EXECUTIVE SUMMARY
China’s presence in developing regions of the world is increasing and China’s ambitions are seemingly so large that the impact that China is having on global development needs to be understood more fully. In this paper, we hope to uncover a distinctly Chinese model of international development and to understand more fully how and why it is working so effectively. In order to derive this model, we conducted four different country case studies, each in a different developing region of the world, and tried to take an objective look at the amount and type of Chinese activities there. Most of the activities we found took the form of foreign direct investment in major heavy infrastructure projects including the construction of highways and railroads, and also of heavy industries such as the construction of dams, mines, and pipelines. It was not a surprise to learn that most of the Chinese investment projects were Business-oriented, profit-driven, and that much of the efforts were resource-oriented and geared for consumption within the Chinese domestic market. More surprisingly, however, was that these Chinese projects had contributed significantly to the overall economic development of each country that we studied much faster than traditional aid had. Additionally, we found evidence in many cases in which the Chinese made a conscious effort to dispel negative publicity and win over local governments and local people through a “second wave” of soft power initiatives.

The reality that China is making a deep and often positive impression within the developing world should be worrisome for traditional aid organizations like USAID. Developing countries are now being offered a perhaps more attractive alternative to traditional western aid and we believe that USAID should change its tactic if it desires to remain active in countries that have opened up to Chinese investment. We opt for a more cooperative and coordinated approach in which USAID focuses on its strengths of good governance, education, health, and other “soft” elements of development. USAID should also allow China to become the major global development player that it is trying to become and allow China to build these critical economic elements that developing regions need so badly. Most importantly, however, we aim to shed some light into the Chinese approach to global development so that informed policy decisions on the part of USAID can be made in order to be most effective in this changing developmental environment.