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# Asian Infrastructure Investment Bank: Australia to sign Memorandum of Understanding to join China development fund

Updated about 10 hours ago



**PHOTO:** [Joe Hockey, Tony Abbott and Julie Bishop say Australia will take steps to join AIIB, after long Cabinet debate.](#) (AAP: Alan Porritt)

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**The Federal Government will sign a memorandum of understanding that will allow Australia to participate in negotiations to set up the \$100 billion China-led Asian Infrastructure Investment Bank (AIIB) bank.**

The Beijing-based bank was launched late last year and is designed to help finance development projects like road, rail and power infrastructure in the rapidly growing Asian region.

More than 20 countries have signed on as founding members.

In the past month, major Western powers including Britain, France, Germany and Italy have also announced their intention to join.

Australia had resisted joining, but a joint statement from Prime Minister Tony Abbott, Foreign Affairs Minister Julie Bishop and Treasurer Joe Hockey said the Government would sign the MOU that would allow Australia to participate as a prospective founding member.

"Good progress has been made on the bank's design, governance and transparency over the past few months, but we still have issues that we will address through ongoing consultations," the statement said.

"Recognising the pressing need for infrastructure investment in the Asia-Pacific, Australia made infrastructure a priority during our G20 presidency in 2014.

"Working with other key multilateral institutions such as the World Bank and the Asia Development Bank, the AIIB has the potential to play a valuable role in addressing infrastructure needs and boosting economic growth in the region with potential benefits for Australia."

Key matters to be resolved before Australia considers joining the bank include its board of directors having authority over key investment

decisions, and that no one country had control of the bank, the statement added.

Labor supports the move but there has been a debate within Cabinet about whether Australia should be a part of the fund, with some concerned that the United States has decided not to join.

Labor frontbencher Tanya Plihrsek said there had been a split in Cabinet over the issue and Australia should have signed up months ago.

"Parliament's been sitting for five out of the past seven weeks. It is extraordinary that the Government haven't chosen that time to talk about Asian Investment Bank," she said.

"Instead they've tried to slip out a press release when they thought everyone was distracted by the state election."

But Mr Hockey told Channel 10 that it was right for Australia to be part of a bank that will provide tens of billions of dollars in the region.

"We should be part of it, we should understand what it's doing," he said.

"We should help to make sure it has proper governance principles that is actually delivering the infrastructure necessary to grow the economy of the Asian region which in turn helps us."

The so-called China Bank is seen as a rival to other multi-lateral banks including the International Monetary Fund and World Bank.

Australia could reportedly invest up to \$3 billion in the bank, which could lead to a wave of infrastructure development across the Asia-Pacific.