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From norm-taker to norm-shaper and institution-creator: China

Abstract

(Re-)emerging powers are taking a more active role at the global stage and are moving away from merely being ‘norm-takers’ toward becoming ‘norm-shapers’ and even ‘institution-creators’. China in particular is becoming a more important influencer regarding international norms and institutions. The relationship between existing and (re-)emerging powers is increasingly shaped by a mutually constitutive process of social learning and socialisation. This paper will explain how China has been evolving from being a norm-taker into an international norm-shaper as well as an institution-creator and the effect this development has been having on existing great powers, in particular the EU, and their relationship with China. Thereby showing not only the importance of bringing socialisation in IR theory, but to show that the way socialisation has so far been applied in IR theory as well as in practice is outdated and needs a different approach that corresponds with the changes taking place in the world order. The paper will demonstrate through two case studies, the 2009 Copenhagen Climate Summit and the establishment of the Asia Infrastructure Investment Bank (AIIB), how China is no longer being unilaterally being socialised into the existing global order, but that has been becoming an active ‘socializer’ itself. Socialisation should thus no longer be viewed as a one-way process in which the existing powers socialise the rest, but as an increasingly two-way process in which (re-) emerging powers are becoming significant socializers themselves.

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Introduction

We are moving away from a unipolar to a multipolar, or as Amitav Acharya calls it “multiplex” world. This world is marked by ‘complex forms of interdependence’.¹ As Acharya points out, the new world order ‘requires a genuinely reformed system of global governance and greater recognition by the West of the voices and aspirations of the Rest’.² While both the existing and (re-)emerging powers will have to work toward greater understanding of each other, it is in particular the views and preferences of (re-)emerging powers that require more in-depth research.

To some extent China still considers itself as a developing country and in some regards China has not responded to pressure from the international community to become a more responsible stakeholder in global governance. Nevertheless, in recent years China has become more active in international institutions. China feels underrepresented and sidelined in the existing, Western dominated international institutions. This has become an important driver for China to become more active within international institutions. It has even led China to circumvent existing institutions by deciding to set up their own institutions. As China’s influence in international institutions has been growing, it has been actively diffusing its views and subsequently shaping international norms and institutions.

In most literature on socialisation within International Relations (IR), the mechanism of socialisation is used for explaining compliance of (re-)emerging countries with existing norms and their integration into international institutions established by the existing powers. Instead, this paper builds on socialisation and norm diffusion in IR and the ascend of (re-)emerging powers as international norm-shapers as proposed by Pu Xiaoyu in his 2012 article entitled *Socialisation as a Two-way Process: Emerging Powers and the Diffusion of International Norms*. Socialisation in IR should be approached as a two-way process.

China is no longer being unilaterally socialised into the global order by the West. Instead it has become a ‘socializer’ itself, shaping international norms and institutions according to their own views and preferences. Taking the 2009 Copenhagen Climate Summit and the Asian Infrastructure Investment Bank (AIIB) as case studies, this paper explains how China has been

¹ “A multiplex world comprises multiple key actors whose relationship is defined by complex forms of interdependence.” Amitav Acharya. From the Unipolar Moment to a Multiplex World
New World order emerges, one that requires cooperation and ability to build regional ties, *Yale Global Online*, 3 July 2014, DOI: <http://yaleglobal.yale.edu/content/unipolar-moment-multiplex-world>.

² Ibid.

developing from being a norm-taker into an international norm-shaper as well as an institution-creator, and the effect this development is having on existing powers, in particular the European Union (EU). Thereby making the point of the importance to bring socialisation in IR more strongly, but to approach socialisation in a way that suits the changes currently taking place within the global order.

The paper starts with a comprehensive elucidation of socialisation in IR as increasingly becoming a two-way process. The paper continues with an analysis of China's behavior at the 2009 Copenhagen Climate Summit and the establishment of the AIIB by China, and the EU's response in both cases and will end with a brief summary.

Socialisation as a two-way process.

This paper draws on international socialisation within IR theory. Bringing socialisation into IR theory gives new insights into the behavior of actors and the social interaction that takes place between them.³ In particular, socialisation 'helps to uncover the mechanisms and processes of norm dynamics in international politics'.⁴ Within Constructivism socialisation is generally conceptualized as a process of the diffusion and internalization of norms.⁵ In the classical sense socialisation is defined as 'inducting actors into the norms and rules of a given community'.⁶ The constructivist approach however focuses more on if and how ideas matter and put more emphasis on the normative transformation of norms, analyzing the effects of socialisation through the logic of appropriateness.⁷ By taking normative change as progress in IR, socialisation is therefore generally approached as normatively bettering the actor that is being socialised.⁸ However, as both Pu Xiaoyu and Amitav Acharya point out, there is a clear need within IR theories to look at whose ideas matter and who is socializing whom.⁹

³ Xiaoyu, P. (2012) 'Socialisation as a Two-way Process: Emerging Powers and the Diffusion of International Norms' and Johnston, A. I. (2008) *Social States*.

⁴ Xiaoyu, P. (2012) 'Socialisation as a Two-way Process: Emerging Powers and the Diffusion of International Norms', pp. 6.

⁵ Wendt, A. (1999) *Social Theory of International Politics*.

⁶ Checkel, J. T., International Institutions and Socialization in Europe: Introduction and Framework, *International Organization*, Vol. 59, No. 4 (October, 2005), pp. 802-826.

⁷ March, J. G. and Johan P. Olsen, J. P. 'The Institutional Dynamics of International Political Orders' and Xiaoyu, P. (2012) 'Socialisation as a Two-way Process: Emerging Powers and the Diffusion of International Norms'. And Checkel, J. T., International Institutions and Socialization in Europe: Introduction and Framework, *International Organization*, Vol. 59, No. 4 (October, 2005), pp. 802-826.

⁸ Pu, 2012: 8.

⁹ Acharya, A. (2004) 'How Ideas Spread: Whose Norms Matter? Norm Localization and Institutional Change in Asian Regionalism' and Xiaoyu, P. (2012) 'Socialisation as a Two-way Process: Emerging Powers and the Diffusion of International Norms'

Constructivism has only just started to focus on this. In particular, the relationship between emerging powers and international norms has been understudied. Especially within studies about EU-China relations the focus has often been analyzing the conceptual gaps between them and the EU's attempt to socialise China into its postmodern norms.¹⁰

Johnston's book *Social States* studied the social processes that might lie behind changing levels of cooperation, taking China's behavior in international institutions as a case, making a strong case for the need to bring socialisation arguments into IR theory. However, the book studied the period between 1980 and 2000 when China was still being 'socialised' and not yet a 'socializer' itself. Pu Xiaoyu's article *Socialisation as a Two-way Process: Emerging Powers and the Diffusion of International Norms* focuses on the change that has been taking place since the turn of the 21st century regarding socialisation and norm diffusion, making the strong argument that it is not only of value to bring socialisation into IR but even more important, he shows that the way socialisation has so far been used in IR is outdated. Traditionally, socialisation within IR theories is often viewed as a one-way process in which Western powers socialise non-Western countries and (re-)emerging powers into the global, normative order. 'Socialisation in international relations literature focuses on socialising non-Western powers as aliens or infants'.¹¹ Pu Xiaoyu proposes that socialisation in IR should be, similar to the way socialisation is treated in Social Theories, viewed as a two-way process, as viewing it as a one-way process has become incompatible with the changes currently taking place within the global order.¹² Pu conceptualises socialisation in IR as: 'a two-way process of interaction between nation-states and the existing international society'.¹³

'Socialisation as a one-way process is pertinent to the early stage of the development of emerging powers'.¹⁴ As the main priority for developing countries is to be accepted in international society, they accept and integrate the existing international norms. They are thus solely norm-takers at this stage. The liberal order also offers many opportunities for developing countries to grow, making them more willing to abide by the existing normative order. Lastly, at this point the still developing countries do not possess the strength to push their own agenda.¹⁵

¹⁰ Among others: Pan, Z. (2012) *Conceptual Gaps in China-EU Relations.*, Shambaugh, D., Sandschneider, E., Hong, Z. (2008) *China-Europe Relations. Perceptions, policies and prospects.* Cameron, F. (2009) *The European Union and China: Interests and Dilemmas*.

¹¹ Pu, 2012: 7.

¹² Pu, 2012: 7.

¹³ Pu, 2012: 9.

¹⁴ Pu, 2012: 14.

¹⁵ Pu, 2012: 14-16.

However, when developing nations grow stronger and reach a certain stage of development, they start to feel more self-secure. As a result, they start to challenge the notion that Western ideas and culture are superior and they start putting more emphasis on expressing their own norms on the international stage. This does however not mean they will reject all existing norms. Instead, (re-)emerging countries start to express their views through more active engagement in multilateral forums and international institutions, thereby starting to influence international norms according to their views. They thus become norm-shapers. Here we can start to speak of socialisation as a two-way process.¹⁶

China has reached a stage of development in which it is moving away from solely being a norm-taker toward an international norm-shaper and even an institution-creator. Borrowing the definition of the concept of socialisation as proposed by Pu, the following sections will illustrate China's changing behavior toward international institutions to show how socialisation is increasingly becoming a two-way process and therefore needs to be approached as such.

Case study I: The 2009 Copenhagen Climate Change Summit

Since the mid-2000s, China has gradually come to express its views through more active participation in international institutions. The case of the 2009 Climate Summit in Copenhagen can be considered as one of the first clear cases in which China's began putting more emphasis on expressing its own norms internationally and one of the first instances within global governance matters in which the effects of the changing global power structure became more clearly visible.

World leaders convened at the 2009 Copenhagen Climate Change Summit in an attempt to strengthen states' commitments to mitigate global climate change. The 2009 Summit is generally viewed as a failure, in particular by the EU. Sweden even referred to the summit as a "disaster".¹⁷ China however, considered the summit and its outcome a success. Nevertheless, the accord that was finally reached between the emerging powers fell short of the binding commitments to mitigate climate change the EU had hoped for.¹⁸

¹⁶ Pu, 2012: 16-20.

¹⁷ 'Copenhagen climate deal shows new world order may be led by U.S., China, The Washington Post, , 20 December 2009, <<http://www.washingtonpost.com/wp-dyn/content/article/2009/12/19/AR2009121900687.html>>.

¹⁸ Johnston, 2013: 14.

The 2009 conference was one of the first indications that ‘the twenty-first century marks not the ultimate triumph of the West, but the emergence of a global landscape that is headed toward a turning point rather than an end point’.¹⁹ As Charles Kupchan correctly points out in his book entitled *No one’s world*, ‘the West is not only losing material primacy as new powers rise, but also its ideological dominance’.²⁰ At the 2009 Copenhagen Summit, the attitude of China stood out in particular and was largely viewed as being increasingly assertive. However, as Gloria Jean Gong in her 2011 article entitled *What China Wants: China’s Climate Change Priorities in a Post-Copenhagen World* and Alastair Iain Johnston in his 2013 article entitled *How New and Assertive Is China’s New Assertiveness?* point out, China’s behavior at the 2009 Copenhagen Summit should not be viewed as (new) assertiveness. China’s stance regarding climate issues has not changed much since the 1990s.²¹ China’s position regarding climate change reflects China’s primary concerns about sovereignty, economic development and the fair distribution of responsibility and reduction cost between developed and developing nations.²² China’s stance at Copenhagen was however misread and to some extent perhaps even misused (however that is up to speculation) by the West, the EU in particular.²³ China upholds much of its historic stance on climate change. China’s general policy regarding climate change excludes agreeing to external oversight and externally binding emissions cuts.²⁴ Chinese diplomacy at the Summit can be better typified as risk averse as China wanted to avoid any changes to its general policy and to make sure that the outcomes of the conference were consistent with its policy.²⁵ As such China rejected to agree to make credible mitigation commitments and agreeing to allow the international monitoring and verification of China’s performance in that regard. In general, China’s position and that of other emerging countries

¹⁹ Kupchan, 2012: 2

²⁰ Ibid.

²¹ China’s international negotiation position concerning climate change:

- Every country has common but differentiated responsibility in the issue of climate change;
- Every party of the convention should conduct comprehensive and effective cooperation on the basis of fairness while avoiding damaging every country’s sovereignty;
- An appropriate level of economic development should be the prerequisite for adopting concrete control measures to address climate change. Therefore, any measure of controlling emissions should take into account the per capita emission level of every country and guarantee the appropriate level of energy consumption in developing countries;
- Developed countries should provide necessary fund to developing countries and transfer technology with fair and favorable conditions.

Source: See Group 4, The National Climate Change Coordination Committee, *The Provisions Draft of <The International Convention of Climate Change>(China’s Proposals)*, in Secretary of State Council’s Environmental Protection Committee ed., Documents Collection of State Council’s Environmental Protection Committee(Vol.2), 1995, pp.263-279. Extracted from the article: Bo Yan and Chen Zhimin, ‘The EU and China in Global Climate Change Governance’, *Fudan University, Department of International Politics*, (January, 2009), pp. 1-21. And Kupchan, 2012: 2.

²² Bo & Chen, 2009: 9.

²³ Johnston, 2013: 14.

²⁴ Gong, 2011: 159.

²⁵ Johnston, 2013: 14.

was not that different.²⁶ It were the emerging powers²⁷ that ended up holding a closed-door meeting during the conference to strengthen solidarity among the emerging powers. It was this meeting that President Obama walked in on straight after he had arrived in Denmark and which led to the eventual accord that was finally reached, which completely surpassed the EU.²⁸

In the Kyoto Process, the EU played a leading role in the agenda-setting and the development of Kyoto Protocol. However, since 2008 the EU began to take a more passive stance towards the principle of “common but differentiated responsibilities”²⁹ as well as the further continuation of the agreements set in the Kyoto Protocol. As a result, divergence between the EU and developing countries’ views on how to fight climate change deepened.³⁰ Despite the “clash” between the EU and China at Copenhagen, the EU and China have had a long history of cooperation on climate change. Cooperation on climate change particularly strengthened after the establishment of the Kyoto Protocol in 1997. A good example of the strengthening of their cooperation on this front is their Partnership on Climate Change that was established during the 2005 EU-China Summit.³¹ The EU’s purpose of this partnership, was to better understand China’s view on climate change as well as to socialise China to step up its efforts to fight climate change more strongly. At the 2010 EU-China Summit the EU and China agreed to further enhance cooperation, agreeing among others to enhance their cooperation on the development of technology as well as enhancing technology exchange.³²

While bilateral cooperation between China and the EU had deepened, their respective negotiation positions at multilateral forums indicated a growing divergence. In 2007, China became the world’s largest emitter of greenhouse gases, leading the issue of emissions by developing nations to become the central point of discussion in international negotiations and to further divergence between the views of the developed and developing nations.³³ The 2009 Summit showed how large this divergence actually was. The Summit did not only reflect the divergence between the developed and developing nation’s views on how to tackle climate change, it also indicated the great amount of misunderstanding among the different parties about their respective positions. The EU started to overemphasize its own views and position from

²⁶ Johnston, 2013: 34.

²⁷China, Brazil, India and South Africa

²⁸ Kupchan, 2012: 2.

²⁹ This remains one of the most, if not the most, important points of conflict between developed and developing nations regarding the governance of climate change.

³⁰ Bo & Chen, 2011: 99-101.

³¹ Bo & Chen, 2009: 17.

³² Bo, Romano & Chen, 2011: 8.

³³ Bo, Romano & Chen, 2011: 9.

2008 onward, overlooking more and more those of other, mainly developing nations. At Copenhagen, the EU was too eager and idealistic in reaching an agreement such as had happened in Tokyo in 1997. As a result they overplayed their hand. By putting too much pressure on the developing countries, the EU lost support, leading the developing countries and the US to pull out and develop an agreement based on their preferences.³⁴ Something the EU had not expected. At Copenhagen, it became clear that the EU had lost part of its leadership and negotiation power to emerging powers such as China. On the Chinese side there was considerable misunderstanding regarding the other parties' positions as well. China had a poor understanding of how much other parties, the EU in particular, had moved forward on climate change. China had not anticipated properly on a greater push for stronger commitments and was not at all prepared for the heavy criticism that followed after the Summit.³⁵

The EU: adapting into a new role as “bridge-builder”

At first, the EU criticized the outcome of the summit, saying the final accord lacked ambition as it did not even result in a binding agreement.³⁶ However, with time the EU came to develop a gradually positive view of the Copenhagen Summit, as relayed in the European Commission's March 2010 strategic paper entitled *International climate policy post-Copenhagen: Acting now to reinvigorate global action on climate change*. As Bo and Yan pointed out in their 2011 article *EU's Weakening Leadership in Climate Change Governance*, the strategic paper also indicated that the EU had become aware of the importance of increasing dialogue as well as having to be more open and clear in their future discussions with other countries.³⁷ 'The objective will be to obtain a better understanding of the positions, concerns, and expectations of our partners on key issues; and to explain clearly what the EU requires of an agreement in terms of its ambition, comprehensiveness, and environmental integrity'.³⁸ The EU has clearly taken note of the increased influence of emerging powers as well as the US in voicing their views and position in climate change negotiations. As such, the EU has started to adapt itself and its expectations to the changing environment. The EU has therefore, started to

³⁴ Bo & Chen, 2011: 110.

³⁵ Johnston, 2013: 34.

³⁶ Bo, Romano & Chen, 2011: 14.

³⁷ Bo & Yan, 2011: 104-105.

³⁸ Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions - International climate policy post-Copenhagen: Acting now to reinvigorate global action on climate change, European Commission, 9 March 2010, < <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52010DC0086>>.

consider converting its role into that of, what Bo and Chen have coined as, a “bridge-builder” since it clearly is no longer playing the leading role it was during the Kyoto Process.³⁹

The EU’s pragmatic change of negotiation strategy had a positive effect on the EU-China partnership on Climate Change, which was renewed and saw the re-establishment of its cooperation and dialogue in the buildup towards the November 2010 Cancun Climate Change Conference. The renewed partnership brought forth a regular dialogue mechanism at the ministerial level. At the 2010 Cancun summit, the EU for the first time attempted to play its new role as a “bridge-builder”. However, at the conference, the EU still received criticism for its role and position. The EU was among others accused of taking advantage of the undeveloped and developing countries and opinions were divided over the EU’s capacity to carry out a leading role.⁴⁰ Despite the criticism the EU has continued to receive over its attitude at climate summits, it has been working on adapting itself to the changing situation with the objective of achieving more effective results in fighting climate change.

EU-China socialisation in climate change issues: increasingly a two-way process

China has learned much from the EU on fighting climate change. However, China’s increasing awareness regarding climate change cannot solely be explained through socialisation efforts by EU. China has already been more active in working on climate change issues since the late 1980s.⁴¹ As a rising power and an increasingly key global player, China is required taking greater responsibility in global governance. China is aware of this and has been willing to take up this role, albeit on its own terms. As the case of the 2009 Copenhagen summit has shown and as explained in the article of Pu Xiaoyu as well, in this new and leading role, China has been engaging more actively in international discussions. However, China has also used the discussions about fighting climate change as a stage for voicing its own views and preferences towards fighting climate change instead of fully conforming to the norms set and/or preferred by the EU.

Domestic factors also play an important role in China’s behavior toward climate change governance. China has also become more engaged in climate change governance due to stronger awareness by and subsequently the demand from the Chinese public for the Chinese

³⁹ Bo & Chen, 2011: 17/116.

⁴⁰ Bo, Romano & Chen, 2011: 23-24.

⁴¹ Bo & Chen, 2009: 8-11.

Government to step up its efforts in fighting climate change issues.⁴² As a result of rapid industrial development, China has been experiencing severe air and water pollution in recent years. Whereas the main priority of the Chinese Government traditionally has been, and still is, to generate and uphold economic growth, in order to preserve social stability and its overall legitimacy, the problem of air pollution has become so bad in recent years that it has been becoming a potential threat to social stability.⁴³

Domestic factors set aside, international socialisation, from the EU in particular, has influenced China's attitude towards climate change and will continue to do so, but socialisation between the EU and China in this regard has increasingly become a two-way process. EU-China relations post-Copenhagen and the renewed Climate Change Partnership are a proper indication that both parties are becoming aware of the changing situation in global order and the need to adapt and play into these changes if they want to not only come to more effective cooperation but also to, for the EU maintain and for China to develop, a stronger position in the global order and its governance.

Case study II: The AIIB

Changes to the world order started out rather gradually but were accelerated by the 2008 financial crisis. The West and their liberal economic order lost much legitimacy due to the financial crisis. Furthermore, the crisis created a window of opportunity for (re-)emerging powers to ascend to the global stage. As a result, various new, mainly financial institutions were set up.

As China feels underrepresented and sidelined in the existing, Western dominated international institutions, it has decided not only to participate more actively in international institutions, but has also started setting up their own institutions. Another main driver for China's more active diplomacy at the international stage comes from the economic challenges it has come to face in recent years, such as the slowing economic growth rate and declining exports and investments. As Justyna Szczudlik-Tatar explains in her April 2015 article *Towards China's Great Power Diplomacy under Xi Jinping*, these developments have made China's development model less effective. This, in combination with China's aim of becoming a leader in norm and institution building in order to change the existing global institutional order, has

⁴² Williams, 2014: 16.

⁴³ Williams, 2014: 14-16.

pushed China toward increasing its engagement in international, especially financial, institutions.⁴⁴ In China's view the current global order is in a state of significant change. The combination of the above described factors, creates the perfect opportunity for China to ascend to the international stage and shape it according its own views, also referred to as 'great power diplomacy with Chinese characteristics'.⁴⁵ Especially since Xi Jinping's rise to power in 2012, China has taken a more active stance in this regard.

In March 2015, the Asia Infrastructure Investment Bank (AIIB) was set up and entered into business in January 2016, with 57 founding member countries and 100 billion USD in committed capital. As The Economist remarked in one of their recent articles on the AIIB's establishment, 'The AIIB has stoked controversy because Asia already has a multilateral lender, the Asian Development Bank (ADB). So why is China creating a new development bank for Asia?'.⁴⁶ According to the official website of the AIIB: 'The AIIB is a multilateral development bank (MDB) conceived for the 21st century.'⁴⁷ 'The AIIB will complement and cooperate with the existing MDBs to jointly address the daunting infrastructure needs in Asia'.⁴⁸ 'The Bank's foundation is built on the lessons of experience of existing MDBs and the private sector. Its modus operandi will be lean, clean and green...The AIIB will put in place strong policies on governance, accountability, financial, procurement and environmental and social frameworks'.⁴⁹ Furthermore, as China's former Vice Trade Minister, Long Yongtu, explained: 'AIIB is not the first multilateral financial institution...China itself benefits enormously from the contribution by the World Bank and the ADB. Now it's time for China to do something more for this region. And the difference between the AIIB and the World Bank and ADB is that this bank focuses exclusively on infrastructure development'.⁵⁰ 'The AIIB is a bank, not a political organization or political alliance' and the 'AIIB is not China's bank'.⁵¹ He there by aims to downplay the concerns and criticisms that China is mainly using the AIIB as an instrument to exercise power. Aside from the need for greater infrastructure development in Asia, especially with regard to China's New Silk Road initiative, and China's push to have international institutions that reflect more properly the changes in global order, China has

⁴⁴ Szczudlik-Tatar, 2015: 1-2.

⁴⁵ Ibid.

⁴⁶ The Economist, 'Why China is creating a new "World Bank" for Asia', 11 November 2014, DOI: <http://www.economist.com/blogs/economist-explains/2014/11/economist-explains-6>.

⁴⁷ AIIB website, DOI: <http://www.aiibank.org/html/aboutus/AIIB/>.

⁴⁸ Ibid.

⁴⁹ Ibid.

⁵⁰ Xinhua, 'AIIB to be lean, clean and green, Chinese officials say', 11 April 2015, DOI: http://news.xinhuanet.com/english/2015-04/11/c_134142959.htm.

⁵¹ Ibid.

decided to create the AIIB out of various other reasons, such as the promotion of interconnectivity among Asian nations and, boosting its own economy and strengthening the global financial recovery.

In recent years China, in cooperation with other nations, has been launching various new financial institutions and initiatives, among others the New Development Bank (NDB)/the BRICS Bank and the Silk Road Development Fund. The main reason being its frustration about the little to no reform in existing financial institutions, such as the World Bank (WB) and the International Monetary Fund (IMF)⁵². Reform is viewed as necessary given the changing global order and global economic situation.⁵³ Take the ADB for example. Despite the fact that China is the biggest economic power in the region, Japan dominates the ADB. Their voting share is more than twice of that of China and the ADB has always had a Japanese president.⁵⁴ The creation of the AIIB is an indication of China's eagerness for change in global financial governance and boosting both its domestic and the international economy. As reform does not seem to be coming soon enough, China has started to take matters in their own hands by creating new financial institutions that will be governed according to their normative views and preferences.

So how is the AIIB different from the existing financial institutions? The main difference lies in the governance structure and the allocation of shares, which has been the main issue China's has had with existing financial institutions. The 5th Chief Negotiators' Meeting on the establishment of the AIIB was held in Singapore from 20 to 22 May 2015 to discuss the Articles of Agreement (AOA), the charter of the AIIB. Which was signed by the end of June. As Shi Yaobin, Vice Minister of Chinese Ministry of Finance and Permanent Chair of the Chief Negotiators' Meeting, explained: 'The planned authorized capital of AIIB is 100 billion dollars, which will be allocated upon data of GDP for Asian countries. As for countries outside the region, GDP is also an important criterion for allocation'. Allocation is thus based on GDP and capital, reflecting the practice of the IMF. China and India will be the largest shareholders of the AIIB.⁵⁵ Given the AIIB's voting structure, China will have the largest say. However, as

⁵² E.g. Decision of US Congress in December 2014 not to pass reform within the IMF that would include giving more voting power to emerging powers.

⁵³ The Economist, 'The infrastructure gap. Development finance helps China win friends and influence American allies', 21 March 2015, DOI: <http://www.economist.com/news/asia/21646740-development-finance-helps-china-win-friends-and-influence-american-allies-infrastructure-gap>.

⁵⁴ The Economist, 'Why China is creating a new "World Bank" for Asia', 11 November 2014, DOI: <http://www.economist.com/blogs/economist-explains/2014/11/economist-explains-6>.

⁵⁵ Xinhua, 'Agreement on AOA milestone for establishing of AIIB', 22 May 2015, DOI: http://news.xinhuanet.com/english/2015-05/22/c_134262848.htm.

opposed to the veto-power of the US in the IMF and the WB, China has said to give up veto-power. This is considered to be a compromise from China to attract Western prospective members and an indication of China's goal of making the AIIB 'leaner'.⁵⁶ Nevertheless, giving the voting structure China, being the largest shareholder, will have the 'upper hand', thereby effectively giving it veto-power.⁵⁷ We will have to wait and see how China will eventually act within the AIIB governance structure. Nevertheless, it is clear that the AIIB, with its aim of being 'lean, clean and green', will in various ways be different from the existing, Bretton Woods, financial institutions.

And how has China been doing so far as an institution-creator? And how are the existing powers responding to China's rise in this regard? As Pu points out: 'a dilemma confronts the Western powers. On the one hand, the West must cooperate with the emerging powers to address the common concerns of global issues such as climate change and the international financial crisis. The West, however, also worries about challenges from emerging powers to the existing liberal order' (Pu, 2012: 26). China's creation of the AIIB and the responses from the West are a good example of the West's dilemma Pu speaks of. The US and Japan have been critical of the AIIB's creation, arguing that the bank will overlap and compete with existing financial institutions such as the ADB and the WB. It is argued that China will use the AIIB to expand its influence at the expense of the US and Japan.⁵⁸ Given the US' hegemonic status at both the international stage and within the existing financial institutions and its strong relations with other Western countries, it did not expect its Western allies to join the AIIB. As such, the announcement of England on 12 March 2015 that it would join the AIIB came as a shock. Other European countries such as France, Germany and Italy soon followed suit.⁵⁹ Although the US stressed to its allies joining the AIIB was off-limits (the US denies this) the decision by multiple US allies to join the AIIB is, as the Financial Times pointed out, 'one of the most powerful symbols to date of the eastward shift of global power'.⁶⁰

⁵⁶ Wall Street Journal, 'How China Plans to Run AIIB: Leaner, With Veto', 8 June 2015, DOI: <http://www.wsj.com/articles/how-china-plans-to-run-aiib-leaner-with-veto-1433764079>

⁵⁷ Ibid.

⁵⁸ The Economist, 'Why China is creating a new "World Bank" for Asia', 11 November 2014, DOI: <http://www.economist.com/blogs/economist-explains/2014/11/economist-explains-6>.

⁵⁹ In the end a total of sixteen European nations joined the AIIB as founding members. European countries, not all being EU members states.

AIIB website: <http://www.aiib.org/html/pagemembers/>. And China Daily, 'What do we know about the AIIB?', 1 April 2015, DOI: http://usa.chinadaily.com.cn/business/2015-04/01/content_19971274.htm.

⁶⁰ Financial Times, 'UK move to join China-led bank a surprise even to Beijing', 26 March 2015, DOI: <http://www.ft.com/intl/cms/s/0/d33fed8a-d3a1-11e4-a9d3-00144feab7de.html#axzz3cugREyKU>.

The accession of so many of the US its allies, especially many European allies, to the AIIB is an indication of how China's 'great power diplomacy with Chinese characteristics' is starting to gain significant influence on the global stage. While analysts were initially pessimistic about the AIIB's effectiveness, the decision of so many nations, particularly Western nations, to join the AIIB have given it significant credibility as a new global financial institution and are an indication of the changing global order. Since the Bank launched in January 2016, it has approved four loans; for power, transport and urban investments in Bangladesh, Indonesia, Pakistan and Tajikistan, totaling 509 million USD. The ADB, the European Bank for Reconstruction and Development (EBRD), which has been a strong supporter of the AIIB since its inception, and the World Bank are co-financing partners on three of the four new loans, another indicator that the AIIB is being taken seriously as a new international financial institution.⁶¹

The case of the AIIB shows how China has started to not only shape international norms and institutions but also has also become a serious institution-creator through setting up new international (financial) institutions. The case also shows that by deciding to become members of the AIIB existing powers, in particular from Europe, as the number of European founding member countries and the recently signed cooperative project between the AIIB and the EBRD indicate, have started to adjust to the changing international institutional environment by accepting and cooperating with this new financial institution.

Conclusion

As one recent study put it well: 'China oscillates between the confirmation of existing global governance institutions, the support for reforms in global governance, and the will to create alternatives to existing fora in areas where it has not been successful enough to increase its influence'.⁶² Since the turn of the 21th century, emerging powers, China in particular, have been becoming increasingly active players in international institutions and global governance. China is no longer being unilaterally socialised into the global order by the West. Instead it has become a 'socializer' itself, shaping international norms and institutions according to their own views and preferences.

⁶¹ AIIB website, *AIIB's First Annual Meeting of its Board of Governors held in Beijing: Governors note progress during the Bank's first 6 months of operation*, 25 June, 2016, DOI: http://euweb.aiib.org/html/2016/NEWS_0625/123.html.

⁶² Directorate-General for external policies, *China's foreign policy and external relations*, July 2015, p 7.

The cases in this paper have shown how China has turned from a norm-taker into a norm-shaper and institution creator and how the EU has gradually started to adjust as well as play into China's changing role in international institutions in the past decade. The EU and China will continue to have different views on global governance issues and they will continue to have issues of misunderstanding and disagreement, but they have both become increasingly aware of the need to bolster their ties in order to be able to jointly fight global issues effectively and to be able to maintain or strengthen their position in the changing global order. Both powers will need time to further adapt to the changes in the political order and their role in it. However, important steps have been made from both sides in recent years.

Through the two case studies this paper has attempted to show that applying the mechanism of socialisation for explaining compliance of (re-)emerging countries with existing norms and their integration into international institutions established by the existing powers is incomplete and with the shift in global order becoming outdated as an approach. Through the rise in international institutions of (re-)emerging powers and the increased interaction between existing and rising powers, socialisation is increasingly becoming a two-way process and therefore should be applied as such within IR studies.

As Peter Mandelson, the former EU Trade Commissioner (2004-2008), already pointed out in 2008, 'if we (the EU) really want to shape the twenty-first century, we (the EU) have to shape it with, not against China'.⁶³ In order to be able to adapt and work with the changes taking place in the global system, both existing and (re-)emerging powers need to first acknowledge this shift taking place and to work on increasing their understanding of one another. Especially given the fast pace at which new world order materializing and the important role (re-)emerging powers increasingly have in it, it is time to start taking the views and preferences of them, especially that of China, into more serious consideration, both in theory and practice.

⁶³ Mandelson, P., 'Living with China', *Asia Europe Journal*, July 2008, Vol. 6, No. 3, pp. 387-390.

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