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INTERNATIONAL BUSINESS TIMES

WEDNESDAY, APRIL 01, 2015 AS OF 5:28 PM EDT

ECONOMY

China-Led Development Bank Gains Global Support; UK, Switzerland Approved As Founding Members

By Avaneesh Pandey @avaneeshp88 a.pandey@ibtimes.com on March 28 2015 3:27 AM EDT



A general view of the signing ceremony of the Asian Infrastructure Investment Bank at the Great Hall of the People in Beijing October 24, 2014. Reuters/Takaki Yajima/Pool

The U.S. is finding itself increasingly isolated as more of its allies seek to join the China-led Asian Infrastructure Investment Bank (AIIB). A day after Brazil announced it is

“very interested” in joining the AIIB, China’s finance ministry [reportedly](#) said on Saturday that the U.K. and Switzerland had been accepted as the founding members of the bank.

The latest move increases the founding members of the bank to 30, a representative of China’s finance ministry said, according to media reports.

In addition, Russia also announced its decision to join the China-led institution on Saturday, [according to](#) media reports.

China and 20 other Asian nations, including India and Singapore, had agreed to establish the AIIB in October 2014. Since then, a host of European nations, including the U.K., France, Germany and Italy have joined the bank, forcing the U.S., which had [warned its allies](#) against the new institution, to reassess its stance.

“The U.S. would welcome new multilateral institutions that strengthen the international financial architecture,” Nathan Sheets, U.S. Treasury Under Secretary for International Affairs, said last week, proposing that the AIIB [work in collaboration](#) with Washington-backed institutions like the World Bank, [according to](#) a report by the Wall Street Journal. “Co-financing projects with existing institutions like the World Bank or the Asian Development Bank (ADB) will help ensure that high quality, time-tested standards are maintained.”

Although the AIIB is being seen as a challenge to the World Bank and the ADB, China has said that the aim of the new multilateral lender is to promote regional economic cooperation and that it does not seek to compete with existing financial institutions.

“We will ... advance complementary and coordinated development between the Asian Infrastructure Investment Bank and such multilateral financial institutions as the Asian Development Bank and the World Bank,” Chinese President Xi Jinping said on Saturday, [according to](#) a report by Xinhua.

The China-led investment bank plans to have an initial capital of \$50 billion. In comparison, ADB has \$160 billion in capital and the World Bank has nearly \$500 billion.