Beijing should be careful about what it wishes for in the AIIB

Players in international affairs can count on two things to be true: First, nothing is ever truly unilaterally controlled by a single actor. A decade ago, anyone who would have suggested the possibility of a rapid warming of ties between long-hostile states such as Taiwan and mainland China, or even Beijing and Cold War-era enemies and allies, would have been considered wildly optimistic.

The initial success of the Asian Infrastructure Invest- ment Bank (AIIB), which China is now trying to use to start a new financial order, was more than a reflection of China's institutional and economic prowess. It was a sign that even Beijing expected in Washington terms to stay away from the organization, rendering it a non-controversial instrument of its own design.

Instead, the United States surprised the world in early March by agreeing to join the AIIB as a founding member on the grounds that it can better ensure the bank's transparency and reduce its risks from the inside. Other Western nations — including Germany, France and Italy — soon followed the United States' lead, raising billions of dollars to apply for AIIB membership on March 31, the last day of application. In the end, the U.S. was able to add only $10 billion to the AIIB's capitalization, and Washington made a last-minute and expressed willingness to extend its support for the AIIB to a non-founding member. Instead of being the big guy in a small club when talking about Washington's handling of the AIIB, however, were more honest in their assessment of the situation. Foreign Minister of State Madeleine Albright said that “I think maybe the bottom line is we are screwed up up and down the road.”

Some of a sudden, the AIIB gained worldwide support and was even more important in the international arena than its founder declared in the previous meeting.

Beijing, however, made a mistake yesterday by formally proposing that Taiwan and Hong Kong apply for AIIB membership — even to the point where some observers believe that the United States and China may have a new, more robust relationship. It was an easy step to take given Beijing's advantage in its top-down or with the U.S. influence in member states in Taiwan. China should have known better than to try to immediately profit from the country's gains in influence as it seeks to dominate what will be, for the first time in 30 years, an arena that will be dominated by states, mostly in the region.

The true challenges for Beijing lie ahead. China is already facing strong diplomatic challenges as prospective founders of the AIIB. A new Asian leadership of the AIIB will challenge Beijing's leadership role in the organization, as many states are not as interested in the AIIB as they are in the World Bank and its influence. The AIIB will have to be more transparent and accountable in its decision-making process, and the organization will have to be more inclusive to attract more members.

The AIIB is a significant step forward in the development of a new financial order in Asia. It can help to reduce the risk of financial instability and support economic growth in the region. However, the AIIB will have to be carefully managed to ensure that it is transparent and accountable, and that it does not threaten the existing global financial order.