

Spain's Relations with China: Friends but not Partners

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Abstract Despite the relevance of Spain inside the European Union and the growing intensity of Spain–China relations in the last decade, this bilateral relation has received very little academic attention outside of Spain. This paper aims to contribute to correct this deficit, not by a mere description of the ties between these two countries, but by an analysis that presents the advantages and the limits of a relationship based on a protectionist approach in the economic arena and on good political understanding in the context of China's relations with the EU member states. This paper concludes that both governments are satisfied enough with the development of their bilateral relationship not to envisage the need of a radical change in the way it is being conducted.

Keywords China–Spain relations · China–EU relations · China–member states relations · Strategic partnership

1 Introduction

Spain is the fourth largest economy in the Eurozone, a permanent participant in the G-20 summits, and both former Prime Minister Wen Jiabao and current Prime Minister Li Keqiang have signalled the China–Spain strategic partnership as the most important strategic partnership for China in Europe.¹ However, the relations between Beijing and Madrid have received very little academic attention outside of

¹ Prime Minister Wen Jiabao and then Vice-prime Minister Zhang made those regards during two separate visits to Spain in January 2009 and in February 2011, respectively (Zhang 2013, 263).

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Spain.² The present article aims to contribute to filling this gap in the literature, presenting original research work based on state statistics and documents, opinion polls, interviews with Spanish and Chinese officials and experts, media coverage, and different types of secondary sources.³

In analysing the development of China–Spain relations, this paper underlines the role played by Spain on EU’s China policy. Spain is one of the EU member states that combines a soft approach on political issues with a demanding position on economic matters as a design to improve the terms of its economic engagement with Beijing. As a result, Spain was labelled as an “accommodating mercantilist” by an influential report on EU–China relations (Fox and Godement 2009). That strategy, based on cultivating political affinity with China to obtain economic preferential treatment, was severely criticized for providing political gains for China but no economic gains for Europe.

The evidence examined in these papers shows how Spain’s accommodating mercantilism has provided mixed results for both Spain and China and how both governments are relatively satisfied with the terms of their engagement. Consequently, neither is Madrid considering to change its strategy on China, nor is Beijing considering to change its strategy on Spain.

2 Same Bed, Different Dreams

When Francoist Spain and Maoist China established diplomatic relations on 9 March 1973, in a clear example of *realpolitik*, both regimes agreed to leave aside their ideological discrepancies to expand their insertion in the international community. At that time the Spanish government was trying to be accepted as a peer in Western Europe and considered that opening relations with China, as most of Western European countries were doing, could help in that endeavour.⁴ Meanwhile, the leaders of the People’s Republic of China (PRC) were eager to take advantage of the favourable context created by Beijing’s entrance in the United Nations in their diplomatic competition with the Republic of China. The mere inauguration of diplomatic ties was regarded as an end in itself both in Madrid and Beijing, hence it was no surprise that the bilateral relationship was

² The two most thorough volumes published in Spain on this bilateral relation are Herrera (2015) and Rios (2013). A comprehensive but outdated monograph has been published in China on this topic, Zhang (2003), and none in English. It is also difficult to find academic articles or book chapters in Chinese or English tackling this issue in some detail, even in the broader context of Beijing’s links with Southern Europe. Zhang (2013) is a remarkable exception and Fox and Godement (2009) provides the most accurate analysis so far of Spain’s policies towards China.

³ Some of the most relevant interviewees are, in alphabetical order, Ernesto de Zulueta, Eugenio Bregolat, Fernando Alonso Navaridas, Javier Serra, Jiang Shixue, José Eugenio Salarich, José Luis Rodríguez Zapatero, Lyu Fan, Manuel Valencia, Zhang Min, y Zhang Tuo.

⁴ Saez (2005) presents with great detail the internal debates inside the Spanish government that lead to the rapprochement with Beijing.

almost dormant during over a decade, until President Felipe Gonzalez toured China in September 1985.⁵

Spain signed its accession to the European Communities in June 1985, a milestone that marked the return of Spain to the first line of European politics. Once that long-cherished objective was secured, favouring domestic economic development became the main driver of Madrid's foreign policy.⁶ The visit of Felipe Gonzalez with a very significant business delegation translated this increased emphasis on economic relations to Spain's policy towards China.⁷ Moreover, for the last three decades Madrid's strategy towards Beijing has been consistently focused on the economic arena and all the other dimensions of the relationship have been frequently subordinated by different Spanish administrations to reap the gains from a dynamic Chinese economy. This design at the bilateral level has been complemented with repeated appeals to the EU to defend Spain's economic interest vis-à-vis China, since Madrid is quite aware of its limited capacity to negotiate bilaterally with China the terms of their trade and investment relations.

China's growing economic clout made Spanish authorities to devote increasing attention to Beijing to the extent that President Rodriguez Zapatero visited China four times during his two terms in office (2004–2011), more than all the previous presidents of Spain together.⁸ Even before that, the first-ever official action plan on the Asia–Pacific region, released by the Ministry of Foreign Affairs in 2000, treated China as the most relevant country for Spain in Asia.⁹

Conversely, since the aftermath of the repression of the Tiananmen Square movement, the PRC has been more attracted by the political weight of Spain than by its economic potential.¹⁰ Unlike the rest of the European Economic Community (EEC) countries, Spain maintained its development cooperation and the joint economic commission with Beijing. In addition, Francisco Fernandez Ordoñez, and Juan Carlos I, in November 1990 and in March 1995, were the first Minister of

⁵ Between 1973 and 1985, the most relevant events in the Sino–Spanish relation were the state visits of the King and the Queen of Spain in June 1978, the visit of President Li Xiannian in November 1984, and the signature of three agreements: on civil aviation; on cultural, education, and scientific cooperation; and on economic and industrial cooperation. A full list of the most relevant declarations, treaties, and agreements, signed between Spain and China can be found at Oficina de Informacion Diplomática (2015, 8–9).

⁶ For an updated and comprehensive study on contemporary Spain's foreign policy, see Garcia and Pacheco (2014).

⁷ A full list of the members of the business delegation that travelled with Felipe Gonzalez to China in 1985 can be found at http://elpais.com/diario/1985/08/28/espana/494028008_850215.html. A new agreement on scientific and technical cooperation was also signed during that visit.

⁸ Felipe Gonzalez was the first Spanish president to visit the People's Republic of China, in September 1985 and again in February 1993. Jose Maria Aznar, in June 2000, was the other head of government of Spain that set foot on China before Rodriguez Zapatero.

⁹ Ministerio de Asuntos Exteriores (2000) Plan Marco Asia Pacífico 2000–2002 (Madrid, Ministerio de Asuntos Exteriores). Although that document did not confer that preeminent status for China explicitly, the message was so clear that it was widely known as the “China Plan” in Spain's diplomatic and business circles.

¹⁰ A recent intervention, 6 July 2015, at the Nueva Economía Forum by the Ambassador of the PRC to Spain, Lyu Fan, shows that the political dimension is still the most relevant of the bilateral relation in the eyes of China.

Foreign Affairs and the first Head of State of the EEC that visited China after 4 June 1989. This singular position of Spain was highly appreciated by the Chinese leaders, as former Foreign Minister and Politburo member, Qian Qichen, recognized publicly in his memoirs.¹¹

These facts suggest that, although both countries lend importance to their bilateral relationship, as illustrated by the establishment of a China–Spain comprehensive strategic partnership on 14 November 2005, they do so for different reasons. The emphasis of Madrid on economic benefits contrasts with Beijing’s accent on political support.¹²

3 Lacklustre Economic Relations

Despite enjoying significant trade contacts with China, between 1565 and 1815 through the Manila Galleon, the commercial presence of Spain in the Middle Kingdom became almost irrelevant (Olle 2002; Schurz 1939). The economic links between Madrid and Beijing did not revive until the second half of the 1980s, when Spain began to offer tied loans to the PRC to facilitate the entrance of Spanish companies in China (Herrera 2015, 139–141, 148–158). Actually, the PRC was for a few years the main recipient of Spanish tied aid. Encouraged by this, others state promoted instruments, the spectacular economic growth of China, and in the last few years the economic recession at home, more and more Spanish companies have decided to explore the huge Chinese market. 6500 Spanish companies exported to China and in 2014, that figure doubled to 13,700 in 2014.¹³ China has become a key trading partner for Spain outside of the EU, according to official Spanish trade statistics, DataComex, in 2014 China was the 5th non-EU destination for Spanish exports and 1st non-EU origin of Spanish imports.¹⁴ On the other side, Spain is only the 7th trade partner of the PRC inside the EU.

Although Spain’s exports to the PRC (including Hong Kong) have increased almost eight times since 2000, setting a new record of €4080 million (Fig. 1) in 2014, in 2013 China was just the 11th destination of Spanish exports, with a meagre 1.7 % of the country’s total exports. These figures pale in comparison with Chinese exports to Spain, €19.7 billion (including Hong Kong), a 5.8 % of Spain’s total imports. This imbalance makes China the country enjoying the biggest trade surplus with Spain. In fact, after 3 years of contraction, China’s trade surplus with Spain increased again in 2014, much to the dismay of the Spanish authorities, who complain that its trade deficit with Beijing equals to 64 % of Spain’s total trade deficit.

¹¹ Qian (2003, 197–198).

¹² This is not to deny that Beijing is well aware that Spanish companies are valuable partners for Chinese enterprises in some areas such as financial services, tourism, telecommunications, and renewable energies; and also for those Chinese companies willing to disembark in Latin America. The Spanish government is also conscious of the advantages of counting with Beijing diplomatic support as for the election of Spain as non-permanent member of the Security Council for the 2015–2016 period.

¹³ Oficina de Información Diplomática (2015, 5).

¹⁴ <http://datacomex.comercio.es> offers Spain’s official trade statistics.

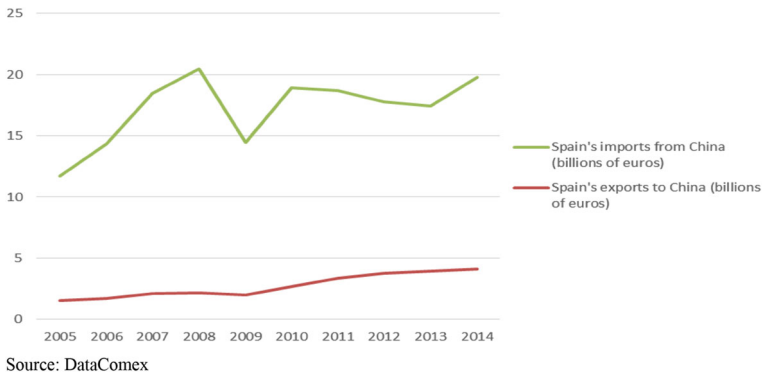


Fig. 1 Spain–China trade flows (billion €). Source: DataComex

In any case, when looking at the evolution of Spain–China trade balance, some positive trends can be underlined: Spain’s exports to China have double from €2 to 4 billion between 2009 and 2014; China’s exports to Spain are picking up again since 2013; and these two ascending flows are taking place at a pace that is allowing Spain to increase its trade coverage ratio with the PRC from 13 % in 2009 to 20 % in 2014. In addition, both Spain’s exports to China and China’s exports to Spain are well diversified. The four top Spain’s exports to the PRC in 2014 (automotive equipment, components and accessories; plastic raw material and industrial products; pharmaceuticals; and copper semi-finished goods) comprise just around 25 % of total Spain’s exports to this country. Similarly, the four top Chinese exports to Spain in 2014 (womens wear; telecommunications equipment; computer hardware; and footwear) amount to less than 30 % of all the goods exported from the PRC to Spain.¹⁵

The bilateral flows of direct investment between Spain and China are less mature than their trade exchanges. Notwithstanding the rapid increase in investment flows between the two countries in the last few years, the volume is still modest and far away from its potential. According to DataInvex, leaving aside operations made through Hong Kong, the annual average investment of Spain in China jumped from €42 million in the 2000–2005 period to €464 million between 2006 and 2012, peaking in 2010 with €1.3 billion.¹⁶ In 2013 Spain foreign direct inversion (FDI) in China did not even reach €207 million, but climbed to almost €480 million in the first 9 months of 2014.

Nevertheless, China is only the 14th destination for Spanish investment, receiving less than 1 % of Spain’s total outward FDI stock. Banking concentrates on the biggest share by far of Spanish FDI to China, even if BBVA, one of the two biggest Spanish investors in China, with a €3 billion investment in the CITIC Group is withdrawing gradually since October 2013 from the Chinese banking system.¹⁷ The other top Spanish investor in China, Telefonica, which controlled almost 10 %

¹⁵ <http://datacomex.comercio.es>.

¹⁶ <http://datainvex.comercio.es/> provides Spain’s official FDI statistics.

¹⁷ <http://www.wsj.com/articles/spains-bbva-sells-4-9-stake-in-china-citic-bank-for-1-7-billion-1422010823>.

of Unicom in 2011, also keeps divesting in China and now hardly holds a 2.5 % stake in China's second-largest mobile-phone carrier.¹⁸

At the end of 2011, China, for its part, had hardly accumulated investment in Spain of €77 million. Like other Southern European countries, Spain did not become attractive to Chinese investor until 2012, and in 2013 Chinese FDI stock in Spain climbed to 520 million.¹⁹ The purchase of a 20 % equity stake in NH Hotel Group by the HNA Group in April 2013 for €234 million was the largest operation.²⁰ This upward tendency has been kept in 2014 and 2015 with such significant deals as the purchases by Wang Jialin of a landmark skyscraper in Madrid for €65 million and of a 20 % stake of the football club Atletico de Madrid for €45.²¹

If we resort to more accurate and non-official datasets, as that developed by the Rhodium Group for assessing Chinese FDI in Europe from 2000 to 2014, the value of Chinese cumulative investment in Spain elevates to €1096 million.²² Despite this positive development, the stock of Chinese FDI in Spain is just around 0.15 % of total direct investment in Spain (about \$750 billion) and 2.3 % of total Chinese FDI in the EU. According to those figures, Spain is merely the 9th favourite destination for Chinese direct investment in the EU.

Another source of Chinese investment to Spain, which is not included neither in DataInVex or in the dataset compiled by the Rhodium Group, are the Chinese nationals who have received a Spanish golden visa.²³ Since the conception of this program the Spanish authorities targeted China as one of the most promising countries for finding investors. Therefore, the promotion campaign of the Spain golden visa scheme has been particularly intense in China, including a presentation by Jose Carlos Garcia de Quevedo, Director of ICEX-Invest in Spain, in Shanghai in March 2014.²⁴ Their forecast was accurate and 170 out of the first 530 investors that benefited from this scheme, from September 2013 to December 2014, were from the PRC.²⁵

Chinese investors have also taken interest in some assets of Spanish companies in other latitudes, mainly in Latin America (Jiang 2011). Although just a few operations of this kind have materialized, some of them have been quite significant. Indeed, the most remarkable example was Sinopec \$7.1 billion investment in Repsol

¹⁸ <http://uk.reuters.com/article/2014/11/10/uk-telefonica-china-unicom-hk-idUKKCN0IU1QL20141110>.

¹⁹ <http://datainvex.comercio.es/>.

²⁰ <http://www.hotelnewsnow.com/Article/10011/NH-Hoteles-catches-lifelines-in-HNA-HPT-deals>.

²¹ <http://www.ft.com/intl/cms/s/0/687428ee-a076-11e4-8ad8-00144feab7de.html#axzz3hCSeOr53>.

²² Hanemann and Huotari (2015, 15). Their dataset offers more comprehensive, detailed, and timely information than official datasets, thanks to their methodology based on aggregating information on individual transactions that meet IMF's FDI definition.

²³ The Spanish government launched a golden visa scheme in September 2013 offering qualified Spanish residency in return for investing in Spanish real estate, business or treasury bonds. For an English translations of the law regulating that program check: <http://www.exteriores.gob.es/Embajadas/ABUDHABI/es/VisadosVisas/Documents/LEY%20DE%20EMPRENDEDORES%20ENG%20.pdf>.

²⁴ http://economia.elpais.com/economia/2014/03/13/agencias/1394696102_064109.html.

²⁵ http://economia.elpais.com/economia/2015/03/03/actualidad/1425405767_952265.html. http://www.elconfidencialdigital.com/dinero/millonarios-conseguido-residencia-Espana-millones_0_2486751315.html.

Brazil for a 40 per cent stake.²⁶ The joint venture, valued at \$17.8 billion overall, granted Repsol the funding to explore its very vast and coveted holdings in the subsalt area off Brazil. Also in Brazil, State Grid Corporation of China has made substantial acquisitions from Spanish companies for \$1.9 billion.²⁷ Chinese investors have acquired assets from Spanish companies in Latin America for a total value of around \$10 billion, which comprises for one-fifth of total Chinese FDI in that region by 2014 (Esteban 2015).²⁸ In Australia, China Communications Construction Company has recently bought a local builder controlled by ACS for A\$ 1.15 billion.²⁹ All of these operations by Chinese state-owned companies dwarf Chinese acquisitions in Spain.

Much more relevant for the Spanish authorities is the Chinese position as the second biggest holder of Spanish treasury bonds. The exact share of Spanish debt in Chinese hands is not public, since the government stopped to disclose the origin of the foreign holders of Spanish public debt in August 2011.³⁰ However, Spain Minister of Foreign Affairs, José Manuel García-Margallo, revealed in a debate on Spain's public television on 10 April 2014 that China holds 20 % of the Spanish debt in foreign hands.³¹ This figure equates to around \$68 billion, almost 10 % of the total public debt of Spain. Most of that debt was bought in 2010 and 2011, during a period of the Eurozone crisis when Spain was in dire need of liquidity and regaining the trust of the markets. Three calls were made at that time from Moncloa Palace to Zhongnanhai asking China to buy Spain's treasury bonds and Beijing answered to those calls. This support was highly appreciated by Spanish leaders.³²

Anyway, the interaction between the Spanish and the Chinese economy is quite limited, bearing in mind their size. The main reasons to explain this situation are the differences between the structure of the Spanish exports and the Chinese demand of more technology-intensive products, plus the limited capacity of the Spanish public and private sector to operate in China, particularly during the first two decades of the reformist era (Fanjul y Lommen 1997; Herrera 2015; Soler 2000).

4 Close Political Understanding

Francoist Spain and the PRC established diplomatic relations in 1973, when China was trying to carry as much diplomatic allies as possible away from Taiwan. At that time, the first priority of Spain's foreign policy was to be accepted by the other

²⁶ <http://www.wsj.com/articles/SB10001424052748703859204575525292369142622>.

²⁷ <http://www.reuters.com/article/2012/05/29/us-state-grid-brazil-idUSBRE84S0C520120529>, <http://www.bloomberg.com/news/articles/2010-12-22/china-state-grid-completes-purchase-of-brazil-electricity-assets>.

²⁸ http://www.realinstitutoelcano.org/wps/portal/web/riecano_en/contenido?WCM_GLOBAL_CONTEXT=/elcano/elcano_in/zonas_in/wp3-2015-esteban-china-in-latin-america-repercussion-for-spain.

²⁹ <http://www.ft.com/intl/fastft/250151/chinas-ccci-buy-john-holland-1.15bn>.

³⁰ This measure was taken to prevent eventual populist reactions against foreign acquisitions of Spanish public debt.

³¹ <http://www.elmundo.es/economia/2014/05/25/5381194b268e3ef6328b4572.html>.

³² One of the actors directly involved in these events, commented these facts in a conversation with the author, Madrid, July 2015.

Western European countries as an equal; therefore, Franco's regime agreed to recognize the PRC to follow the path taken by most European countries. It was not until the 1980s that Madrid began to develop a bilateral agenda with Beijing. Since the mid-1980s, Spain has followed a very consistent strategy towards the PRC grounded on fostering good political relations to promote economic opportunities for Spanish companies.

No matter the party in power, Spanish authorities are both among the most accommodating leaders in Europe with regard to Beijing's policies on Taiwan, Tibet and Xinjiang; and among the most willing to follow a discreet and patient approach when discussing human rights issues with China. For example, the Dalai Lama has never been received by any official authority in his five visits to Spain; and the Taipei representative office in Spain receives less support from the local authorities than its counterparts in other major European capitals.

This is not just a cynical and instrumental approach to facilitate the entry of Spanish companies into the Chinese market at any cost, but a strategy based on both deep understanding of the domestic implications of the choices made by the Chinese authorities on those sensitive issues and the belief that constructive engagement is more effective than confrontation in the long term to improve the rights of the Chinese population.³³ This stance is based on the prevalent interpretation of the contemporary history of Spain among the leaders of the Spanish Socialist Workers' Party and the People's Party with regard to the evolution of interregional tensions, the role played by protracted foreign engagement in softening Franco's regime, and the benefits of pacted transitions with the elites of the previous regime to institute a democracy without suffering political or social unrest.

This approach by the Spanish authorities gained international attention between November 2013 and April 2014, due to the prompt reaction of the Mariano Rajoy administration to curb law allowing Spanish judges to pursue cases globally, to dismiss a case opened by the Spain's National Court against former PRC leaders. On 20 November 2013 the National Court issued international arrest warrants for five veteran Chinese authorities, including former President Jiang Zemin and former Prime Minister Li Peng, as part of a case about alleged human rights abuses in Tibet.³⁴ In less than 3 months, on 12 February 2014, the ruling People's Party passed law to curb the use of universal jurisdiction by Spanish courts.³⁵ The way this diplomatic crisis was handled showed the excellent disposition of the two governments to avert a diplomatic crisis.

³³ Three times Spanish ambassador to China, Eugenio Bregolat, traces the origin of this policy to Spain's official reaction after the suppression of the Tiananmen Square movement. At that critical time, the Spanish government considered that keeping cooperation with China was the best way of strengthening the reformist faction of the CCP vis-à-vis the most reactionary groups that would benefit from isolation or from a confrontational approach by the West, Bregolat (2015, 214–216).

³⁴ <http://www.wsj.com/articles/SB10001424052702303985504579208322886635670>.

³⁵ http://www.nytimes.com/2014/02/11/world/europe/spanish-legislators-seek-new-limits-on-universal-jurisdiction-law.html?_r=0.

On the one side, the Chinese authorities discretely informed the Spanish authorities of their “great discontent” through diplomatic channels,³⁶ refraining from putting pressure on Spain mobilizing the Chinese public opinion through the media or the social networking sites. This restrained approach avoided damaging the reputation and the commercial interests of Spain in China.

On the other side, the Spanish Ministry of Foreign Affairs and the Cabinet of Mariano Rajoy dealt urgently with this issue and Spanish diplomats reassured their Chinese counterparts that the government opposed the decision of the National Court of ordering the arrest of former Chinese leaders, and that Moncloa would take all the measures at their disposal to obtain the dismissal of the case. Indeed, the ruling Popular Party pushed for a reform of the universal jurisdiction law in a record time, despite the opposition from the rest of the parties represented in parliament, and the case was finally dismissed on 22 April 2014.³⁷

Spain has also been one of the most vocal advocates inside the EU for positions that benefit Chinese interests on political issues, such as lifting the arms embargo. Spain has repeatedly stated its full support for ending the arms embargo against China and even tried to raise this issue during its rotating presidency of the EU in the first half of 2010.³⁸

Chinese authorities have reciprocated by labelling Spain as “The best friend of China in Europe”. This and similar expressions of friendship has been aired recurrently by Chinese and Spanish officials, since Wen Jiabao coined this term during an official visit to Spain in January 2009.³⁹ The contrast between this close political understanding and the lacklustre economic exchanges have been sarcastically underlined in Spain by many who complain that we may be friends, but we are not partners. In other words, sound political relations are not fuelling economic relations up to the expectations of the Spanish side.⁴⁰

The Chinese authorities appreciate Spain’s regular diplomatic support, but this should not obscure the fact that, in a number of occasions, this backing has not met the hopes of Beijing. Leaving aside decisions related with facilitating Chinese access to European markets, an area in which Spain is one of the most demanding EU countries with Beijing, sometimes the lobbying by the Spanish government is not enough to materialize the outcomes preferred by China. The above-mentioned discussions to lift the arms embargo on China are a good example. Other times,

³⁶ The first contact took place on the same the arrest warrants were issued, 20 November 2013, in a meeting requested by Wang Yi, Minister of Foreign Affairs of the PRC, with the ambassador of Spain in China, Manuel Valencia, http://elpais.com/elpais/2013/11/22/inenglish/1385124002_473819.html.

³⁷ The Supreme Court of Spain decided also the same day that the National Court should dismiss another case related with the persecution of Falun Gong practitioners, involving Jia Qinglin, fourth ranking member of the Politburo Standing Committee, <http://www.elmundo.es/espana/2015/04/22/55377dd822601de4728b4570.html>.

³⁸ http://www.chinadaily.com.cn/china/2010-01/29/content_9396856.htm <http://www.ft.com/cms/s/0/da31e8fc-0e8d-11df-bd79-00144feabdc0.html#axzz3hfvlsrIn>.

³⁹ <http://www.expansion.com/2009/01/31/economia-politica/economia/1233393750.html>.

⁴⁰ Fox and Godement (2009) question the economic benefits of having political relations with China for the EU member states. In their analysis of Czech and Slovak China policies, Fürst and Pleschová (2010, p. 1379–1380) also depict a tenuous connection between their reaction against human rights violations in China and economic outcome too.

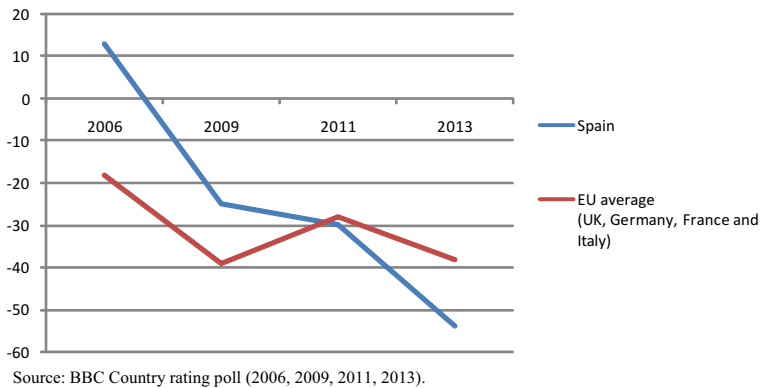


Fig. 2 Views of China's influence (difference between positive and negative opinions, in % points). Source: BBC Country rating poll (2006, 2009, 2011, 2013)

Madrid even refrains from assisting China as actively as Beijing would like, such as with regard to the attempts by the PRC to gain diplomatic recognition by the allies of Taiwan in Central and South America, before reaching a diplomatic truce with the Ma Ying-jeou administration in 2008.

5 Perception Dichotomy: Elites vs. Society

In terms of mutual perceptions, an acute dichotomy has emerged between how the Spanish elite and the common people view China. Views of China's influence have deteriorated much more dramatically in Spain since the beginning of the economic crisis than in other EU countries (Fig. 2).

According to the BBC country rating poll in 2006, 45 % of the Spanish population considered that China's influence on the world was mainly positive and 32 % considered that was mainly negative (13 points difference); whereas EU's big 4 either had a plurality with a negative view of China (Great Britain and Germany) or a majority negative view of China (France and Italy). However, since the beginning of the international economic crisis, attitudes toward China have worsened dramatically in Spain, where in 2013 the percentage of negative views became the highest among the 5 biggest EU economies. That year the difference between those Spaniards who held a positive view of China (13 %) and those who had a negative view (68 %) was 55 points.⁴¹ The main reason to explain this abrupt reversal is a widespread view in Spain that Chinese competition is to blame for the loss of a significant number of jobs by Spanish nationals. On the contrary, economic

⁴¹ The data collected by the Latinobarometro, an annual public opinion survey that involves some 20,000 interviews in 18 Latin American countries and in Spain, also show a negative evolution on the views of China in Spain, but with lower intensity. According to the Latinobarometro in 2007, before the international financial crisis, the percentage of Spaniards who held a negative view of China were 2.4 points higher than those who had a positive view. In 2013, that difference increased to 22.6 points.

and political elites in Spain tend to focus more on the opportunities presented by the economic development of China.

With regard to China, even if most Chinese have a very limited knowledge of Spain, there is a widespread sympathy for this country, which is generally associated with positive traits. Spain is seen as a European, beautiful, picturesque country with a prolific cultural and sport scene, which enjoys a stable socio-economic environment, although not to the levels of economic development exhibited by the richest countries in Western Europe.⁴² Only a small elite in China has a more accurate image of Spain, reflecting the profound changes experienced by this country in recent decades: the modernization and internationalization of its economy, its state-of-the-art infrastructure, its influential role in the EU, or its investment weight in Latin America.

To improve mutual perceptions both China and Spain have conducted many public diplomacy initiatives in each other's soil, such as the opening of a Cervantes Institute in Beijing and the celebration of a Year of Spain in China; or the establishment of six Confucius Institutes in Spain and a Chinese Cultural Centre in Madrid.

A public figure who exerted a very positive influence on the image of Spain in China was Juan Antonio Samaranch, who served for 21 years as president of the International Olympic Committee, and was the first Spanish co-president of the Spain–China Forum (2003–2009).⁴³ Samaranch was selected as the top 3 international friend of China for supporting Beijing's bid for the 2008 Olympics in a survey organized by China Radio International that collected 56 million valid votes.⁴⁴ He enjoyed such popularity in China that a Samaranch Memorial was opened in Tianjin in April 2013, serving as a museum of the Olympic movement.⁴⁵

6 A Half Full Glass

Spain is one of the EU member states most prone to accommodate China on political issues and to request Brussels to take a tough stance with Beijing on economic affairs. This strategy has not borne much fruit and the economic presence of Spain in China and Chinese FDI in Spain are not as relevant as the Spanish leaders and business elites would like to. Along the same lines, China has also experienced that Spain's diplomatic support may not be as available or as effective as Chinese leaders would hope. However, it can be argued that both governments find that the mixed results they have achieved through their interaction during the last decades are good enough not to require a fundamental revision of the guiding principles of their bilateral relationship.

⁴² Third wave of the Elcano Spain Brand Monitor: <http://ow.ly/JSSc8>.

⁴³ The Spain–China Forum has a Chinese and a Spanish co-president and alternates bi-annually between Spain and China. The Forum gathers top officials and civil society leaders from different fields to promote stronger ties between the two countries, <http://spain-china-foundation.org/es/presentacion>.

⁴⁴ http://www.chinadaily.com.cn/china/2009-12/09/content_9150628.htm.

⁴⁵ http://www.tj.xinhuanet.com/tt/2013-04/22/c_115479347.htm.

The handling of the crisis triggered by the arrest warrant for a few former Chinese top leaders issued by a Spanish judge for alleged genocide against the people of Tibet was an illustrative example. Both governments followed a calm and low-profile strategy to achieve the dismissal of charges without damaging Spain's business interests in China. That outcome paved the way for an official visit of Mariano Rajoy to China from 24 to 27 September 2014. This visit had an economic agenda, selling the recovery of the Spanish economy to Chinese investors and signing business deals worth about €3.2 billion.⁴⁶

It should also be noted that Beijing is more comfortable than Madrid with the current state of the relationship and this situation will only accentuate if China's trade surplus with Spain keeps rising. As a consequence, eventual pressures for change would be more likely to come from Madrid than from Beijing. Anyway, an abrupt swift in the relationship is not expected. Following the categorization proposed by Fox and Godement (2009), we can see that there are some influential factors preventing Spain to become an assertive industrialist, an ideological free trader, or a mere European follower with regard to China.

Spain is not expected to behave as an assertive industrialist for two reasons. Firstly, as it was already elaborated, Spanish political elites tend to think that a constructive and long-term engagement with China on human rights issues bear more fruit than a confrontational approach. Secondly, Spain's China policy is much more influenced by the business community than by human rights advocates.⁴⁷

It is also quite improbable that Spain will shift into an ideological free trader, since is one of the countries whose economy would suffer the most from an eventual liberalization of EU–China trade relations without further liberalization of the Chinese economy. Madrid keeps being an active member state requesting the EU to ask for more reforms in China to level the trade and investment playing field. Spain's position both in the ongoing negotiations on a comprehensive EU–China investment agreement and the prospective concession of market economy status to China by the EU provides evidence to support this argument. According to the Spanish representative in the Asia-Oceania Working Party (COASI), Spain is one of the EU member states more interested in ensuring that a future investment accord would cover market access, not just investment protection. Spain would be also the second country inside the EU losing more jobs if Brussels grants China market economy status under the current circumstances.⁴⁸

Anyway, Spain will keep participating actively in the EU policy debates about China, since the implications of EU–China relations are too relevant for Spain to adopt a passive stance accepting uncritically what other member states may decide. Spain would like to see a more coherent China policy by EU member states,

⁴⁶ http://elpais.com/elpais/2014/09/25/inenglish/1411632730_020200.html, <http://www.reuters.com/article/2014/09/25/us-china-spain-idUSKCN0HK19J20140925>.

⁴⁷ The career background of the current ambassador of Spain in Beijing illustrates these points, since he has a long experience in the private sector.

⁴⁸ Only the Italian labour market would suffer heavier losses. Interview with Javier Serra, Head of the Economic and Commercial Office of Spain in Beijing, 23 February 2016.

although this is still a wishful scenario as the European reaction to the Asian Infrastructure Investment Bank showed.⁴⁹

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⁴⁹ Instead of forging a common position inside the EU, or, at least, discussing this issue with its EU partners, the four EU countries represented in the G7 tried to coordinate a response inside that group. When that failed, those EU member states were even unable to issue a joint declaration expressing their intention to become prospective founding members of the AIIB: United Kingdom made the announcement on March 12, and France, Germany and Italy signed up together on March 16, <http://www.ft.com/cms/s/0/d33fed8a-d3a1-11e4-a9d3-00144feab7de.html#axzz3hvEYIs61>.

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