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## Spain's informal China policy: a coherent and Europeanist approach

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### Theme<sup>1</sup>

This analysis looks at the evolution of Spain's informal China policy, the main factors determining it and its currently Europeanist, balanced, pragmatic and cautious approach. It also examines its political basis and interinstitutional coordination and explores how it might be reflected in key bilateral and international issues in 2023.

### Summary

Spain's China policy is similar to the EU's due to the evolution of its bilateral economic relations and to endogenous Chinese developments. This policy is also influenced by [Spain's EU and NATO membership](#), leading to the securitisation of China's engagement in Spain's strategic sectors. Although the Spanish authorities have not issued an official China strategy, they fully endorse the recent EU stance, and there seem to be no significant inconsistencies on how different relevant Spanish stakeholders deal with China. Spain's China policy benefits from a broad consensus among the main national political parties. It extends to the business sector, which also has a significant influence on Spain's China policy. Smaller political parties show divergences, as do certain civil-society groups that are more critical of China's regime but whose role remains marginal. In 2023 the 50<sup>th</sup> anniversary of bilateral relations and [Spain's Presidency of the EU](#) offer opportunities to move forwards on some of the issues on the bilateral agenda, tackling norms and global security.

### Analysis

In convergence with the EU and its main European partners, Spain's China policy has evolved over the past few years owing to China's development and increasing global footprint. This analysis offers an overview of Spain's approach, its links with EU policy, and its institutional and organisational basis. It concludes by outlining some of the issues likely to be pushed forward on the bilateral agenda in 2023.

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<sup>1</sup> This analysis is an adaptation of the text originally published as a chapter of the ETNC's report 'From a China strategy to no strategy at all – Exploring the diversity of European approaches', <https://www.realinstitutoelcano.org/en/monographs/from-a-china-strategy-to-no-strategy-at-all-exploring-the-diversity-of-european-approaches/>.

## Spain's sophisticated Europeanist approach

Spain shares the EU's threefold vision of China as partner, competitor and rival, and advocates a greater role for its institutions and greater coordination and collective action among its member states to achieve a more balanced relation and overcome a clear bilateral asymmetry in favour of China. From a Spanish perspective, China is an attractive and key economic partner as well as a necessary stakeholder to cope with crucial issues on the global agenda such as climate change and security.<sup>2</sup> At the same time, a glaring normative and geostrategic divide interferes in the bilateral relationship and generates competition in several fields as well as rivalry on global standards, values and institutions. For Spain, these divergences make it important to reduce Spanish and European dependence on China in strategic sectors.<sup>3</sup> In a strict sense, China poses no direct military threat for Spain. Existing concerns focus on hybrid- and cyber-threats originating from within China's borders, although the risks for Asian and global maritime security linked to the South China Sea and [Taiwan Strait](#) cannot be overlooked.<sup>4</sup>

Spain's China policy reflects these complexities and is based on a nuanced understanding of China, which allows it to cooperate, compete and confront China depending on the situation. This pragmatic approach, which avoids systematically jeopardising the bilateral relationship on ideological grounds, neither eludes normative divergences nor prevents Spain from defending its normative preferences. The Spanish authorities are not naïve: they are not blind to China's revisionist behaviour or its willingness to reshape the international order. Coincidentally, they are becoming cautious in general not to engage with China in ways that might foster its capacities to achieve these goals, [which run contrary to Spanish values and interests](#). Several factors have contributed to such an approach. First and foremost, the evolution of bilateral trade, making China Spain's third extra-European export market and first import supplier, and the simultaneous increasing role of economic diplomacy within Spain's external policy;<sup>5</sup> then, China's internal changes, namely its socioeconomic development, systemic violations of human rights and shift from a low profile to an assertive foreign policy. These dynamics have progressively raised strategic concerns of overdependence on China

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<sup>2</sup> M.A. Ruiz Coll & Alberto D. Prieto (2022), 'Sánchez se reúne con Xi Jinping el martes: le pedirá que medie ante Putin para lograr la paz en Ucrania', *El Español*, 14/XI/2022, [https://www.elespanol.com/espana/20221114/Sánchez-reunira-presidente-china-martes-g-20-bali/718428338\\_0.html](https://www.elespanol.com/espana/20221114/Sánchez-reunira-presidente-china-martes-g-20-bali/718428338_0.html).

<sup>3</sup> Spanish dependence is considered under the European framework, although some issues, such as pharmaceutical products and chips, have raised perceptions of a direct national dependence. Mario Esteban & Ugo Armanini (2022), 'Spain: a recent, crisis-led public debate on dependence on China', in John Seaman, Francesca Ghiretti, Lucas Erlbacher, Xiaoxue Martin & Miguel Otero-Iglesias, *Dependence in Europe's Relations with China: Weighing Perceptions and Reality*, p. 151-153. There is no consolidated public Spanish taxonomy of strategic sectors but official documents point to those related to the digital and green transition or with national security or significant geopolitical implications. Among others, see Government of Spain, Ministry of Science, Innovation and Universities (2019), *Estrategia española de I+D+I en inteligencia artificial*; Government of Spain, 2021, *National Security Strategy*; Government of Spain (2022), *Real Decreto-ley 7/2022, de 29 de marzo, sobre requisitos para garantizar la seguridad de las redes y servicios de comunicaciones electrónicas de quinta generación*.

<sup>4</sup> Spain, Presidency the Government (2021), *National Security Strategy 2021*, p. 48, <https://www.dsn.gob.es/es/documento/estrategia-seguridad-nacional-2021>.

<sup>5</sup> Fernando Cano (2022), 'España da un giro comercial y convierte a China en su primer proveedor, superando a Alemania', *The Objective*, 16/XII/2022, <https://theobjective.com/economia/2022-12-16/espana-china-alemania/>.

among Spanish stakeholders, which are also framed by its EU and NATO membership and the influence of its partners within these organisations. Although the EU level is an overriding factor, US influence is also instrumental, as it is a crucial partner and component of Spain's defence policy, and through the [deteriorating US-Chinese strategic rivalry](#). These different elements have contributed to the progressive securitisation of Spain's relationship with China, exemplified by the former's stark change of perception and posture towards the latter's inward investments, from a proactive policy aimed at attracting a maximum volume of Chinese investments to the establishment of *ex ante* investment screening mechanisms. This hardening of position is linked with concerns related to China's dominant position and unfair competition in strategic sectors, such as solar energy, or its entry in key sectors like energy and transport, with the noticeable example of COSCO's acquisition of NOATUM port assets in 2017.<sup>6</sup> As a result, China's investment objectives have been curbed, and Spain has moderated its attractiveness policy. This has impacted [China's role as provider of high technology](#), as exemplified by the debate on China's involvement in Spain's 5G networks and the enacted or planned exclusion of Huawei's 5G equipment from parts of the Spanish telco networks, because of the perceived strategic risks, even though this will lead to lesser competitiveness for many Spanish firms. As detailed in the Spanish 5G Cybersecurity Law, these risks revolve around potential foreign interference and supply chain vulnerabilities.<sup>7</sup> Under this legislation, Chinese firms can be labelled 'high risk providers', which would exclude them from critical parts of the networks or those linked with national security or strategic sectors, although its implementation is being delayed at the governmental level.<sup>8</sup>

Historically, with the exception of a sectoral plan issued by the Secretary of State for Trade in 2018, the Spanish authorities have never had a specific China strategy, but it has become a key focus for successive Asia and external action strategies.<sup>9</sup> Spain's current approach is no different. No specific strategy has been issued but China is a key element in the Asia-Pacific outlook of the 2021 External Action Strategy.<sup>10</sup> In any case, Spanish officials openly endorse the [EU's China Strategy as the guideline for Spain](#) and the internal debate revolves around how to implement it at the national level, and how Spain can contribute to its development at the European one. This ambition is substantiated by Spain's active role in the EU's policy towards China. Spain is less directly dependent on China than other member states, which facilitates its well-perceived balanced posture within the EU. At the European level, Spain focuses on

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<sup>6</sup> Including container terminals in Bilbao and Valencia, and dry docks in Madrid and Zaragoza. Víctor Romero (2017), 'Cosco convierte a Valencia en acceso clave de China a Europa con la compra de Noatum', *El Confidencial*, 12/VI/2023, [https://www.elconfidencial.com/espana/comunidad-valenciana/2017-06-12/jp-morgan-venta-noatum-cosco-valencia-acceso-clave-europa\\_1398147/](https://www.elconfidencial.com/espana/comunidad-valenciana/2017-06-12/jp-morgan-venta-noatum-cosco-valencia-acceso-clave-europa_1398147/),

<sup>7</sup> Government of Spain (2022), *Real Decreto-ley 7/2022, de 29 de marzo, sobre requisitos para garantizar la seguridad de las redes y servicios de comunicaciones electrónicas de quinta generación*.

<sup>8</sup> Michael McLoughlin (2022), 'El 5G chino sigue ganando terreno en las redes: por qué España no sabe qué hará con él', *El Confidencial*, 21/XII/2022; Carlos R. Cózar (2022), 'La indecisión de Moncloa en el veto a Huawei pone en peligro las inversiones de Vodafone, Orange y Telefónica', *El Independiente*, 22/XII/2022; Spain, Presidency of the government (2022), 'El Congreso convalida por amplia mayoría la Ley de Ciberseguridad 5G', 28/IV/2022.

<sup>9</sup> Spain, Secretary of State for Trade (2018), *Plan PASE CHINA*.

<sup>10</sup> Spain, Government of Spain (2021), *2021-2024 Foreign Action Strategy*, p. 94-96.

issues linked with China's attack on the international rules-based order and lack of economic reciprocity, level playing field and mutual market access. Spanish actors note that China remains a very closed market through tariff and non-tariff barriers that lower export opportunities. They also perceive the gap between China's signals of openness and practical business opportunities, as exemplified by its services market, of great interest to Spanish economic actors, which remains closed in practice despite China's official narrative.

### The actors: a consensual policy

Spain's China policy is mainly developed by the Ministry of Foreign Affairs, in charge of its coherence both in Spain's foreign policy and the external action of the government, and by the Presidency of the government, which plays a leading role in external policy.

At the national level, Spain's policy towards China benefits from a solid consensus among political parties with the capacity to lead a government, namely the Spanish Socialist Workers' Party (PSOE) and the Popular Party (PP). This has prevented shifts under different political leaderships and, at least so far, Spain's China policy remains beyond partisan debates. Nevertheless, three divergent political postures are to be found among other parties. Leftist ones appear more reluctant to coordinate with the US on China policy, due to their lack of trust towards the former. The [far-right party VOX](#) is openly hostile towards the CCP regime, at times reproducing US alt-right arguments and having an accusatory attitude regarding the outbreak of [COVID-19 in China](#) or on the country's violations of human rights.<sup>11</sup> Finally, regionalist parties have a political proximity to democratic and autonomist movements in Hong Kong and Taiwan, exemplified by the non-legislative motion on the Taiwan Strait introduced by the Basque Nationalist Party (PNV).<sup>12</sup> This scenario is reflected to varying extents in parliamentary debates, from the issue of Taiwan to China's involvement in 5G networks and the management of the pandemic.<sup>13</sup>

At the national and regional level, business actors and associations play a significant role because the bilateral relationship remains mainly centred on the economy and they are key players to reach the Chinese market and deliver economic cooperation opportunities. This is also evidenced by the nomination of diplomats with close links to the business sector as ambassadors to China, especially under governments of the PP. The business sector's focus on economic opportunities does not impede concerns of

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<sup>11</sup> VOX (2022), 'Question to the government 184/088881', [Congress of Deputies](#), 6/VI/2022; VOX (2020), 'Question to the government 184/021047', [Congress of Deputies](#), 26/VIII/2020; VOX (2020), 'Question to the government 184/021046', [Congress of Deputies](#), 26/VIII/2020; Juan Fernández-Miranda (2020), 'Abascal: "No me atrevo a negar que el virus haya sido creado"', *ABC*, 20/XII/2020.; *Europa Press* (2021), 'Vox pide al Gobierno acciones diplomáticas para que China acceda a una investigación sobre el origen del Covid', 4/VIII/2021; Santiago Abascal (2022), *Twitter*, 18/I/2022.

<sup>12</sup> Taiwan, Taipei Economic and Cultural Office in Spain (2021), 'La visita del Embajador Liu a El País Vasco promueve los intercambios comerciales, industriales y tecnológicos entre Taiwán y El País Vasco', 22/VII/2021.

<sup>13</sup> Spain, Boletín Oficial del Estado (2023), *Diario de sesiones del Congreso de los Diputados*, nr 238, 23/I/2023.

overdependence and a willingness to reduce exposure to risks related to China.<sup>14</sup> In contrast, civil society's level of mobilisation on China remains low and of little political influence, with only a few examples such as support for democracy and autonomy movements in Hong Kong by those in favour of regional nationalism.<sup>15</sup>

### The capacity: a coordinated approach

The lack of an official strategy and of only limited personnel with a specific knowledge of China –which is progressively being reverted– has not prevented Spain's China policy from being quite coherent. At the governmental level, coherence is achieved through inter-ministerial coordination mechanisms, including an inter-ministerial committee that covers China-related issues and manages different sensitivities towards the country within the State administration. Roughly, the Ministries of Foreign Affairs and Defence are more concerned by the strategic and geopolitical implications of China's rise, while the Ministry of Economy and the Ministry of Industry, Trade and Tourism have a more business-oriented vision, and usually a greater influence within the government. Overall coherence is also facilitated by the existing consensus between the two main Spanish political parties. The involvement of actors from other administrative levels, or key non-political actors, such as industry associations, is uncommon, except in the event of serious risks for national security, that prompt monitoring by the intelligence services. In any case, Spanish firms conduct their activities within a legal framework and there are mechanisms in place to ensure they are not directed against national security.

Still, the lack of an official strategy results in lost opportunities, as it lowers the overall capacity to exploit synergies between different sectors of the administration. For the moment, each of them has a sectoral approach to China and tries to implement it without entering into conflict with other institutions, preserving national interests and following the general guidelines of Spain's Foreign policy.

### The future: dealing with international stability and normative challenges

In 2023 two diplomatic highlights –the 50<sup>th</sup> anniversary of bilateral relations and the Spanish presidency of the Council of the EU– can foster high-level exchanges between Spanish and Chinese stakeholders, place the spotlight on China as regards public opinion and allow the Spanish authorities to advance a couple of relevant issues for Spain, as exemplified by Spanish Prime Minister Pedro Sánchez's official visit to China at the end of March 2023.

Spanish diplomacy expects China to play an active role in facilitating a peace agreement between Russia and Ukraine as already emphasised during the meeting between Pedro Sánchez and Xi Jinping on the margins of the Bali G20 Summit in November 2022.<sup>16</sup>

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<sup>14</sup> Even from sectors that have greatly benefited from exports to the Chinese market. See Esteban & Armanini (2022), *op. cit.*, p. 156.

<sup>15</sup> *La Vanguardia* (2019), 'Cantan en Barcelona el himno de protestas de Hong Kong para pedir democracia', 24/X/2019, <https://www.lavanguardia.com/politica/20191024/471170782748/cantan-en-barcelona-el-himno-de-protestas-de-hong-kong-para-pedir-democracia.html>.

<sup>16</sup> Spain, Presidency of the government (2022), 'The President of the Government of Spain meets with the (cont.)

These expectations were dampened following the proclamation of the Chinese 'peace plan', which was coldly received by Spanish officials, but high level bilateral exchanges on the topic were reiterated at the latest G20 Foreign Ministers' Meeting in India in March 2023.<sup>17</sup> Later that same month, Pedro Sánchez subsequently visited China and asked President Xi to call President Zelensky, which Xi eventually did on 26 April. Sánchez also emphasised the [points of consensus of the Chinese plan](#), making evident his perception of China as an important actor with diplomatic weight to favour a conflict resolution process and the significance the Ukrainian factor has assumed in Spain's Europeanist approach towards China.<sup>18</sup>

In addition, the promotion of bilateral and EU-China relations during the visit translates into a posture fundamentally compatible with that of the EU institutions, opposing decoupling and preserving a space for positive cooperation on key global issues but calling for balanced trade relations, with a level-playing field, transparency and reciprocal market access, to guarantee open strategic autonomy from the EU.<sup>19</sup>

Finally, the Taiwanese presidential elections and foreseeable pressure from the Chinese authorities might also garner national attention. Traditionally, China resorts to a show of force in an attempt to influence Taiwanese voters, although this has proved counterproductive. In Spain, this may find a particular resonance following the approval of the non-legislative motion on the Taiwan Strait by the Committee of Foreign Affairs of the Congress of Deputies on 6 October 2022, which has generated opposing reactions from Taiwanese and Chinese diplomacy. China's Embassy in Madrid has shown strong opposition and discontent and played down the political weight of the initiative while Taiwanese diplomats praised the 'explicit support' and took the opportunity to reaffirm Taiwan's sovereignty, independence and democratic nature, and to finger-point China's military activities, drawing parallels with the war against Ukraine.<sup>20</sup>

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President of China', 15/XI/2022, [https://www.lamoncloa.gob.es/lang/en/presidente/news/Paginas/2022/20221115\\_Sánchez-jinping.aspx](https://www.lamoncloa.gob.es/lang/en/presidente/news/Paginas/2022/20221115_Sánchez-jinping.aspx).

<sup>17</sup> EFE (2023), 'Albares sobre el plan de China: "No necesitamos ningún plan", sólo la retirada rusa', 24/II/2023, [https://www.swissinfo.ch/spa/ucrania-guerra\\_albares-sobre-plan-de-china---no-necesitamos-ning%C3%BAAn-plan---solo-retirada-rusa/48314504](https://www.swissinfo.ch/spa/ucrania-guerra_albares-sobre-plan-de-china---no-necesitamos-ning%C3%BAAn-plan---solo-retirada-rusa/48314504).

<sup>18</sup> Marta Belver (2023), 'Sánchez estrecha lazos con Xi pero sin avances concretos sobre Ucrania', *El Mundo*, 1/IV/2023, <https://www.elmundo.es/espana/2023/03/31/64269c45e4d4d823768b4580.html>.

<sup>19</sup> Mario Esteban (2023), 'Tres claves del viaje de Pedro Sánchez a China', Elcano Royal Institute, 3/IV/2023; Spain, Presidency the Government (2023), 'Pedro Sánchez: "He trasladado a Xi Jinping que España apoya la Fórmula para la Paz de Zelenski y le he animado a mantener una conversación con el presidente de Ucrania"', 31/III/2023.

<sup>20</sup> People's Republic of China, Embassy of the PRC in Spain (2022), 'Portavoz de la Embajada de China en España: Firme oposición a la aprobación de Proposición no de Ley relativa a Taiwán en la Comisión de Asuntos Exteriores del Congreso de los Diputados de España', 20/X/2022; Taiwan, Taipei Economic and Cultural Office in Spain (2022), 'Agradecimiento del Gobierno de la República de China (Taiwán) al Congreso de los Diputados de España por la aprobación de una Proposición no de Ley sobre la situación de tensión en el Estrecho de Taiwán', 22/X/2022; Jose María Liu (2023), 'Taiwán, una apuesta decidida y firme por la paz', *La Razón*, 13/I/2023,.

## Conclusion

### Conciliating a One China policy, stability and norms

Spain's position regarding Taiwan is similar to that of its European partners and the EU itself. It endorses a One China policy and aims to preserve regional stability. As formulated in the non-legislative motion on the Taiwan Strait adopted in 2022, it opposes any revisionist unilateral and coercive action that might affect the current *status quo*. It also considers that such a change should only be achieved through dialogue and consensus between the parties and based on the will of the citizens. At the same time, increased concerns from both the government and legislature on the threat of China's coercion to East Asia's regional stability are fostering the support for greater cooperation between the EU and Taiwan on normative issues, like the promotion of democracy, human rights and the rule of law in the Indo-Pacific. The visit of Spanish parliamentary delegations to Taiwan from the PP and Vox in January 2023, reflects closer affinity from right-wing parties, but the One China Policy and the commitment to a coherent Europeanist approach remain shared principles.<sup>21</sup>

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<sup>21</sup> *El Periódico de Aragón* (2018), 'Diputados del PP viajan a Taiwán aunque no existen relaciones', 3/VIII/2018.; Ministry of Foreign Affairs of the Republic of China (Taiwan) (2019), 'Miembros del Congreso de los Diputados de España visitan Taiwán', *Taiwan Today*, 22/XI/2019; Lucas de la Cal (2023), 'Seis diputados del PP y VOX en el "atasco" de delegaciones extranjeras que visitan Taiwán: "Sólo invitamos a los partidos que nos apoyan"', *El Mundo*, 11/I/2023; Spain, Boletín Oficial del Estado (2022), *Diario de sesiones del Congreso de los Diputados*, nr 769, 18/X/2022; Spain, Boletín Oficial del Estado (2022), *Diario de sesiones del Congreso de los Diputados*, nr 762, 6/X/2022.