

Is the Asian Infrastructure Investment Bank's assistance to Shanghai Cooperation Organisation(SCO) member states revisionist and status quo?

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Abstract

This paper examines whether China's assistance to Shanghai Cooperation Organisation (SCO) member states through the Asian Infrastructure Investment Bank (AIIB) reflects a revisionist strategy that seeks to reshape the international order or a status quo approach that reinforces the existing global system. By applying international relations theories of revisionism and status quo, and analyzing AIIB-financed infrastructure projects in Uzbekistan, the study finds that China's approach exhibits dual characteristics. On the one hand, China uses the AIIB to enhance its influence in global financial governance, thereby challenging the dominance of Western-led institutions such as the World Bank. On the other hand, China engages in multilateral cooperation and adheres to international norms in project implementation, suggesting a status quo orientation. The paper argues that China's global strategy through the AIIB is flexible and multifaceted, reflecting a complex posture in the evolving landscape of global governance.

1. Introduction

The Asian Infrastructure Investment Bank (AIIB) is a multilateral development bank initiated by China to promote economic and social development in the Asian region. In October 2013, China formally proposed the establishment of the AIIB. On October 24, 2014, 21 prospective members including China, India and Singapore signed the Memorandum of Understanding on the establishment of the AIIB in Beijing, jointly deciding to establish the AIIB. Since then, not only developing countries in Asia, but also many old developed countries, including the UK and Australia, have also joined the AIIB. As of April 2024, the AIIB has 109 member countries(中华人民共和国外交部, Ministry of Foreign Affairs of the People's Republic of China, 2024) Chinese President Xi Jinping delivers a speech at the Opening Ceremony of the Fifth Annual Meeting of the AIIB Board of Governors in 2020, He said the AIIB should become a new platform to promote the common development of its members and promote the building of a community with a shared future for mankind, He also reiterated that China adheres to multilateralism and is willing to seek common development with other countries in the spirit of openness, cooperation and win-win results(新华社, Xinhua News Agency, 2020). From 14 to 16

September 2022, the 22nd Meeting of the Council of Heads of Member States of the Shanghai Cooperation Organization(SCO) was held in Samarkand, Uzbekistan. In 2021, the combined gross domestic product of the SCO member states will be about 23.3 trillion US dollars, accounting for nearly a quarter of global GDP, which is more than 13 times larger than when it was founded(人民 网 , People's Daily Online, 2022).The SCO countries have also made a significant contribution to global economic development, It plays a pivotal role in the global landscape.

The question studied in this paper is: What is the purpose of China's assistance to other countries through AIIB? Is China adopting revisionist or status quo strategies in its global interactions through aid? Will it change the existing international order or strengthen the existing international system? This paper intends to analyze the cases of AIIB's assistance to the SCO member states, Focus on analysis of infrastructure projects in Uzbekistan, To discuss whether China's global interaction strategy through AIIB assistance is revisionist or maintaining the status quo.

2. theoretical framework

2.1 Theory of revisionism and maintenance of the status quo

In the theory of international relations, Revisionism and Status quo are two core concepts , An important concept used primarily to describe state behavior and strategic intent. Revisionist countries strive to change the power structure and rules in the international order, mainly in order to obtain higher international status and greater practical interests. This type of country is mainly dissatisfied with the current international order, And the continuous improvement of their own strength, They believe that their development strength and international status are limited and imprisoned by the international structures set by the existing hegemons. This type of country wants to improve its international status and recognition through military, economic and cultural means in a more proactive manner, To remake the rules of the world, Thus, it can be more conducive to obtaining its own national interests(Morgenthau, H. J. 2005). The theory of the status quo mainly refers to such countries that want to actively maintain the current international order. These types of countries are able to take advantage of the existing rules of the international order, So they are very active in championing and defending the current system of rules. States of the status quo type primarily seek to maintain international stability through diplomatic cooperation, international law, and international rules, to maintain peace and stability, and to avoid wars and conflicts,In this way, the long-term interests of the country can be protected (Ikenberry, G. 2019) . The two most popular theories of international relations, often used to test and evaluate the foreign policies and international actions of different types of countries. These theories enable us to better understand the behavior patterns of different types of countries and their attitudes towards the international order.

2.2 China's International Role Positioning

China's role on the international stage has been widely discussed in recent years. As Kastner and Saunders (2012) write about China's rapid rise as a great power, It is one of the most important developments in the contemporary international system. Since reform and opening up began in 1978, China's economy has grown at an average annual rate of nearly 10 percent. Although still a developing country, But the People's Republic of China (PRC) has become one of the world's largest trading nations, At the same time, it accumulated huge foreign exchange reserves. In recent years, China has also made significant progress in military modernization, It is estimated that China's current defense spending is second only to that of the United States and more than any other country. As these capabilities have grown, China has also become more

active diplomatically, Seeking to resolve long-standing territorial disputes (Fravel, M. T. 2008), more active participation in international institutions (Johnston, A. I. 2008), and with Southeast Asia, Africa, Latin America and other countries around the world to establish relations (Kurlantzick, J. 2007). Therefore, China's disputes in the South China Sea and the implementation of the Belt and Road Initiative are seen as revisionist manifestations that challenge the existing order. While actively participating in the United Nations, promoting multilateral cooperation such as environmental protection, the prevention of epidemics are considered a manifestation of the status quo.

2.3 Application of Theoretical Frameworks

To find China's purpose in international interaction, This paper will take AIIB infrastructure assistance projects in SCO member states, especially Uzbekistan, as a case study, analyze their specific behaviors and strategies. By comparing these behaviors in depth, combined with revisionism and status quo theory, Try to find out China's strategy and purpose in these international aid projects. From a revisionist perspective, The establishment of the AIIB reflects China's intention to reverse the current international financial order as a means. By establishing the AIIB, China wants to increase its influence and great power status in the international financial system. It would also distract the World Bank and the International Monetary Fund from their dominant role as financial institutions. China's investment through AIIB projects, especially in countries along the Belt and Road, increased economic and geopolitical dominance in these regions (Callahan, W. A., 2016). From the standpoint of maintaining the status quo, The establishment of the AIIB is China's complement and support to the current international system. Most of the projects initiated and implemented by the AIIB are aimed at improving infrastructure, strengthen economic development and regional cooperation, the same direction as the current international development. Through the AIIB, China conducts multilateral cooperation to help the development of Asia and other regions of the world, it shows that China supports and upholds the international system (Chin, G. T. 2016). Based on these two theories, this paper will analyze China's performance in Uzbekistan through AIIB, find out what strategy China has adopted in the international financial system.

3. Literature review

In terms of studying China's role and status in the international financial system through AIIB, there are many literatures which provide us with valuable resources for reference and study. The following is a list of important literature summarizing his views, In this way, the strategies of these literatures on China's behavior in AIIB are presented.

Bin Gu (2017) studied China's multilateralism strategy in AIIB, Explaining that the AIIB is different from the US-led Bretton Woods system, an experiment in multilateral financing for Asia's big developing countries. China's multilateralism aims to improve the existing international order and strengthen global governance, to help developing countries with infrastructure construction. The AIIB takes "streamlining, clean and green" as its operating principle, In light of the actual situation and needs of borrowing countries, practical feasibility should be adopted, the author supports the status quo theory. Hameiri and Jones (2018) analyze China's role in global governance, Although the AIIB poses a threat to global governance, in fact, the AIIB is not the main player in China's international development finance field. China's international development finance is relatively fragmented, composed of government departments, policy banks and state-owned enterprises, Strategic direction and coherence are lacking. Therefore, there is internal competition in China's international financial development, which is inconsistent with the current governance system, The authors lean towards revisionist theory, But this is not caused by national

leadership, but by fierce competition within China's various sectors. Kaya and Woo (2022) explore China's influence in the AIIB, especially in the allocation of member shares. In terms of share allocation, China prefers to give a larger share to countries that are farther away. To enhance the multilateral influence and legitimacy of the AIIB, it would also reduce the risk of negative reviews of China's control over the AIIB. The authors support the revisionist theory. Park (2023) analyzes China's influence and shape on the development of international rules and multilateral finance. By creating AIIB institutions and actively participating in traditional financial institutions, it wants to change the norms of international development finance. These norms are even more evident in the field of environmental protection, the author espouses revisionist theory, China is fighting to change Western-dominated international norms. Peng and Tok (2016) discussed China's use of AIIB to influence international financial rules and governance principles. China uses AIIB to invest in infrastructure with no strings attached, a management system that uses voting, to shape the governance of international financial institutions in an equitable manner. Through the establishment of the AIIB and cooperation with multilateral financial institutions, China's status and influence in the international community have increased, The AIIB is an important tool for China to enhance its status and influence. The authors support revisionist theory. Qian, Vreeland, and Zhao (2023) discuss the implications of China's creation of the AIIB for the World Bank. Through the lending status of the founding members of the AIIB, Finding that these countries' participation in World Bank infrastructure projects decreased significantly after the establishment of the AIIB, the average reduction is 22%. This indicates that the AIIB may reduce the influence of the US-led World Bank on developing countries. These countries may turn to the AIIB for financing, It will have a great impact on the international development financing landscape. The authors support revisionist theory.

To sum up, the current literature provides different perspectives on China's AIIB analysis. On the one hand, there are views that China intends to rebuild the international financial order through AIIB, Is its revisionism expression. On the other hand, there are also views that China is mainly promoting multilateral cooperation and harmonizing norms, It's about maintaining the status quo. This provides theoretical and empirical basis for this study to analyze specific AIIB cases.

4. Case Study of AIIB in Uzbekistan

By analyzing AIIB investment projects in Uzbekistan, It will help us understand the strategies and practices adopted by China in implementing the AIIB.

4.1 Overview of AIIB Projects in Uzbekistan

As a landlocked country in Central Asia, a landlocked country in Central Asia, It is an important country in the Belt and Road Initiative. AIIB projects in Uzbekistan mainly invest in infrastructure construction and energy development.

In July 2023, the Asian Development Bank approved a \$125 million loan to Ukraine under the framework of the "Decarbonization and Digitalization - Transmission Network Improvement Project". Supporting Uzbekistan in modernizing its existing power transmission network, Expanding the capacity of the grid, improving the efficiency of power transmission, Ensure the supply of electricity. The main contents of the project are: Reconstruction of 12 359 km of old transmission lines in 7 regions, including Bukhara and Tashkent, Modernization, expansion and upgrading of four 220 kV substations such as Zeravshan, Digital transformation of related transmission and distribution control systems. To ensure stable and high-quality operation of the power system throughout the year, Improving regional energy supplies(乌兹别克斯坦报纸网, Uzbekistan Newspaper Network, 2023).

Transport Infrastructure Development projects in Uzbekistan: The AIIB has provided loans to Uzbekistan to finance the implementation of several transportation infrastructure projects. In 2020, the AIIB approved a loan of \$165.5 million to Uzbekistan, To improve road traffic efficiency, safety and climate resilience of major cross-border highways in Bukhara region. In 2022, the AIIB signed a \$108 million loan agreement with Uzbekistan, It will be used to advance the electrification of the Bukhara - Miskin-Urgench-Khiva railway(乌兹别克斯坦共和国政府门户网站, Government Portal of the Republic of Uzbekistan, 2024). The implementation of these projects, It has provided strong support for Uzbekistan's economic development and infrastructure construction.

4.2 Chinese investment and economic cooperation in Uzbekistan

China's investment in Uzbekistan through the AIIB, not only improved the local infrastructure and economic development level, It has also strengthened economic ties between China and Ukraine.

The AIIB's investment projects have effectively improved Uzbekistan's infrastructure, this is particularly evident in the power and transport sectors. The completion of the project has accelerated the local economic efficiency, and the development of trade and investment has accelerated. For example, a modern electricity transmission and distribution network has made industrial and residential electricity use in Uzbekistan more stable,it is conducive to attracting investment. Better transport infrastructure speeds up logistics and trade, effectively promote economic growth in Uzbekistan. AIIB projects in Uzbekistan are mainly funded through cooperation, the AIIB co-invests with the Uzbek government and other international financial institutions. The multilateral cooperation model reduces the risk of single investment, to share the interests of multilateral countries and institutions. From this perspective, China has a sense of flexibility and multilateralism in international cooperation. This partnership model not only promotes the financial viability of the project, it also improves the transparency and recognition of the project(Pan Ying, CAI Guodong, & Bai Zhiqiang, 2024).

5. Conclusion

Through the case analysis of AIIB in Uzbekistan and the review of relevant literature, It can be seen that China's behavior in the international financial field is characterized by revisionism. It also reflects a tendency to maintain the status quo.This dual feature reveals that China's complex and multi-layered approach in driving its global strategy.

5.1 Summarize the main findings

First, the AIIB, founded by China as a multilateral development bank, Loans for investment in infrastructure projects in Uzbekistan, it did improve local infrastructure like transportation and electricity, and enhanced the vitality of the regional economy. While Uzbekistan's economy continues to grow, Increased economic and trade exchanges between China and Central Asian countries. Second, from a revisionist perspective, China has enhanced its position in the international financial system through the AIIB, The current state of international financial institutions has been affected. China's leadership and influence in the AIIB, It is a manifestation of its own geopolitical and economic strategy. You can see that China intends to change the current international order, So as to enhance its international status and win more national interests. From the standpoint of maintaining the status quo, China has strengthened multilateral cooperation and regional development through the AIIB, There is no breach of international order. The AIIB has been implementing projects within the norms of international financial institutions, focusing on transparency and trust, project implementation and benefit distribution are effectively

aligned with current international norms. It shows that China maintains the stability and sustainability of the international system through multilateral cooperation and win-win results.

5.2 China's evaluation of AIIB construction

To sum up, China's performance in AIIB is a complex strategy. Both to improve their own power to revise the existing international order, there is also multilateral cooperation and the maintenance of international norms. This strategy is a balancing act, it reflects China's flexibility, diversity and feasibility in global governance. This article only lists the projects of AIIB in Uzbekistan. In fact, there are many countries along the Belt and Road Initiative, through AIIB loans and investments in infrastructure construction, more obvious economic effects have been achieved. To make developing countries feel good about China, At the same time, China's geopolitical influence is expanding. The AIIB implements multilateral cooperation projects in a relatively standardized manner. It has a positive impact on China's image as a major country in the international financial field. This dual feature makes China's position and role on the international stage more complex and multifaceted.

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