

Comparing AI Foreign Aid Strategy between the US and China

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Introduction

Artificial Intelligence(AI) refers to general-purpose AI systems(GPAI). These computer systems include large language models, pattern recognition/translation tools, and other algorithmic software.¹ Within this group, generative AI (GenAI) includes systems such as sophisticated large language models that can create new content, ranging from text to images, by learning from large amounts of training data.²

Director Conceição of the UNDP Human Development Report Office highlighted the important role that AI will play in development over the coming years: "With the right policies and focus on people, AI can be a crucial bridge to new knowledge, skills, and ideas that can empower everyone from farmers to small business owners."³

Development is the social or economic improvement in a country, and foreign aid often plays a factor in the amount of development and the efficiency of it.⁴ Foreign aid is monetary or humanitarian contributions that a donor country provides to a recipient country.⁵

The United States Trump Administration released America's AI Action Plan in July 2025, and the plan is a strategic roadmap containing three pillars aimed at asserting the US's technological dominance over the world in the field of artificial intelligence(AI).⁶ The pillars include innovation, infrastructure, and global diplomatic strategies: The innovation pillar loosens restrictions and provides more freedom to US AI businesses; and the infrastructure pillar aims to boost AI infrastructure construction; the international diplomacy pillar establishes US AI technology as a standard resource in allied countries.⁷

In the same month, China's Ministry of Foreign Affairs released their own Global AI Governance Action Plan, published at the World artificial intelligence (AI) Conference and High-Level Meeting on Global AI Governance.⁸ The plan includes 13 objectives intended for all global

¹ "General Purpose AI and the AI Act," Future of Life, <https://artificialintelligenceact.eu/wp-content/uploads/2022/05/General-Purpose-AI-and-the-AI-Act.pdf>.

² "What is Generative AI?," AWS, <https://aws.amazon.com/what-is/generative-ai/>.

³ "Human Development progress slows to a 35-year low according to UN Development Programme report," <https://www.undp.org/press-releases/human-development-progress-slows-35-year-low-according-un-development-programme-report>, last modified May 2025, https://hdr.undp.org/content/human-development-report-2025?_gl=1*zw9d4r*_ga*MjA3OTA5NDM0MC4xNzU1MjgyNjAz*_ga_3W7LPK0WP1*czE3NTUyODI2MDMkbzEkZzAkDE3NTUyODI2MDQkajU5JGwwJGgw

⁴ "Improving the Effectiveness of Aid," IMF, <https://www.imf.org/external/pubs/ft/fandd/2008/09/deutscher.htm>.

⁵ "What Is Foreign Aid? Forms of Aid, Statistics, and Examples," Investopedia, <https://www.investopedia.com/terms/f/foreign-aid.asp>.

⁶ "Winning the Race: AMERICA'S AI ACTION PLAN," White House, <https://www.whitehouse.gov/wp-content/uploads/2025/07/Americas-AI-Action-Plan.pdf>.

⁷ "Winning the Race," White House.

⁸ "Global AI Governance Action Plan," Ministry of Foreign Affairs People's Republic of China, https://www.mfa.gov.cn/eng/xw/zyxw/202507/t20250729_11679232.html.

parties, and frames the state of AI as an important new field that requires global cooperation and participation. Rather than prioritizing China's own dominance in the way that the US did for their Plan, this plan welcomes global cooperation and welcomes all parties to participate in innovation.⁹

Over the previous 5 years, both countries have unveiled strong and efficient AI systems, and public and policy discourse frequently compares the two innovators. Scholars have debated over whether this dynamic between the US and China should be characterized as an "arms race" or as an "innovation race" in an attempt to quell extreme and nationalistic sentiments upon this new technology, but both sides can agree that this dynamic does reveal a high amount of competition between the US and China.¹⁰

Both China and the US are huge players in the AI innovation world, and they are each other's largest competition. In developing countries, countries are forced to pick a side in hopes of gaining advantage in their own AI investment.¹¹ What unfolds is a scramble of popularity: China and the US are going full speed ahead to innovate and win over technological dominance and simultaneously win over strong allies, while the developing countries watch on and question which plan is truly better for their country's development in AI.

This paper seeks to fill this gap by asking: Beyond the geopolitical rhetoric, which AI strategy—that of the US or China—is truly more effective at assisting development in recipient countries, and what are the trade-offs for both donors and recipient countries?"

⁹ "Global AI Governance," Ministry of Foreign Affairs People's Republic of China.

¹⁰ Stefka Schmid, "Arms Race or Innovation Race? Geopolitical AI Development," Taylor & Francis Online, last modified January 2025, <https://www.tandfonline.com/doi/full/10.1080/14650045.2025.2456019>.

¹¹ "Commentary How will AI influence US-China relations in the next 5 years?," Brookings, <https://www.brookings.edu/articles/how-will-ai-influence-us-china-relations-in-the-next-5-years/>.

Lit Review

Current perspectives and ongoing debates

In May 2025, a team of ~50 researchers referred to data as the “new oil,” comparing the new generative AI industry to the multifaceted oil industry over the course of the 20th and 21st centuries.¹² The researchers expressed excitement surrounding AI’s power while also acknowledging the substantial costs that follow.¹³

As of the writing of this paper, AI and AI governance remain globally unexplored frontiers. In “Geopolitics and Economic Statecraft in the European Union” by the Carnegie Endowment for International Peace, eleven scholars agreed that technological regulation is a new form of geopolitics, where nations that seize the opportunity to regulate global AI procedures gain diplomatic influence and power.¹⁴ In this way, the new US and Chinese AI action plans are prominent attempts to fill the governance vacuum.

The US’s Plan explicitly aims to “Export American AI to Allies and Partners” by providing a variety of resources necessary to sustain AI (hardware and software) to countries choosing to join America’s AI alliance.¹⁵ This export program intends to prevent strategic competitors from making allies dependent on their technology while maintaining the US’s current technological dominance in tech market competition.¹⁶

After release of the new Plan, experts from the Center for Strategic and International Studies(CSIS) – a think tank based in the US – called attention to longstanding tension between US and Chinese tech companies, citing Chinese companies like Huawei and ZTE as “high risk” competition to US companies in foreign regions, especially Indo-Pacific countries.¹⁷ In doing so, the US experts revealed the urgency with which the US acts in foreign affairs in an unwavering desire to maintain technological dominance overseas.

The prowess of US innovation is undoubtedly powerful. Experts from CSIS explain that US innovation has led to many significant AI breakthroughs, boosting the US’s competitiveness in forming partnerships with developing countries.¹⁸

¹² “Generative AI for Autonomous Driving: Frontiers and Opportunities,” Arxiv, <https://arxiv.org/html/2505.08854v1>.

¹³ “Generative AI for Autonomous,” Arxiv.

¹⁴ “Geopolitics and Economic Statecraft in the European Union,” Carnegie Endowment for International Peace, <https://carnegieendowment.org/research/2024/11/geopolitics-and-economic-statecraft-in-the-european-union?lang=en>.

¹⁵ “Winning the Race,” White House.

¹⁶ “Winning the Race,” White House.

¹⁷ “Experts React: Unpacking the Trump Administration’s Plan to Win the AI Race,” CSIS, <https://www.csis.org/analysis/experts-react-unpacking-trump-administrations-plan-win-ai-race>.

¹⁸ “An Open Door: AI Innovation in the Global South amid Geostrategic Competition,” CSIS, <https://www.csis.org/analysis/open-door-ai-innovation-global-south-amid-geostrategic-competition#h2-ai-development-and-governance-on-the-global-stage>.

At the same time, developing countries have reasons to have their own apprehensions towards the new Plan. Experts from CSIS criticized the fact that the Plan could become digital colonialism. Digital colonialism refers to "The Use of AI exports to create dependencies, enabling donor countries to extract data or influence governance in recipient nations" and is an important factor to examine the viability of the US and China's plan for developing countries, and risks exaggerating existing inequalities and disparities between developed and developing nations.¹⁹ In this case, experts critique the plan for its lack of strategy to aid recipient countries in acquiring the resources they need from their own environments. In doing so, recipient countries are threatened with technological dependency, and are forced to rely on the US for tech exports and the risk of digital colonialism continues to grow. Their only alternative in this case would be to choose to instead partner in AI with the US's only other major competitor, China.

Instead of positioning their AI foreign aid as a gift to strengthen their own allies, China emphasizes partnerships and cooperation between nations for mutual benefit. Its statement at the World AI Conference put forth the "Global AI Governance Action Plan," which outlined AI as a tool for social and economic development. This plan outlines steps for AI Development Cooperation, such as establishing international partnerships with international bodies such as country governments, addressing energy needs, enhancing AI governance, and the construction of infrastructure.²⁰ Experts from the American think tank Atlantic Council identify this as a strategic move to enhance engagement with developing nations, especially with African countries.²¹

A closer look at the US's strategy

One scholar said that the US's new AI plan is the most effective for development in LMICs (Low- and middle-income countries (LMICs) because of the sheer amount of technological power that the US possesses. He explained that since the plan's priority to deregulate the technology will increase the influence of big companies in the current industry, the resulting effect is a less saturated market and a larger opportunity for foreign AI companies to gain influence.²²

At the same time, scholars Judy Wang and Nicol Turner Lee suggested that the differing plans to AI between the US and China will give China an edge in competition and, thus, over the US

¹⁹ Addressing digital colonialism: A path to equitable data governance," UNESCO Inclusive Policy Lab, <https://en.unesco.org/inclusivepolicylab/analytics/addressing-digital-colonialism-path-equitable-data-governance>.

²⁰ "Global AI Governance," Ministry of Foreign Affairs People's Republic of China.

²¹ "Reading between the lines of the dueling US and Chinese AI action plans," Atlantic Council, <https://www.atlanticcouncil.org/blogs/new-atlanticist/reading-between-the-lines-of-the-dueling-us-and-chinese-ai-action-plans/#:~:text=China's%20plan%20portrays%20AI%20as,and%20the%20broader%20Global%20Majority>.

²² "What to make of the Trump administration's AI Action Plan," Brookings, <https://www.brookings.edu/articles/what-to-make-of-the-trump-administrations-ai-action-plan/>.

They warn that the US's isolating plan to exclude others will strengthen China's development in influence, since non-allies of the US are forced to choose China as the alternative aid provider.²³

Researchers examined the US's development outcomes for recipient countries, and they have found that US aid projects prioritize recipient needs. CSIS scholars particularly emphasize the importance of empowering US partners in developing their own AI tech.²⁴

A closer look at China's strategy

China's tech foreign aid has historically served their own geopolitical/economic goals rather than focusing on the recipient country's needs. Since 2015, the Chinese government has been investing into their Digital Silk Road initiative, which is a plan for exporting Chinese technology to worldwide businesses and creating technological dependency, thereby boosting China's influence.²⁵

Gaps in current existing literature

Although previous scholars provided ample context for the China-US AI competition, there is still more room to explore what these AI plans truly mean for development itself. The literature has not critically examined what recipient countries stand to gain and lose, nor what donor countries stand to gain and lose. There exists a false equivalence in "development" metrics, and we have yet to establish the relationship between the investor and the recipient actors. More specifically, the literature neglects to assess the difference between what recipient countries stand to gain from aid versus what the donor countries gain from aid.

A key question is whether AI will help developing nations "leapfrog" stages of development or create new, insurmountable "digital divides."²⁶

While this existing literature effectively outlines the high geopolitical stakes on the topic of the US-China AI competition, few have focused on examining development itself. Furthermore, studies typically focus on either donor countries or recipient countries, whereas this paper will compare the plans' effects on both. This paper intends to contribute a critical analysis that few studies have systematically assessed in the past.

To create suggestions for this debate, this paper investigates whether US and Chinese AI aid programs are forms of technological empowerment for recipient countries or are disguised methods of digital colonialism.

²³ "US and Chinese AI Strategies – Competing Global Approaches," China US Focus, <https://www.chinausfocus.com/finance-economy/us-and-chinese-ai-strategies-competing-global-approaches>.

²⁴ "An Open," CSIS.

²⁵ "China's Digital Silk Road and Africa's Technological Future," Council of Foreign Relations, <https://www.cfr.org/blog/chinas-digital-silk-road-and-africas-technological-future>.

²⁶ "Tipping the scales: AI's dual impact on developing nations," World Bank Blogs, <https://blogs.worldbank.org/en/digital-development/tipping-the-scales--ai-s-dual-impact-on-developing-nations#:~:text=Despite%20the%20benefits%2C%20the%20AI,on%20this%20in%20more%20detail>.

Methodology

As previously mentioned in the literature review, scholars currently debate whether or not AI aid will effectively assist development in developing countries or ultimately serve as a tool for donor countries to win over technological dominance. This paper tackles this question head on.

With the intention of examining the ways in which the US and China AI plans affect development, this paper will assess two perspectives.

The first perspective is that of the recipient countries of AI aid from the US or China, particularly the aid from large tech conglomerates in the private sector. Microsoft and Huawei are two large tech companies that respectively dominate the United States and Chinese tech markets. This assessment will highlight which country provides better AI aid, thereby determining which plan does more for development. This paper uses the OECD-DAC's criteria to measure foreign aid effectiveness, the criteria being six different topics: Relevance, Coherence, Effectiveness, Efficiency, Impact, Sustainability.²⁷ This paper will examine the AI plans' solutions how they adhere to coherence, impact, and sustainability.

The OECD-DAC assesses Coherence by answering the question "How well does the intervention fit?"²⁸

To apply this question in an AI context, this paper will interpret this question as a combination of two smaller questions:

- How well does the AI intervention fit with other development and policies?
- How does the AI intervention compliment or obstruct preexisting local development projects and policies?

To assess Impact, the OECD-DAC asks "what difference does the intervention make?"²⁹

This paper will analyze research reports to observe the benefits and consequences of receiving AI aid from the US and China respectively.

The OECD-DAC defines the criteria of Sustainability as the question "will the benefits last?"³⁰

The paper interprets this question as the combination of three questions:

- What's the likelihood that the benefits of the aid endure beyond the intervention period?
- Who owns the aid? Is it bound to the donor countries' bodies or owned locally?
- How capable are local institutions of maintaining and further develop the AI solutions?

By evaluating the two plans against the OECD-DAC criteria, the paper assesses which plan will likely foster more genuine and sustainable development, and which plan might create a new form of digital colonialism. This approach aims to contribute relevant findings to stakeholders in the Global South and in the US and China from each strategic standpoint.

²⁷ "Evaluation Criteria," OECD, <https://www.oecd.org/en/topics/sub-issues/development-co-operation-evaluation-and-effectiveness/evaluation-criteria.html>.

²⁸ "Evaluation Criteria," OECD.

²⁹ "Evaluation Criteria," OECD.

³⁰ "Winning the Race," White House.

In terms of deregulation, this paper assumes that the less regulated the corporations are, the more of their action impacts we will see.

The second perspective is of donor countries and what they receive after sending AI aid to recipient countries. The paper will also compare the AI plans to donor countries' past and ongoing initiatives to assess whether or not the plans match the donor country's stated intentions.

Finally, the study will arrive at the conclusion of what the AI plans do for development in both the recipient countries and the donor countries.

Data and Analysis

I. The US's aid effectiveness on recipient countries

The US's aid donation to its recipient countries is led by US private companies, and the companies effectively fulfill the effective aid criteria by the OECD-DAC.

Microsoft is the largest investor in foreign AI investments, and this paper will mainly examine its overseas AI investments.³¹

Coherence

In Kenya, Microsoft built a data center in the Olkaria region, rich with geothermal resources. The data center collaborates with the state-owned Kenyan energy provider, Kenya Electricity Generating company to operate this data center. This move takes advantage of the natural resources in the region and cooperates with the preexisting local businesses, fulfilling the coherence objective in their AI foreign aid.³²

Impact

Across India, Microsoft has been implementing its ADVANTA(I)GE India program, which will train 10 million Indian people in the field of AI tech by 2030. As of January 2025, the company has trained 2.4 million people and is two years ahead of the original plan's projected progress.³³

Sustainability

Microsoft also includes four pillars that fulfill the sustainability criteria. The plan includes establishing AI model development and research in local languages, creating the East Africa Innovation Lab, investing in international and local connectivity, through collaboration with the Kenyan government, and supporting safe and secure cloud services across East Africa.³⁴ By establishing technology on local land and strengthening the ownership on local land, the plan increases the likelihood that the benefits of the aid will endure beyond the intervention period. Institutions such as the Innovation Lab and the strengthening of cloud services enhance the capability of local bodies to maintain and develop their AI tech.

II. The US's aid effectiveness on US influence

The US plan puts great emphasis on aligning foreign countries with the US and keeping them close as partners and devotes itself to preventing Chinese influence from weakening US

³¹"How AI drives Microsoft's foreign policy," Tortoise, <https://www.tortoisemedia.com/2024/09/20/how-ai-drives-Microsofts-foreign-policy>.

³² "Microsoft and G42 to build geothermal-powered data center in Kenya," DCD, <https://www.datacenterdynamics.com/en/news/Microsoft-and-g42-to-build-geothermal-powered-data-center-in-kenya/>.

³³ "Why Microsoft has Pledged \$3bn to Boost India's AI Sector," AI Magazine, <https://aimagazine.com/articles/why-Microsofts-investing-3bn-in-indias-ai-cloud-sector>.

³⁴ Microsoft and G42 announce \$1 billion comprehensive digital ecosystem initiative for Kenya," Microsoft, <https://news.Microsoft.com/source/2024/05/22/Microsoft-and-g42-announce-1-billion-comprehensive-digital-ecosystem-initiative-for-kenya/>.

influence.³⁵ Since the strategy aims to provide an alternative to the Chinese model and to Beijing's strategic influence, the plan's goal is to create a system of nations economically and technologically integrated with the West, ideally politically aligned with the US

Through the plan, the US sets rules and systems in place to establish its technologies and norms as the global standard, thereby cementing their own dominance.

Because countries adopt US AI tools, they simultaneously integrate US-backed data governance practices into their own industries. In doing so, the US and the recipient country embed US companies at the core of the recipient country's digital economy.

The US action plan is explicitly for "allies and partners," aiming to create an in-group benefit. Following its plan, the US promises to recipient countries that the US will grant them access to superior technology and investment.³⁶ In a similar past strategy to this plan, the US-EU Trade and Technology Council (TTC) successfully strengthened relations between the EU and the US. In a joint statement from 2021, the EU and the US heavily emphasized the importance of collaboration with "like-minded partners," especially while considering artificial intelligence and 6G innovation.³⁷ In doing so, the statement suggests that US AI strategy is developmentally effective for boosting relations with current US partners.

Additionally, the US plan may prove advantageous for developing countries with closely aligned goals to the US. Having built the large data center in Kenya, Microsoft – rather than just having provided a service – enhanced Kenya's influence by creating a regional hub for US cloud computing. Microsoft set up partnerships so that, eventually, neighboring countries might route their data through Kenya. Through this method, Microsoft consolidated US tech influence in the entire region.³⁸

Although established partners with the US like the EU, or countries like Kenya have accepted US invitations with relatively little resistance, a counterexample in Brazil suggests that the US strategy may impose an unfair ultimatum on potential allies and could turn away eventual partners.

In 2020, the US had openly threatened Brazil with consequences if the government promoted Huawei nationally. Although Brazil did eventually implement light restrictions, the threatening tactic from the US created widespread diplomatic friction and resentment.³⁹ This incident serves as evidence that the forceful attempt to isolate allies from competitors results in eventual diplomatic tension, which may damage US foreign policy.

³⁵"Winning the Race," White House.

³⁶ "Winning the Race," White House.

³⁷ "U.S-EU Joint Statement of the Trade and Technology Council," The USTR Archives, <https://ustr.gov/about-us/policy-offices/press-office/press-releases/2024/april/us-eu-joint-statement-trade-and-technology-council>.

³⁸ "Why Did Microsoft Invest \$1 Billion in Kenya's AI Education?," Medium, <https://medium.com/@techbeyondvalley/why-did-microsoft-invest-1-billion-in-kenyas-ai-education-e43282680344>.

³⁹ "Brazil will not ban Huawei from 5G," Total Telecom, <https://totaltele.com/brazil-will-not-ban-huawei-from-5g/#:~:text=Regulator%20Anatel%20has%20approved%20the,would%20agree%20to%20ban%20Huawei>.

III. China's aid effectiveness on recipient countries

Coherence

A study found that Chinese foreign aid increased overall carbon emission levels when applied onto recipient countries as carbon emission levels rose proportionally in recipient countries following increase in Chinese foreign aid.⁴⁰ With recipient countries' attempts to become carbon neutral, Chinese foreign aid does not fulfill the coherence criteria.

Impact

A study by the International Monetary Fund(IMF) found that Chinese foreign aid in recipient countries causes a negative effect on governance. Survey respondents reported higher rates of perceived corruption across Africa and the Caribbean, with the reasoning that documents reporting ineffective aid outcomes tend to remain unsubmitted for publication or outright rejected.⁴¹ On the other hand, the paper's analysis also reported positive impacts on economic and social issues after the application of Chinese aid.⁴² Therefore, the impact of Chinese foreign aid partially fulfills the OECD-DAC Criteria for Impact.

Sustainability

In February 2025, a journal in Pakistan reported increasing reliance by Pakistan on Huawei's technology imports, such as hardware for 5G and for AI, but the technology is not Chinese-owned and may potentially relinquish Pakistan's control over their own technology sector.⁴³ This intervention by Huawei does not fit with Pakistan's objective to become technologically independent, per its National AI Policy from July 2025 aiming to "develop a complete AI ecosystem in the country."⁴⁴ Given that Huawei's implementation and the recipient country Pakistan's objectives contradict each other, China's aid will not sufficiently fulfill the Coherence criteria. Pakistan is bound to China, the donor country, and the technology is not owned locally. Which is also a reason why local institutions likely cannot maintain nor further develop the AI solutions.

⁴⁰ Haijun Wang et al., "The Effect of Foreign Aid on Carbon Emissions in Recipient Countries: Evidence from China," *Technological Forecasting and Social Change* 200 (March 2024): [Page #], <https://doi.org/10.1016/j.techfore.2023.123104>.

⁴¹ "Has Chinese Aid Benefited Recipient Countries? Evidence from a Meta-Regression Analysis," IMF, <https://www.imf.org/en/Publications/WP/Issues/2022/02/25/Has-Chinese-Aid-Benefited-Recipient-Countries-Evidence-from-a-Meta-Regression-Analysis-513160>.

⁴² Pierre Mandon, "Has Chinese Aid Benefited Recipient Countries? Evidence from a Meta-Regression Analysis," IMF, <https://www.imf.org/en/Publications/WP/Issues/2022/02/25/Has-Chinese-Aid-Benefited-Recipient-Countries-Evidence-from-a-Meta-Regression-Analysis-513160>.

⁴³ Review of Education, Administration & Law, <https://doi.org/10.47067/real.v8i1.404>.

⁴⁴ "Pakistan approves 1st national AI policy, moves to create 'complete AI ecosystem,'" AA, <https://www.aa.com.tr/en/asia-pacific/pakistan-approves-1st-national-ai-policy-moves-to-create-complete-ai-ecosystem/3646619#:~:text=KARACHI%2C%20Pakistan,the%20country's%20tax%20collection%20system>.

IV. China's aid effects on Chinese international influence

In its plan, China aims to create a diverse international network to partner with as many countries as possible, and they emphasize open-source cooperation.⁴⁵ The plan does not mention any exclusionary policies, making this plan a lot less strict and restrictive compared to the US's plan.⁴⁶

Given that Laos has zero local AI Startups yet has begun accepting aid from China, this suggests that China prioritizes their own self-interest over recipient development. China anchors its foreign policy based on "mutual benefit," so the return that Laos provides, if not in tech growth, must be a diplomatic alliance.⁴⁷

Analysis

The US's AI plan is effective for development for recipient countries, since US foreign AI aid from the private sector like Microsoft fulfills the OECD-DAC's Coherence, Impact, and Sustainability criteria.

For itself, the US AI Action Plan partially aligns with its objective to maintain technological dominance. The benefit for the US is achievable, with the plan mimicking previously successful strategies to strengthen alliances with existing partners and to solidify market dominance for its companies. However, the exclusionary and alliance-based strategy may limit its influence in countries hesitant or unwilling to choose a side. The donor country does not develop its influence as much since it puts great emphasis on political alignment as a factor in whether or not a potential country gets to receive aid or become a partner.

China's Global AI Governance Action Plan emphasizes "open-source cooperation" and "global participation," but as seen in the case of Laos (a country which has no local AI startups but has accepted Chinese tech aid), the received development for Laos is minimal in the short term. At the same time, China gains a crucial diplomatic partner in ASEAN and another follower for its technological standards. This less restrictive strategy allows China to expand its global influence by strength in numbers, even if the depth of developmental impact in each country is questionable.

Following Chinese aid, although recipient countries have autonomy to approve or deny proposed projects in their countries and take on the loans of their choosing, countries unable to repay accumulated debt to China risk making themselves clients to China.⁴⁸ This phenomenon greatly boosts Chinese international influence by securing partnerships and dependencies on their aid.

⁴⁵"Global AI Governance," Ministry of Foreign Affairs People's Republic of China.

⁴⁶ "Global AI Governance," Ministry of Foreign Affairs People's Republic of China.

⁴⁷ "Computing - Laos," Statista,

<https://www.statista.com/outlook/cmo/consumer-electronics/computing/laos>.

⁴⁸"China's Belt and Road: Implications for the United States," Council on Foreign Relations, <https://www.cfr.org/task-force-report/chinas-belt-and-road-implications-for-the-united-states/findings>.

China also secures Chinese company market dominance, particularly evident in the case when Huawei signed over 3000 contracts with global carriers in majority BRI countries for 5G equipment.⁴⁹

Of course, this paper must recognize that recipient countries often agree to these deals for alignment with their own objectives. Often, developing countries are underserved by Western companies, and they turn to Chinese tech as an affordable and fast way to modernize their infrastructure.⁵⁰

China's AI foreign aid plan is moderately effective for development in recipient countries, as Chinese foreign aid did not fulfill the Coherence and Impact criteria like the US does. On the other hand, China's Plan aligns with its historical objective to partner with as many partners as possible with few political restraints and expand its influence through numbers.

⁴⁹Huawei 2021 Annual Report, 3,
https://www-file.huawei.com/minisite/media/annual_report/annual_report_2021_en.pdf.

⁵⁰ "Africa needs China for its digital development – but at what price?," The Conversation,
<https://theconversation.com/africa-needs-china-for-its-digital-development-but-at-what-price-222905>.

Conclusion

Through analyzing and comparing the US and China aid plans, this paper reveals that neither plan purely aims to technologically enhance recipient countries' AI strength. Instead, both plans adhere to the respective donor countries' vision for their foreign diplomacy: China aims to build an expansive global network of allies, rather the US aims to isolate technological dominance to itself and its existing allies. The paper finds evidence that both plans achieve opposite effects to their stated objective, that the US plan greatly benefits recipient countries, whereas the Chinese plan greatly benefits the donor country.

The benefits of US aid by Microsoft guarantee an optimistic future for local enterprises in recipient countries, making the new AI plan a brilliant tool to enhance recipient countries' development. However, the Plan's exclusionary policy may obstruct the US's future international influence, and gradually shrink its presence in the world.

The US plan demonstrates a stronger adherence to the OECD-DAC principles for effective development aid. It focuses on building local capacity –through training programs and partnerships with indigenous bodies – prioritizes sustainable development and technological self-sufficiency in recipient countries. Recipient countries benefit from a renewed and robust, digital economy guided by Western standards established by US tech giant corporations. However, the US strategy here falls short in foreign diplomatic strategy. By explicitly favoring allies and partners, the US strategy risks losing influence across the "Global South," possibly losing potential partners through divisive political differences.

Conversely, China's new AI plan prioritizes diplomatic expansion above sustainable local development. The AI plan's inability to fulfill some aspects of the OECD-DAC criteria make it less competitive than the US while being assessed for aid effectiveness, suggesting that recipient countries will likely see less development progress following China's AI plan compared to that of the US. Although China offers modern technology with less political strings attached, the approach carries a high risk of creating technological and financial dependency for developing countries on China. Examples like Pakistan demonstrate poor coherence with local governance and environmental goals. The true beneficiary of China's plan is China itself, gaining diplomatic influence and acquiring partners through debt and dependency.

Recipient countries must therefore consider the advantage of allying with the US private sector for aid. Aligning with the US offers a path toward more effective and more sustainable, local AI aid but comes at the price of potentially rewiring the recipient country's ideological pursuits to fit the mold for the US's political preferences. Partnering with China provides immediate, yet superficial aid but may risk recipient countries' technological independence in the long term.

As the current leading AI superpower, the US should carefully consider the new plan. The new plan will strengthen its partnerships with its allies, but should the US really remain content with establishing a group of technologically advanced countries with itself at its center and risk losing excluded allies to China? Or, should it consider China's AI plan strategy to enhance its strength in numbers in the international diplomatic sphere?

The future of global AI governance will be determined by how this great power competition evolves, and recipient and donor countries alike must assess their values and their alignment with the plans they choose to follow.

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