new institutions and current trends of international changes and their consequences, many of which discuss the literature on the AIIB and China's position and perspective regarding the international political economy.

Stephen and Skidmore (2019) explain that the AIIB foreshadows

the possibility of an institutionalized international order indifferent to liberalism. The AIIB reflects the tensions between the socializing effects of the LIO and China's growing externalization of its own non-liberal, state-led model of political economy. The primary concern with the social purposes of international order is that functionalist institutionalism and distributive institutionalism mainly concentrate on patterns of international conflict and cooperation. Social attitude argues that great powers seek to structure the international system along lines that are compatible with their own political, social, and economic institutions. In such way, one can argue that functional efficiencies and relative power dynamics have both played a role in China's decision to create the AIIB. This institutional initiative may not constitute a grand ideological alternative to the existing economic order, since it exhibits a remarkable level of conformity to existing norms and institutional models, implying a strong role for Socialisation dynamics within the LIO in the issue area of multilateral development financing.

Rewizorski (2018) discusses three waves of international institution-building in financial and banking affairs, among which BRICS and AIIB are the new ones that have played a role in transforming world order, and the rise of emerging powers. The main narrative brings close phenomenon of the new reshuffling in multilateral development banking (MDB). The New Development Bank (NDB), and the Asian Infrastructure Investment Bank (AIIB) as 'products' of the third wave of MDB emergence, fit into the process coined as the recalibration of the world economy.

Tien, Do, Phong, Thuong and Dung (2019) believe that the AIIB will only invest in infrastructure and will invest in all countries, irrespective of the level of development of the country. The AIIB is

part of China's regional development strategy, which is part of the Road and Belt Initiative (BRI), an ambition to develop connectivity and cooperation among nations in Asia, Africa and Europe through a complex network of road and sea infrastructure called the Silk Road Economic Belt, and the Maritime Silk Road. Although the size and potential of the AIIB is smaller, it is not significantly different from the IMF and the WB; the AIIB will be seen as a challenge to existing financial institutions. While the AIIB does not have austerity policies such as IMF; it will quickly take over many sectors in the economy of outside Asia as well as Europe, especially Eastern Europe.

Hodzi and Chen (2017) say that The AIIB and the BRI, as newly established institutions under the ambit of China reflect Beijing's interests, and serve the purpose of creating a sphere of influence for China. The AIIB is a mechanism through which China can gain control and influence over other states, particularly in Asia, which is the AIIB's main region of focus. China is using the AIIB and the BRI to lock-in participating states to China's conception of development policies and grand plan for Asia, and there is a possibility of establishing alternative-but-complementary multilateral institutions.

Matteo Dian (2016) introduces two realist and liberalist approaches in China's rising power and its role in the international order. He argues that both these narratives, while capturing part of the reality of the Chinese ascent, fail to consider key political and economic developments that have a fundamental impact on the definition of the current and future international order. Dian adds that China has a structural power, such as the progressive internationalization of the renminbi and China's recent attempts to build regional institutions in the economic and financial realm

centered on its leadership. In addition, Beijing is increasingly capable of dictating terms of political and economic interaction to its partners.

John H.S. Åberg (2016) conceptualizes Chinese assertiveness and connects it to grand strategy changes. He argues this change is reactive and occurs after, not prior to the US pivot. As a result, material factors with institutional factors dialectically interact with status aspiration, as part of the struggle for the positional good of leadership. The establishment of the AIIB is to date the clearest, most successful empirical example of China's new assertive grand strategy. China successfully performs the role of a responsible great power and assembles a significant circle of recognition, and in this way, boosts its international prestige.

Beeson and Zeng (2018) focus on the importance of global governance capacities. They argue that China's role is unique among rising powers and the rise of the BRICS poses potential normative and structural challenges to the existing liberal international order. However, given its geo-economics significance, China also poses a potential problem for the other BRICS, as well as the governance of the existing order. It continues to rely on aspects of the existing system, but AIIB expects to have a more decisive and high profile influence, and maintains a unified position, while playing a constructive role in preserving the foundations of the global governance.

Helmut Reisen (2015) discusses in his article the following question: "Can China and the BRICS nations help rebalance multilateral development finance away from western dominance through the creation of the NDB and the AIIB?" They can be seen as covering a potential borrower base similar to ADB and IBRD.

New international financial affairs are expanding, but there are some problems. The NDB and AIIB combined will attract sufficient cofinancing to rival the established MDBs in terms of annual lending. Moreover, it is too early today to be confident whether the newcomers will reach the financial performance achieved by ADB and IBRD, the scenario laid out here might well suggest that AIIB and NDB will reach as a group annual lending levels similar to the two established MDBs. In sum, Reisen believes that China-led and BRICS-led banks are expected to have a discernible impact on multilateral development lending, and thus on global financial governance.

Hameiri and Lee Jone (2018), discussing the debates on China as a status-quo or revisionist rising power, attempt to explain that the most prominent Chinese-led global governance initiative is the Asian Infra-structure Investment Bank (AIIB). Most AIIB-funded projects to date are partnerships with other MDBs and claims regarding the fact that the AIIB reflects the Chinese revisionism appear to be misplaced. The AIIB is only a marginal player within China's broader IDF domain, even in implementing the BRI, the purposes. It has very limited capacity to influence the practices of other agencies; and it is arguably its internalization of international standards that prompts its marginalization. An important point is the cumulative effect of the diverse activities of a wide range of actors involved in particular projects, their objectives, and their struggles for power and resources. It is these dynamics, rather than Xi's aspirations, that constitute China's real challenge to global governance.

Peng and Tok (2016) concentrate on the role of the Asian Infrastructure Investment Bank (AIIB) on China's emerging normative power in the international financial governance.

Normative power concept is based on normative principles, norm diffusion, and external perception, Chinese norms of unconditionality and infrastructure construction and China's preference of a lean internal arrangement. The AIIB will significantly enhance China's normative power in the international arena. The preference for sovereignty and non-interference also makes China the 'other' in international normative structure. Moreover, cooperation with other international institutions is a chance to improve the external perceptions of China's normative power in the western society. China's involvement in the international governance structure is the first and vital step to gain such achievement. Cha and Le investigate whether China possesses normative power to determine what passes for 'normal' in the politics of foreign aid in the context of an ongoing debate on China possibly replacing the US hegemony. They argue that there is a tendency towards a coalescence of the Chinese and the Western norms and practices, albeit not predicated on good governance. Beijing is re-interpreting its non-interference norm and practice into accepting tacitly a political conditionality approach. China's ability to project its own norm on tied aid is restrained by the multilateralism of the AIIB. The AIIB is conceived of as a China-led multilateral financial institution that serves the purpose of China's to counter American 'containment' from the Pacific. There is a coalescence of Chinese and Western norms and practices in the global governance of development aid.

Bora Ly (2020) argues that the AIIB is an innovation in the global order, which is initiated for the primary purpose of Asian infrastructure financing. This institution attracted a significant number of countries from other regions such as Europe. For investigating the rationale behind the involvement of European

members of the AIIB, Ly use the Socialization Theory. Socialization Theory argues that institutions can influence the behavior and preferences of members, changing the general basis and behaviors adopted in a society. The participation of other parties in the organization concerning AIIB may represent the public attention of developed economies in fostering development. In view of economic perspective, western nations engage with AIIB as a member of development aid agencies and as a primary concern regardless of the alliance due to their increased interest in development,

3. Framework of Analysis; Institution-Building and Systemic Evolution

This article's main argument is based on the evolution of the international order and system. There are three national-international dynamics and processes: economic centrality, extended order and systemic evolution. I would like to frame the issues that the international system would be transformed by different factors and dynamics. States are the major players of this system, which act on different needs to create institutions and international organizations. The most important changes are made by major and rising powers in the international system. In the meantime, economic capabilities are critical to have a certain amount of changes in the systemic trends and orders. Economic power and its dynamics in many aspects, especially, trade, foreign direct investment and transfer of technology play a vital role among states. As a result, policies, communications and institutions should be formed at the bilateral, tri-lateral, and regional levels for expansion of international trade and investment flows. For this reason and in a higher circle, they need to design new networks.

Significant (economic) powers can expand regional economic exchanges into inter-regional ties for the complementary phase, as a result of which, a centrality is shaped. This centrality brings about a sub-order in the international cooperation and the phase is a turning point in the transformation of International system. The given rising power with this parallel and complementary institution has an effective and new mechanism and a potential to pressure in interactions and strategic equations. This trend has been seen in the structural bargaining and new agendas. Therefore, international cooperation structures start to adjust in accordance with newly shaped centrality and their political economic networks. So, this is a significant change in the international system and its evolution.

Power and order are the key elements in both international system and international society images. Historical debates between realism and liberalism have been linked with the national-international correlation model (Viotti & Kauppi, 1999; Brown & Ainley, 2005). The international system is a venue where states can gain power and prestige, while playing a key role at bilateral and multilateral levels. States and the international system (agent-structure) have mutual casualties. Similar to Keohane (1999), we should look not just to the international political structure, but also to its relation to domestic politics and decision making, internal-external interactions and the working of international institutions (Keohane, 1999). As a result, we can consider a complex interaction in the voluntarism-determinism cycle within international system developments. The order and change in international political economy are of paramount significance. International order can also be discussed in this context. In general, the order and principles of cooperation in the internal arena are formed on the basis of resources, spheres of influence, and

effective diplomacy. In other words, power capacities play an important role in the formation and modification of internal order. In this context, order can be viewed as an attempt to frame the behavioral models of actors based on community-accepted goals, principles, and mechanisms. In fact, the components and techniques for the formation and change of order in a community depend on changes in power-based relationships and interest management. Thus, the following factors are critical in establishing an international thematic order: Power resources and tools; actors' interests and positions; international public demands; values of the international society; and finally, mechanisms of control and international order management. Power resources and tools, ranging from political, economic, cultural, and security, play an important role in the formation of order. Political-diplomatic relations between rival forces, production infrastructure, investment and trade, cultural homogeneity and heterogeneity, and, finally, changes in various military capabilities play a critical role in causing order to shift. The interests and positions of international actors (primarily states) are critical in determining their position and the role they play in the formation and evolution of systems of cooperation and conflict among states. The hierarchies of state roles in various and connected chains indicate the various positions of actors. The cohesion of economic-political power demonstrates the significance of major powers in managing the relationships among the chains.

The international system is reshaping itself in the manner of a smart system. States and institutions are two essential elements for a system. After the Treaty of Westphalia was signed in 1648, international politics underwent significant changes throughout the next 300 years. Power relations, without a doubt, have governed

the formation of order in this process. Growth, relations, and systemic balance and coherence have gradually shifted from one form to another. Power movements and behavioral patterns of states are intertwined with various paths, complications, and hierarchies. Conflicting interests, changing roles, and periodic instabilities can cause systemic order and balance to fluctuate. China and its characteristics in contribution to new order are considerable (Kissinger, 2015). The ongoing and exhausting rivalries among major powers can afflict international cooperation, interaction, and stability with tensions, crises, and expansion strategies. Various forms of relationships among entities in political, economic, and security affairs, ranging from dependence to interdependence, have increased entities' sensitivity and vulnerability. Thus, institutional mechanisms and international regimes have played an important role in bolstering public order. Institutions serve as a link in the chain of order, control, and stability to ensure the efficiency of the international structure. The fundamental importance of International Political Economy has served as a forming factor of networks and side-regional branches, and the exchange of energy among national, regional, and international forces has been accelerated in this conflicting context. The role of transnational actors such as transnational corporations and technical, industrial, and capitalist powers in creating an asymmetric and unbalanced order between states has shifted the international context from a one-dimensional to a multilevel one. The link between geopolitical, geo-economics, and geo-cultural relations exhibits a synchronous divergence and convergence trend. This new oscillating direction of entanglement, regional network synergies, and the diversity of state behavioral patterns all contribute to the evolution of the international system. Leading countries' power and creativity result in political-economic

innovations that complete the international order and structure. This process is called the nonlinear evolutionary cycle of international order and structure, a significant portion of which is manifested in the equations of international political economy and represents itself in a state of harmony and balance. Therefore, a model of state-centric solidarism could be conceived. States collectively reach beyond the logic of coexistence to construct international societies with a relatively high degree of shared norms, rules and institutions among them (Buzan, 2014, pp. 113-116).

International institutions are the important part of the international order elements, because they are power and diplomacy outcomes in the international system. Attempts are made to portray these institutions as serving the international public interest, but they instead focus on state conflicts and tensions. The reason for this is that international institutions have always seen an imbalance of power and inequality and have served as a forum for struggles among powers and the exercise of structural dominance. Such a context of international institutions' goals, principles, and structural rules is thought-provoking. According to the aforementioned division of the position of international community member states, and in the most optimistic case, the first three chains of states in international institutions have the diplomatic power and mobility to effectively represent their interests. As a result, a large number of states in international institutions rely on them and cooperate with greater sensitivity. In the course of globalization, as the complexities of affairs and relationships increase, the type and depth of conflicts change, states' conflicts of interests to intensify, and emerging powers' power dynamics are activated; the innovation and performance of international

institutions are also being pushed to their limits. The major powers' conflict becomes more erratic and dangerous, and the influence of international institutions is either diminished or abused. Conflict overlaps of political, economic and security affairs in the transition of power and change of position of major powers in international equations manifest themselves in institutions as well.

In sum, the revision of the structure and arrangements of international organizations is pursued in various ways by great powers, and if the internal dimension is insufficient, it is created with new and external measures. Thus, order becomes forayed. Changes and evolution could be observed in the international system and order developments. According to new and complex linkages in geopolitics', geo-economic and geo-cultural, regional dynamics and networks have significant role in this evolutionary process (Ghasemi, 1400 [2020 A.D.], pp. 130-139).

4. LIEO and China's Performance

The International Economic Order (IEO) is going to be changed. One of the international system pillars is linked to the international political economy context and its equations. The diversity of power and the position of states in economic affairs mandates cooperation and coordination. Institutional measures are designed to stabilize and ensure the best mechanism for the expansion of international exchanges. Prior to the Bretton Woods system, early economic institutions were formed at the most basic and limited levels, and collapsed when critical conditions arose. The first point to make is that international economic institutions are formed and function within the context of international political relations and power management strategies. The establishment of the International

Monetary Fund, the World Bank, and the General Agreement on Tariffs and Trade (GATT-1947) led to new liberal and global conditions. The international political economy and globalization have been matched with mega-trends and processes creating a more interlinked and integrated world (Gill, 2002, p. 77). The creation of WTO and its regime is the other point in the openness and evolutionary trend of IEO as well as the international system.

This framework consolidated the institutional goals, principles, and mechanisms for cooperation that were defined and implemented in these economic organizations. However, as time passed, critical issues in the political and economic considerations of states emerged, the poor and wealthy poles emerged, and structural arrangements exacerbated the political intensity of the order. From the start, underdeveloped countries raised serious concerns about the consequences of distribution of power and inequality in favor of major powers, particularly the United States. Under such power and pressure inequalities, many developing and underdeveloped countries found no place in power relations, resulting in dependence and further weakness of many southern countries in the face of major powers' pressures and constraints.

The multifaceted connections between southern countries' domestic problems, difficulties in political relations with major powers, and systemic pressures of economic crises, neoliberal practices, and an unsecured world began in the 1980s, and continued to present days. The structural imbalance and complexities of development under the new conditions have left the southern countries with no or insignificant power. The origin of power and market economic doctrines for changes in non-western countries' economic and political systems has become a major issue in international politics; its adaptability and growth capability has

affected even China dramatically, influencing countries' growth and development. The requirements of structural adjustment policies, as well as the difficult conditions for obtaining loans and financial facilities for development, are dual political-structural pressures for better order control through these institutions, and have maintained a top-bottom control relations still activated. This context of international economic cooperation has been criticized for decades. The persistence hegemony of the Dollar and other major powers' currencies, which are tools for economic, political, and institutional dominance, has undermined international trust, weakened the spirit of universal belonging to the international community, and reduced the immersive efficiency of these economic institutions as public goods. Political and economic growth and development problems in many southern countries, the debt crisis of the 1980s, the Southeast Asian economic crisis of the 1990s (Mezzera & Malhorta, 2002, pp. 106-115), and the global financial crisis of 2007 have all troubled the context for balanced economic, monetary, and international trade.

One of the new trends that has paved the way for Dollar's primary position to weaken is a preference for regional monetary and economic cooperation. Although the European Community's efforts and the European Union's institutional measures for the establishment of an international currency (Euro) have diversified economic dominance over southern countries, such institutional rivalries occur in the first chain of powers, and countries reliant on international financial resources do not benefit from this evolution. The International Monetary Fund's and World Bank's dual constraints have extended this toughening for developing and underdeveloped countries, laying the groundwork for domestic chaos, political-economic volatility, and foreign intervention.

During globalization, these issues are observed in greater details and with heightened sensitivity.

China and its new policies have shaped a considerable part of knowledge, communications, and international affairs in recent years. China's vicissitudes background and international interactions have experienced numerous ups and downs. As an ancient country, China has taken reconstruction actions within several steps. The main objectives of China in international arenas included attempts to keep and enhance national cohesion, and defend its identity and interests against regional and extra-regional competitors. Some experiences, e.g., colonial period, nationalism movement, and communist revolution have led to diverse behavioral dynamics and motivations in China. Cold war difficulties and new requirements of economic growth and development have paved the way for a middle solution for China. The "Quiet China" strategy, along with the policy of following western discipline brought stability for China. The economic growth and development of China over recent decades served as a miracle resulting from the pragmatism policy and synergy with western powers and their allies in different regions. The mentioned growth and development led to a specific international situation for China to integrate with the existing order successfully. China has made transitional-adaptive policies within some steps in international relations over the past 200 years (Kissinger, 2015). Although China chose the peaceful policy and Nixon-Deng interaction with the West, this country faced economic difficulties. China has taken advantage of environmental disasters and chances besides the indefatigable efforts. The economic developments in GDP growth and per capita income, as well as the attraction of foreign investment and successful trade of China, have implied a

national mobilization for a purposive movement in the political economy of this state. The approach can be considered and examined in the Grand Strategy of China. Multilateralism is the most substantial factor for national-international affairs in terms of politics, economics, and security in this strategy. Dossani, Hu, and Curriden (2021) have pointed to the importance of institutes in Grand Strategy.

China has achieved stability and confidence over the recent two decades due to its enlightenment, opportunism, and planning. The combination of realism and idealism can be interpreted and explained by the continuity of the national political system and the enhanced international cooperation of China. The transitional-adaptive strategy of China in the international system and between rivals incorporated cooperation, collaboration, and initiative to gain an appropriate share of power distribution. Although China followed its specific way to make new relations with the world, this country paid attention to institutes and organizations' ways and behaviors in world affairs management (Webber, Wang, & Ying, 2002, pp. 3-5). The top and intervening position of the Western Bloc, which tries to control political and economic models of non-western countries, has led to some constraints and limitations for China. However, China could keep its equilibrium and dynamism by taking the peaceful transitional-adaptive strategy; it thus gained a pivotal economic position at the core of power in international politics until the second decade of the new millennium. Now, the economic power of China has reached a new stage for restoration and evolution of international political economy order and international affairs management.

Understanding the development process of China is the best way for identifying this economic miracle. One of the main goals of

China's growth and development has been designed in the industrialization method and promotion of technological power. Incentive and supportive policies have been the key policies that led to the entrance of capital and technology from the West to China's economy. Accordingly, China has obtained efficient economic power in international competitions. A considerable part of China's policy has been organized to attract maximum foreign investment from European and American countries for technical and industrial goals (UNCTAD, 2000-2021). The increased technological power and industrialization have evolved the industrial innovation process of China. The presence and active participation of China in industrial-commercial chains implies the significance of technical-industrial knowledge innovation in this country. The better position in institutional circuits of record and growth of systematic and competitive innovation has been ascending along with changed national policies on intellectual property rights. Despite early problems since 1980 and US criticism of China's abuse of intellectual property rights, technical-diplomatic intelligence and increasing cooperation of China with the World Intellectual Property Organization (WIPO) and World Trade Organization (WTO) have enhanced the innovation potential and industrial legitimacy of China in the international arena. The increased patents, industrial designs, and trademarks have improved the intelligent strategy of China to adapt to the international regime. China obtained the first rank in filing patents in 2019 and the 14th rank of global innovation index in 2020 (WIPO, 2010; WIPO, 2020).

In terms of international trade, China joined WTO at the end of 2001 and has played an effective role in international relations. The improved position of China in the trade of goods and services has

been ascending considerably. The active presence of China in negotiations, its important influence on developed countries in Doha round negotiations, which is continuing, and being a part of many cases have made it a serious and effective actor. The considerable growth of the bilateral free trade agreement (FTA) and regional trade agreement of China, especially the geo-economic importance of Regional Comprehensive Economic Partnership (RCEP) have expanded the role and function of China in international trade and new networking procedures (WTO, 2021, pp. 34-36). Prior trade position in the global balance of imports and exports has indicated an extraordinary rise over the recent two decades. In this case, China has changed from a semi-periphery state to a central transitional government. The trade communications made by China with the developed and developing world have illustrated the important role of this power in enhancing the attraction of the Chinese market for all countries during negotiations and political equations (Noroozi, 2019). China's actions and collaborations with countries located in different regions under the Belt and Road Initiative can be examined in this framework.

According to the new order and arrangements of Bretton Woods after World War II, cooperation on international monetary affairs and necessary stabilization were the goals of collaboration and management of international economic affairs (Eichengreen, 1992). World Bank and its associated institutions were established in addition to IMF to provide financial sources and meet the financial-developmental needs of poor countries regarding the objectives of the new order. However, the situation and performance of great powers in the two aforementioned international organizations and their influence on policies made by countries led to highly political

cooperation on international financial and monetary affairs. Political pressures of powerful and dominant currencies on international politics and the performance of these international organizations during crises and southern countries' needs since the 1980s have become crucial challenges for economic order. In addition to southern and developing countries, China has also faced such problems. China's rise and America's decline have been debatable issues among economic researchers and associations since the beginning of the new century (Sutter, 2010).

Enhanced economic power and value of the national currency of China in the structure of the International Monetary Fund (IMF) and global economy exchanges indicate the powerful presence of the Yuan parallel to the US dollar and other powerful currencies. Now, China has a good chance for an influential presence in this arena and destroying US dollar hegemony and political pressures of this country. This process is continuing this rivalry process. China's Renminbi is widely regarded as a potential candidate to supplement the dollar in the international sphere (Eichengreen, Mehl & Chiřu, 2018, p. 181). This is an economic trend which has political consequences for both of them and international order.

During the global financial crisis of 2007-08, it was clear that China has become a crucial player along with the United States in resolving the economic crisis. The IMF requested emerging economies to contribute more to the institution. Since then, there was an accompanying call for a structural reform of the IMF at the representation level. Merging powers, China in particular, actively lobbied for a redistribution of the percentage of the quota share. Instead of G7/G8, of which China is not a member, the G20 has since become a new venue for addressing global financial issues (Chan & Lee, 2017, pp. 18-19). Therefore, there has been a change

in the international political economy, which is observed in various issues such as: US Weaker economic growth and political challenges in global governance; Political and security gaps and conflicts among great powers; The emergence of new political-economic coalitions and alliances; Peaceful and decisive approach of China for participation in changing international monetary and fiscal cooperation orders and relations. Therefore, the Asian Infrastructure Investment Bank (AIIB) was founded based on this message and brought many economic and political consequences. It is important to review the strategic dimensions and performance of AIIB regarding the changes of economic order and the evolution of the international system.

5. AIIB as a Turning Point in IEO

The formation of a new institution in the global system is a sign of openness for an evolution. The combination of material, social and structural capabilities facilitates the expression of a new plan to improve the general-especial position of players in the international arena. Any new comer institution attempts to settle one or more problems. A combination of deficits and inefficiencies in the system and its structures, such as political, economic, cultural and strategic issues in international relations make innovations. The establishment of an international institution needs political will, material capacities, social collaboration and strategic plan. These factors can progress the ideas and incentives. Linking national and international interests is the key element to push for establishing an institution. Power and rivalry among states promote these aims and incentives to find and benefit from all kinds of opportunities in international complexities. Realities and causes are suitable

instruments in hands of the elite to enlightenment and leadership. Great powers are keen hunters to pursue these opportunities. Strategic insight helps them to create novel turning points. Planning for Institution-building is a distinguished policy for any evolution in the existing system.

The idea of political and economic formation and planning for mobilizing facilities and sources to establish AIIB is a strategic approach. National power dynamics and environmental conditions justify the foundation of this bank. China has made and organized a policy to change its situation and order in international affairs. The idea was actualized rapidly due to the economic power of China and its extensive relations with other states with different situations and resources. China has investigated the factors indicating the necessity of change in international conditions and orders, and has taken effective steps based on awareness of the global political space. In addition to the comprehensive Belt and Road Strategy, this international institutional measure has been designed to change the global power relations. Belt and Road Strategy is an important measure taken to change the intellectual and behavioral orders on the international political economy. In return, America has put pressure on China due to these dynamisms and policies. China has been actively promoting its understanding of a 'fair governance structure' in international financial institutions in recent years. The strategy of China is to establish a coalition of emerging economies and developing countries to push forward a reform in the IMF as well as the WB. When providing foreign assistance, China adheres to the principles of not imposing any political conditions, not interfering in the internal affairs of the recipient countries and fully respecting their right to independently choosing their own paths and models of development. The basic principles that China upholds in providing foreign assistance are mutual respect,

equality, keeping promise, mutual benefits, and win-win scenario (Peng & Tok, 2016).

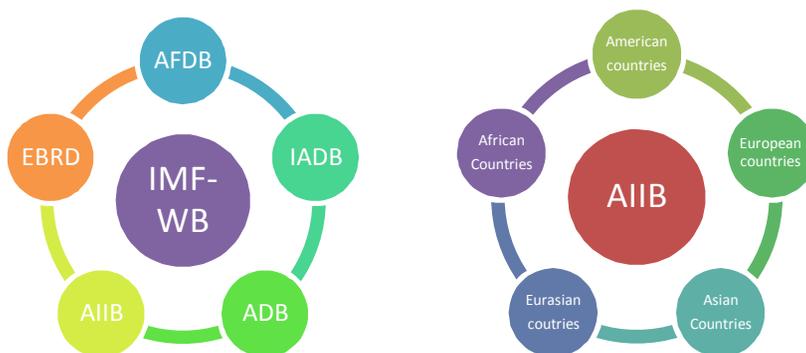


Figure 1: The first Systemic Image: The Emergence of the AIIB as a Peripheral Institution in International Economic Order

Source: Author

In line with a power-distributive approach, the inadequacy of the Chinese representation in the World Bank's voting share was a key background factor of Chinese dissatisfaction with the status quo ante. China, together with other BRICS countries, had long called for a faster and greater quota and voice reform at the World Bank, but this effort brought only grudging concessions from the World Bank's dominant shareholders. Although China gained greater voting power as part of a package of Bank reforms in 2010, it remained far from proportional with regards to China's actual weight in the world economy, leaving the United States in a position to veto key World Bank decisions. The US Congress, moreover, delayed approval of the 2010 Bank reforms until 2015, by which time China was even more under-represented (Stephen & Skidmore, 2019, p. 78).

The formation of the AIIB is an innovation in international political economy which has multidimensional issues. The AIIB, as

a new International Organization defined some objectives and functions. Accordingly, this financial-developmental institution began working since January 16, 2016. Formal goals and principles defined and designed for AIIB are as follow: lending and financing in member states; honest cooperation of members in administration; investment in sustainable development and green economy projects; creating cross-border communications and linkages between member states; encouraging private sector of the members to finance in investment projects (AIIB, 2016 and 2018a). The other important instrument is public policy consultations with two mechanisms: the policy on public information (PPI), and the project-affected people mechanism (PPM) (AIIB, 2018b, p. 14).

Although the title of this bank refers to Asia, many countries from around the world have joined it gradually, indicating the political-economic reception of countries. According to this point that United States and Japan are not the AIIB members, indicating strategic considerations in political-economic competitions between the central poles of the international system. In terms of economic quality and quantity of AIIB state members, 103 countries (2020) have joined the bank. Practical policies and willingness to achieve individual and collective goals indicate China's success in creating attraction and encouraging different countries to establish this international organizing institution. (AIIB, 2021). The membership of some countries, such as India, Russia, UK, South Korea, Australia, Brazil, and other European countries in AIIB is a substantial case implying the successful strategic step for the centrality of China. This trans- regional synergy with the centrality of China and political-economic powers modifies international equations in favor of China and enhances the tendency towards the role and potential of China in the existing

order and a decline in the US-centered attitude governance. In addition, in terms of structural perspectives, institutions reflect the equilibrium and appropriateness conditions. Economic logic is a critical factor for economic institutes, but participatory management and synergistic model in its elements cause conflict in the political environment. Unequal economic power and position of countries must be covered structurally. Democratic, participatory, non-discriminative, and transparency systems are the most important issues in the mental dimensions and the intra-organizational collaboration. China considers this subject by focusing on efficiency and satisfying the impact of the administrative and executive affairs of the AIIB (AIIB, 2021, p. 18-23). The main purpose of AIIB is to facilitate measures and help poor countries that need financial sources and foreign investment. The efficiency and seriousness of AIIB are seen in its pursued and completed economic projects. If successful measures and effective performances are exhibited, countries will rely on and trust this new economic body. On the other hand, this confines China's power and centrality in managing international economic affairs. Therefore, growing cooperation and inner cohesion, along with the external effects of potential and efficiency of this bank on modification and changing political equations and international economic transactions are strategies that balance international politics in favor of China. Approval of 108 projects with 22 billion dollars (US) at this five-year phase is a great performance for this institution (AIIB, 2021, pp. 3-4).

AIIB's efforts are politically important for two reasons. First, Beijing is enhancing its structural power, creating an institution based on its own centrality and norms and rules favoring its own interests. This new institution is not related to the Bretton Woods

system and its governance mechanisms, in contrast with the ADB as well as the CMI. The success of the initiative testifies the widespread dissatisfaction towards the role of global financial institutions. On the one hand, several Asian states lament the incapacity of the Bretton Woods institutions to adapt their internal structures and voting rights to the development of Asian economies. On the other hand, many states favour the creation of forms of governance that forgive hard political and economic conditionality (Dian, 2016, p. 146). Indeed, China has become a major active player in the Asia-Pacific development program, such as the Belt and Road Initiative (BRI) and the AIIB. It may tackle a range of objectives with this particular zone, including (1) the need for credit to improve global reputation through the establishment of a bilateral investment treaty (BIT) with a small economy that is not important to the Chinese economy, which is a sign of a more harmonious and better world, and (2) the powerful and developed Asia Pacific region will also strengthen China's influence globally, tolerating China to tackle the challenges of another global actor like the US (Ly, 2020, p. 4).

6. Reliability of the AIIB and Systemic Evolution

China is a political and strategic sorcery. The Experience of the last five decades represents this strategic rationality. Chinese projects in international political economy are rather controversial. China would keenly use the capacities of the BRICS, S.C.O, AIIB, WTO, IMF, WB, ADB, FTAs and other international agencies to promote its reputation, centrality and determination to play a constructive role for underpinning the provision of collective activities. The BRICS may not be directly responsible for the current international disorder, but they are likely to feel its effects, as any other

nation/people. Coupled with a declining capacity and/or willingness on the part of the US to play a role as systemic stabiliser, however, the prospects for effective global governance look more remote than ever.

The shift and redefinition of China's foreign policy strategy under the leadership of Xi Jinping suggests that as a 'partial' global power, China is aiming at consolidating its global power status by expanding its political interests abroad, seeking high-table participation in great-power decision-making institutions and setting the global agenda. Yet, as discussed previously, the U.S. already controls existing multilateral institutions that are mainly used to achieve agenda setting and rulemaking in global governance, and is therefore unwilling to relinquish or share a part of that power with China (Hodzi & Chen, 2017, p. 21). Great powers seek to structure the international system along lines compatible with their own political, social, and economic institutions. The AIIB has in many respects (so far) conformed to the global norms and practices of existing MDBs. This fits the overall picture of China's socialization into the established LIO. In general, China's behavior with respect to the AIIB appears relatively consistent with the idea that China and other states are under strong socialization pressure to conform to global norms, especially when they seek buy-in for new international institutions from other states. In addition to institutional legitimacy and prestige, China gains benefits from ensuring that the AIIB conforms to perceived 'best practices' within the global development regime (Stephen & Skidmore, 2019).

The following table illustrates China's complex strategy in the international political economy for developing the international system. To remind the evolution in the international system, China

tries to use the following plausible concepts and chances: cooperation, variety, interdependence, regionalism, inter-regionalism, centrality, balance, competition, coexistence and efficiency.

Table 1: Projects of AIIB Members 2016-2021

Year	Countries	Sectors
2016	Tajikistan- Pakistan- Oman- Myanmar- Indonesia- Bangladesh- Azerbaijan	Transport- Energy- Urban
2017	India- Tajikistan- Philippines- Oman- Indonesia- Georgia- Egypt- China- Bangladesh-	Financial Institution- Energy- Water- ICT- Urban- Transport-
2018	India- Turkey- Indonesia- Egypt- Bangladesh-	Transport- Energy- Financial Institution- Water-
2019	Uzbekistan- Turkey- Sri Lanka- Singapore- Russian Federation- Pakistan- Nepal- Lao PDR- Kazakhstan- India- Egypt- China- Cambodia- Bangladesh-	Rural Infrastructure and Agriculture Development- Financial Institution- Energy- Water- ICT- Urban- Transport-
2020	Bangladesh- Oman- China- India- Indonesia- Georgia- Philippines- Mongolia- Pakistan- Uzbekistan- Maldives- Kazakhstan- Turkey- Georgia- Viet Nam- Fiji- Kyrgyz Republic- Lao PDR- Russian Federation- Ecuador- Cambodia- Cook Islands-	Economic Resilience / PBF- Transport- Energy- Financial Institution- Water- Public Health- ICT- Urban- Finance / Liquidity-
2021	Indonesia- India- Bangladesh- Maldives- Sri Lanka- Philippines- Georgia- Turkey- Singapore- Uzbekistan- Mongolia- China- Rwanda- Azerbaijan- Hungary- Jordan- Viet Nam- Egypt-Oman	Transport- Energy- Financial Institution- Water- Public Health- ICT- Urban- Finance / Liquidity- Economic Resilience / PBF-ICT- Transport-

Source: AIIB, n.d.



Figure 2: The Second Sub-Systemic Image: The AIIB As a new-born Centrality (for China) and Systemic Evolution

Source: Author

According to Hameiri and Jones, China's IDF policy-making and implementation are fragmented and incoherent. Authority and resources are dispersed, and the regulatory mechanisms established to coordinate and steer them are weak. Top leaders can influence aid disbursement in various ways, but coherent, strategic direction for geopolitical or diplomatic purposes is challenged by state transformation dynamics. Overall, the institutional structure is systematically biased towards assisting China's economic development, creating ample opportunities for Chinese companies to manoeuvre IDF to suit their commercial interests (Hameiri & Jones, 2018, p. 585); However, I believe that the rationality of China's systemic strategy could solve and manage these problems.

In terms of sustainability and active continuation of AIIB, it is truly important to strengthen the survival of the bank, rather than its

foundation. The combination of the required sources and the consistency of actions in an entity make it sustainable. Accordingly, the purposeful and effective activity of this bank has improved China's power and network in the international system. This regional-international institution for US-China relations in east-Asia and other regions is being considered with political consequences. Transition of power in Asia-Pacific is vital for China in its mega-regional affairs management (Beeson, 2019). The more imbalanced the system is in terms of representation and voice, the higher the pressure to rebalance toward fairer representation through creating institutions parallel to the established multilateral banks. Potential future demands for concessional flows from the NDB and the AIIB and their relative lending capacity will determine what share of the business— hence political influence – the existing Bretton Woods institutions and western-led regional development banks might lose in favour of the new competitor banks. AIIB and NDB can be seen as covering a potential borrower base, similar to ADB and IBRD. The establishment of BRICS led MDBs will be beneficial for global development to the extent that it helps cover some of the current infrastructure financing gaps (Reisen, 2015, pp. 4-6).

While the AIIB is an instrument of China's diplomatic leverage, and virtually it is a contemporary reproduction of IBRD and ADB, the NDB seems to depart from the model of the above-mentioned MDB, representing a continuation of familiar initiatives by newly arrived economies. Whereas the AIIB was brought to life as a cogwheel in China's global policy mechanism, signaling a shift from regional power to global superpower, the NDB signaled a shift from material leverage towards an association with ideational capacity (Rewizorski, 2019, p. 294). The AIIB has proven to be complementary to the Bretton Woods institutions, and China's

regional project might indeed be good for capitalist development and economic growth. Yet, capitalist system maintenance endures irrespective of who is in charge. The refusal of the United States and Japan to join, and Washington's ham-fisted efforts to dissuade its allies from joining, is not about complementarity, but about positional indivisibility; it is not so much about rules, but about leadership. In this sense, China's push for institutional reform is essentially about status and representation. "The best governance practices" and "bidding opportunities" in all its glory, but joining the AIIB would not be worthwhile for Washington. The strain would be too painful – unless the United States gives up its desire for representing the sole superpower status and global leadership (Åberg, 2016, pp. 1155-1156). China understands USA's concerns and its own need, and then keenly seeks a new atmosphere to breathe through new economic arrangements.

7. Conclusion

International economic order is a complex of material, social and structural elements that affect the international system. They have formed and changed based on a number and situation of entities (states and institutions), power distribution, and capability of structures. The national dynamics of states, type of balances between great powers, public goods of the international community, and system units' grouping create regional and international structures. Order organizes the framework of individual and collective goals and interests based on the different collaborations and coordination. The order in the whole system is changed within regions through competition between states. The changes can be observed in the evolutionary path. According to study results, expanded and complicated interaction spaces among

states and other sub-national-transnational actors cause a change in the international order. The new bifurcation of regional orders and changes with diverse networks intensify this complexity, leading to more interaction between regions and macrostructure. The multilevel process of relations in geopolitical, geo-economic, and geo-culture dynamics simultaneously accelerate the intensity of divergence and convergence. Initiatives undertaken by great powers to create space and solve the current issues and confrontation arenas contribute to new institutionalization and groupings, expanding international order and system. The institutional expansion leads to the spread of fields, behavioral diversity and aspects of order.

The emergence of the AIIB marks a turning point in the international economic order. We can view it as an action or reaction, which is endorsed with an economic assertiveness. Some considerations have been mentioned about the importance of reliability and the positive role of AIIB. As a result, the other points are noticeable in conceiving the political and economic changes for the openness and evolution of the system:

- Using this achievement to legitimate the potential and performance of China as a grand and motivating power in international evolutions;
- Using AIIB's position and performance as a means in negotiations with great powers in international economic-political order and relations;
- Creating gradual changes in attitude and performance of international institutions and regimes in favor of China to reduce the dominance of the US and encourage the promotion of fair opportunities;

- Attempts to provide facilities for bank members with better and attractive options would help to link their economic needs and encourage them to increase constructive collaboration with China;
- Providing the field for more attractions regarding China's reputation in managing international economic affairs and the new order;
- Stabilizing the economic power of China to make better and cautionary policies to change international economic order with a new network;
- Institution-building is the best strategy to openness and evolution in the system.

China, as a great and creative power, moves along with this space creation, international order and international systemic evolution to introduce a new desired world. This great power intellectually makes its intentions calmly and gradually realized. China's approach in the formation of the AIIB not only met individual and national interests, but also contributed to systematic needs to have an openness and evolution in terms of symbolic, institutional, and strategic goals. China is tracing a way for ascending international awareness and balanced activism. China, as the second global economy, has challenged the superiority of the USA due to its power dynamics' growth, as well as weakening the power of the US, although it has achieved its growth and development under the support and approval of the US and the liberal order. In the worst case, China may have made the USA an enemy. The AIIB is the outcome of consolidated national and strategic power dynamics, including intellectual, technical, and social policies of China to use this initiative for changing the mind-

set and action space in the international political economy. China has experienced a success story by providing forces and required companions to establish and launch the AIIB. In sum, and hereinafter this emerged power has sufficient plans and motivations for the reliability of the AIIB.

Cooperation, innovation and competition are interlinked in social systems. China seeks to have a serious centrality through economic tools in a peaceful and social collaboration, rather than hostile confrontation. This power, as a double-gamer (conservative and revisionist) is going calmly to pursue this strategy, and protect this international historical step. Institution-building is a strategic capacity in the current economic order and would stabilize its national-international power and cohesion. We name this process, an openness, which facilitates an evolution in the international system. The combination of regionalism and inter-regionalism in the Chinese policies to realize a centrality forces the international system. This openness and continuation of competition for gravity and efficiency through institutional policies would promote significant changes in the international economic order and systemic evolution process.

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