

# **‘Great Power Style’ in China’s Economic Diplomacy: A Case Study of China-Portugal Economic Relations**

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## **ABSTRACT**

*This article examines how China’s economic diplomacy with Portugal demonstrates its global power strategy as a benign hegemon under the Great Power Style paradigm. The paper traces China’s investment trends in Portugal’s key sectors within the Belt and Road Initiative (BRI) framework including energy, ports, finance, and technology using descriptive qualitative methods and literature analysis. The results show that China is not only seeking economic benefits but also creating organized and non-coercive geopolitical influence. This approach is done by providing global public goods and maintaining stable bilateral relations, thereby enhancing China’s position as a responsible great power. Portugal’s strategic location in the Atlantic and its ties to Africa help make it a key node in the 21<sup>st</sup> Century Maritime Silk Road. The report finds that China’s economic diplomacy is a key component of a distinct global leadership paradigm that prioritises stability, collaboration, and economic attractiveness over military power.*

**Keywords:** China, Economic diplomacy, Great Power Style, Investment, Portugal

*Artikel ini mengkaji bagaimana diplomasi ekonomi Tiongkok dengan Portugal menunjukkan strategi kekuatan globalnya sebagai hegemon jinak di bawah paradigma Great Power Style. Makalah ini melacak tren investasi Tiongkok di sektor-sektor penting Portugal dalam kerangka Belt and Road Initiative (BRI) termasuk energi, pelabuhan, keuangan, dan teknologi menggunakan metode kualitatif deskriptif dan analisis literatur. Hasilnya menunjukkan bahwa Tiongkok tidak hanya mencari keuntungan ekonomi tetapi juga menciptakan pengaruh geopolitik yang terorganisasi dan tidak memaksa. Pendekatan ini dilakukan dengan menyediakan barang-barang publik global dan menjaga hubungan bilateral yang stabil, sehingga meningkatkan posisi Tiongkok sebagai kekuatan besar yang bertanggung jawab. Lokasi strategis Portugal di Atlantik dan hubungannya dengan Afrika membantu menjadikannya simpul utama dalam Jalur Sutra Maritim Abad ke-21. Laporan tersebut menemukan bahwa diplomasi ekonomi Tiongkok adalah komponen utama dari paradigma kepemimpinan global yang berbeda yang memberikan stabilitas, kolaborasi, dan daya tarik ekonomi prioritas utama di atas kekuatan militer.*

**Kata-kata Kunci:** Cina, Diplomasi ekonomi, Great Power Style, Investasi, Portugal

In the current international relations landscape, characterized by complex geopolitical and economic dynamics, China has emerged as a significant global actor with power and influence that rival Western nations, particularly the United States (U.S.) and the European Union (EU) (Sheng & Nascimento 2021). China's influence, both in geopolitical and geo-economic terms, has spread across the globe, including in Europe, particularly in Portugal. The historic ties between China and Portugal, dating back to the 16th century, have evolved into complex and multifaceted economic interactions. Since the 2011 economic crisis, Portugal has become a primary recipient of Chinese foreign direct investment (FDI) in Southern Europe, especially in critical sectors such as energy, banking, and infrastructure. These investments have strengthened bilateral economic relations and granted China a strategic foothold in the EU economy (Fernandes & Forte 2022).

The U.S. and the EU have expressed concerns regarding the deepening economic relationship between Portugal and China, viewed from several perspectives. Firstly, there is anxiety over the large-scale influx of Chinese investments into critical infrastructure and strategic sectors in Portugal, such as energy and telecommunications. Such investments raise serious questions about security and geopolitical influence, particularly given the close ties many Chinese companies have with the Chinese Government. This creates potential risks to national sovereignty, where critical assets could come under foreign control, impacting not only Portugal but also regional security and EU stability (Albert 2019).

Secondly, in a broader context, China's growing economic presence in Portugal is viewed as part of its larger strategy to increase its influence in Europe through initiatives such as the Belt and Road Initiative (BRI) (Corre 2018). This is feared as an attempt to undermine Europe's cohesive political and economic unity, which has traditionally been led by major powers like Germany and France and supported by U.S. policies in the region. Thirdly, there are concerns about the standards and practices that Chinese companies might adopt, which may not always align with the EU's environmental, labour, and transparency standards (The Economist 2018). This could lower these standards in Portugal

and, more broadly, across Europe, harming the economy and long-established norms.

Finally, the intensifying economic ties between Portugal and China are often viewed through the lens of strategic competition between the U.S. and China. From the U.S. perspective, stronger economic bonds between China and NATO members like Portugal could create strategic vulnerabilities, particularly regarding technology and cybersecurity (NATO 2023). Consequently, the EU and the U.S. need to monitor and limit certain aspects of Chinese investment in Europe to ensure that the region's balance of power and influence remains intact.

In light of these dynamics, this article addresses the research question: How does China's economic diplomacy toward Portugal reflect its strategy as a benign hegemon within the framework of Great Power Style? This highlights how China positions itself as a global player capable of leveraging its economic power to generate positive political influence, which aligns with the 'Great Power Style' it aspires to. The case of China-Portugal relations is highly relevant to studying China's 'Great Power Style,' given Portugal's unique potential and strategic position on the edge of the European Atlantic, which provides China access to transatlantic markets and broader relations with other European nations. Additionally, China's substantial investment in Portugal during the economic crisis demonstrates its effort to build an image as a responsive and responsible significant power.

This study employs a qualitative method to deeply explore and understand the influence of the 'Great Power Style' in China's economic diplomacy, specifically through the case study of China-Portugal trade relations. Data was gathered through a literature review, including sources such as academic journals, books, news articles, and reports from governments or international organizations, providing access to both historical and contemporary information (Lamont 2015). The data reduction process utilized triangulation, combining multiple sources to verify accuracy and identify consistent patterns, while data validation was conducted through cross-referencing techniques to enhance the reliability and credibility of the collected data (Miles et al. 2014). The data analysis techniques involved organizing, interpreting, and

synthesizing various sources, creating a comprehensive narrative that integrates economic dynamics, foreign policy, and geopolitical factors, ultimately offering a broader understanding of how China uses economic diplomacy to assert its status as a great power on the international stage.

### **Great Power Style as a Framework**

Modern international relations studies use the Great Power Style to describe how large nations operate globally by stressing non-coercive methods, notably in economics and diplomacy. The diplomatic strategy of Hinck et al. (2016) is one of global responsibility and leadership, focused on maintaining international peace and order via global public goods rather than military domination. This approach is seen in China's proactive foreign policy and strategic economic diplomacy, as shown by the BRI. Bijian (2005) emphasizes that China's Great Power Style uses peaceful growth, multilateral engagement, and regional economic cooperation to affect world opinion and extend national power gradually. Avoiding open confrontation with major nations such as the US is key to this approach. China aims to establish a multipolar world where major nations interact as equals, rather than replacing the hegemon (Chen 2016). National sovereignty and non-intervention are key to a benign hegemon's approach to collective leadership and global stability via peaceful collaboration (Saniabadi 2022).

Understanding China's foreign policy requires conceptual overlap with Kindleberger's (1981) Hegemonic Stability Theory, notably the benign hegemon. By providing mutually advantageous arrangements and public goods like trade access and financial coordination, a benign hegemon sustains the global order. According to Jiang (2011), a benign hegemon facilitates rather than dominates, establishing power via appeal and legitimacy. China's infrastructural development and international economic collaboration, notably via the BRI, demonstrate this leadership approach. Chinese hegemony is persuasive rather than forceful as it offers funding, port expansion, energy networks, and digital connections (Iftikhar & Zhan 2022).

Economic diplomacy is a key component to this approach. Persuasion and mutual interests underpin economic diplomacy, which Berridge and James (2003) define as the use of economic resources to accomplish foreign policy objectives. Djelantik (2008) lists four pillars: (1) trade (export promotion), (2) investment (including FDI), (3) technology exchange, and (4) international assistance. Okano-Heijmans (2016) adds (1) commercial, (2) trade, (3) financial, and (4) incentive diplomacy. These techniques demonstrate the strategic soft power function of economic diplomacy.

China implements this framework via foreign direct investment, technology collaboration, financial aid, and trade promotion in key partner nations. Its connection with Portugal shows how economic channels impose Great Power Style and benign hegemony. Through strategic energy, port development, and technology acquisitions, China seeks long-term partnerships. This indicates that China prefers discourse, diplomacy, and institution-building over military coercion or outright intervention (Johnson 2014; Liu 2018).

Therefore, Great Power Style, benevolent hegemony, and economic diplomacy provide a consistent theoretical framework for assessing China's peaceful, gradual, and methodical growth of its geopolitical influence. Concepts complement each other: Great Power Style outlines China's behavioural paradigm, benign hegemon explains its normative basis, and economic diplomacy implements bilateral agreements, as in Sino-Portuguese ties.

### **Economic Diplomacy as a Tool**

The table of Chinese investments in Portugal illustrates Beijing's strategic deployment of economic power in diplomacy. China acquired significant stakes in Portugal's energy sector, which is considered vital to national security, and subsequently expanded into public service sectors including insurance, healthcare, media, and infrastructure between 2011 and 2020.

*‘Great Power Style’ in China’s Economic Diplomacy: A Case Study of  
China-Portugal Economic Relations*

**Table 1.**  
**Chinese investments in Portugal**

<b>Year</b>	<b>Chinese Companies/ Entities</b>	<b>Targeted Investment in Portugal</b>	<b>Sector</b>	<b>Investment Value (€)</b>	<b>Ownership</b>
2011	China Three Gorges Corporation (CTG)	Energias de Portugal (EDP)	Energy	2.7 billion	21,35%
2012	State Grid Corporation of China	Redes Energéticas Nacionais (REN)	Energy	387 million	25%
2014	Fosun International	Fidelidade	Insurance	1.26 billion	85%
2014	Fosun International	Luz Saúde	Health	460 million	Majority
2016	Shandong Taikai	Portuguese electrical engineering company	Construction / Technology	Not mentioned	30%
2017	KNJ Investment	Global Media Group	Media	Not mentioned	30%
2019	Fosun International	Millennium BCP	Finance / Banking	Not mentioned	27,25%
2020	China Communications Construction Company (CCCC)	Mota-Engil	Construction	750 million	30%

*Source: GIS Reports (2020)*

China Three Gorges Corporation (CTG) bought 21.35% of Energias de Portugal (EDP) in 2011, and State Grid Corporation bought 25% of Redes Energéticas Nacionais in 2012. China initially sought to exert influence in Portugal’s energy infrastructure (Corre 2018). China had significant voting power in public utility and energy security strategy decisions after both purchases. China’s expansion into financial and social services continued in 2014, with Fosun International acquiring controlling interests in Fidelidade (Portugal’s largest insurance firm) and Luz Saúde (the leading private healthcare provider) (Carson & Howard 2020). This move from material to social infrastructure increased China’s impact on Portuguese life. By increasing its stake in Millennium

BCP, Portugal's largest bank, Fosun strengthened its influence over the local financial sector. Later, KNJ Investment, CCCC and Shandong Taikai invested in media and construction, respectively. These initiatives strengthened China's economic footprint and allowed media ownership and public debate to influence politics (Maia 2023).

Chinese FDI in Portugal climbed 34.52% to €368 million in 2023, despite a decline throughout Europe, according to the Mercator Institute for China Studies (MERICS) (Shabi 2024). China has invested €6.9 billion in Portugal since 2000. China's share of total European FDI declined from 8.8% in 2022 to 3.5% in 2023 in Southern Europe, which includes Portugal, Croatia, Cyprus, Greece, Italy, Malta, and Spain (Maia 2023). Chinese investment in Europe dropped to €6.8 billion, its lowest level since 2010. Greenfield investments rose 78%, driven by the electric car industry and private enterprises such as CATL, AESC, and Huayou Cobalt. Mergers and acquisitions fell 58%. Technology, healthcare, and consumer products remain attractive despite global economic concerns and increased scrutiny from Chinese capital. These initiatives increase China's influence in critical infrastructure projects in Europe and Africa (Silva et al. 2023).

Geopolitically, this pattern reflects China's implementation of the Great Power Style and benign hegemon frameworks, wherein Beijing uses economic investments rather than military dominance to consolidate its role as a global power. Through majority ownership and strategic investments, China secures not only economic access but also builds structural dependencies that can serve as leverage in bilateral diplomacy. This interdependence places Portugal in a delicate position, particularly as it must navigate between the economic benefits of Chinese engagement and its geopolitical commitments to the European Union and NATO. Investments in sensitive sectors such as media and energy have raised concerns about national sovereignty and foreign influence over domestic policy.

Thus, the investment data does more than document financial flows—it illustrates how China systematically builds geopolitical influence through a layered and calculated economic diplomacy strategy. This approach strengthens China's position in Southern



Europe, positioning Portugal as a critical foothold in its global strategy while simultaneously testing the strategic resilience and policy autonomy of European states in the face of rising external influence.

### **Portugal’s Strategic Role**

China’s interests in Portugal, within the context of the 21st Century Maritime Silk Road, are closely tied to Portugal’s strategic position in the Atlantic Ocean and its role as a vital gateway to European and African markets. The 21<sup>st</sup> Century Maritime Silk Road is the BRI’s maritime component, aimed at expanding China’s global trade and maritime infrastructure network (Herrero & Xu 2016). Through this initiative, China seeks to secure major maritime trade routes and reduce its dependence on high-risk passages, such as the Strait of Malacca, which are vulnerable to blockades or intervention by other powers.

**Figure 1.**  
**The Centrality of Sines Port in Global Trade Routes**



*Source: Wejchert (2021)*



With its geographic location at the crossroads of global maritime trade routes, Portugal offers strategic opportunities for China to expand its influence in the Atlantic region. The Port of Sines, the deepest port in Europe, plays a crucial role in China's maritime infrastructure (Wejchert 2021). This port is a crucial point linking maritime routes from Asia to Europe and serves as a gateway to southern European and African markets (Silva et al. 2023). Furthermore, the maritime cooperation between China and Portugal is evident in the Blue Partnership, which strengthens bilateral relations in developing the maritime economy and port technologies.

China's maritime interests in Portugal are also driven by the desire to expand access to energy and food resources as well as to support its military presence in the Atlantic (Carson & Howard 2020). China views the potential of ports in Portugal and the surrounding region as part of its strategy to create alternative routes that reduce pressure from other maritime powers, particularly the United States, in the Indo-Pacific region.

Secondly, China utilizes its economic assets and investment networks to enhance its economic security, focusing on key sectors such as energy, infrastructure, and technology (Fernandes 2021a). Portugal possesses several strategic advantages, making it a vital hub in the global geopolitical and economic landscape, especially in the context of China's growing influence. Two primary assets are the Azores archipelago and Portugal's extensive Exclusive Economic Zone (EEZ), the third largest in the EU. This EEZ grants Portugal exclusive rights to explore and exploit marine resources over a vast area (Shabi 2024). Furthermore, the size of Portugal's EEZ could nearly double if the United Nations approves the extension of its jurisdiction over the continental shelf. Such an expansion would grant Portugal greater access to seabed resources and bolster its standing as a significant maritime nation, particularly in exploring energy and mineral resources hidden beneath the ocean floor.

Beyond the potential wealth from the EEZ extension, another strategic opportunity arises from the development of liquefied natural gas (LNG), recognized as a crucial fuel for the shipping industry in the 21st century. LNG's increasing use is driven by its environmentally friendly nature compared to traditional

fossil fuels. In this context, Portugal's location, especially its autonomous regions of the Azores and Madeira, positions it as a strategic point for international shipping routes. Maritime routes through the Atlantic, connecting Europe with North America and Africa, could become more efficient with adequate LNG infrastructure (Portuguese American Journal 2023). The Port of Praia da Vitoria on Terceira Island, Azores, for instance, has the potential to be developed into a significant LNG refuelling hub, supporting international shipping and strengthening the Azores as a vital energy hub in the Atlantic (Maia 2023).

This development is crucial for China, which is committed to maintaining uninterrupted access to global trade routes, particularly in the strategically vital Atlantic region. As part of the BRI, China is keen to invest in crucial infrastructure, such as ports and LNG refuelling stations, to support smooth trade routes and secure long-term energy security (Maia 2023). By investing in Portugal's maritime and energy infrastructure, China can enhance its logistics network, reduce its reliance on vulnerable sea routes, such as the Strait of Malacca, and expand its geopolitical influence in the Atlantic region. These opportunities make Portugal, particularly the Azores, a crucial part of China's broader maritime strategy to ensure the free movement of its vessels across international trade routes.

In addition to its maritime and energy assets, Portugal also holds strategic ties with Portuguese-speaking African countries, such as Cabo Verde, further enhancing its global geopolitical standing. Portuguese energy company Galp holds a 48% stake in Cabo Verde's national oil company, Enacol, which gives Portugal significant influence in the African energy sector (Mendes & Wang 2023). This expands Portugal's reach into West Africa, a region rich in resources and with the potential to become a future energy hub. For China, Portugal's connections with countries like Cabo Verde present opportunities to bolster its African presence through strategic energy investments. By leveraging Portugal's African network, China can expand its influence on the continent and strengthen economic cooperation that benefits both parties (André & Yunfeng 2022).

From a broader perspective, the combination of LNG development potential, EEZ expansion, and Portugal's strategic connections with Africa offers Portugal a unique advantage in global trade and the energy sector. Portugal is a crucial partner in helping China achieve its long-term objectives for China, which continue to expand its influence through economic diplomacy and infrastructure investments. By capitalizing on Portugal's geographic position and strategic assets, China bolsters its energy security and expands its geopolitical reach, making Portugal an integral part of its maritime and economic strategy in the Atlantic region and beyond.

Thirdly, China seeks to consolidate a favourable international political and economic environment by building collaborative frameworks through global initiatives such as the BRI, which enhances its geopolitical position in strategic regions like Europe and Africa. China has actively worked to consolidate such an environment through initiatives like the BRI (Fernandes 2021a). The initiative focuses on physical infrastructure development and aims to build closer economic and political ties with strategic countries. One critical region within the BRI context is Europe, where Portugal is a pivotal gateway to China's expansion into the Atlantic and Africa (Herrera & Bel 2009). Through bilateral engagement, China has capitalized on strong relations with Portugal to enhance its geopolitical standing in these regions. Portugal, which faced a sovereign debt crisis between 2011 and 2014, was open to Chinese investment as part of its economic recovery. During Chinese President Xi Jinping's visit to Portugal in December 2018, the two countries signed a memorandum of understanding to strengthen cooperation in logistics, air, land, and maritime transport under the BRI framework (Corre 2018).

The collaborative framework established by China through the BRI in Portugal encompasses various strategic sectors, from technology to maritime surveillance. One of the key projects is STARLAB, a joint initiative between China and Portugal for micro-satellite production and ocean monitoring, which, although innovative, has raised concerns among European and NATO partners (Mendes & Wang 2023). This project highlights China's use of advanced technology to reinforce its presence in the Atlantic region. China's influence is also evident in the maritime infrastructure sector, with its interest in constructing a deep-water port in Praia da Vitória,

Terceira Island, Azores. This location is strategically significant as a logistics hub for large cargo ships and a potential LNG trade center, which has gained importance as an alternative to Russian gas in Europe following the Ukraine crisis (Shabi 2024).

China's actions in Portugal illustrate how it integrates economic, political, and technological elements to shape an international environment conducive to its interests. Through strategic investments in sectors such as ports, 5G technology, and space projects, China is gradually building a foundation to strengthen its geopolitical influence in the Atlantic and Europe. With its focus on bilateral cooperation like that with Portugal, the BRI allows China to circumvent multilateral cooperation limitations within the EU while expanding its economic influence in critical markets.

### **EU and US Geopolitical Challenges**

China's expanding influence in Europe's vital industries has raised security and economic autonomy worries for the EU and U.S. Chinese investment in energy, technology, and infrastructure has aroused concerns among EU member states that it may erode their control over vital assets and jeopardize economic and political stability (Shabi 2024). China's expansion into crucial areas, notably energy, worries the EU. China's participation may pose a threat to EU energy security. China Three Gorges and State Grid Corporation have invested heavily in European energy businesses, notably Energias de Portugal (EDP) and Redes Energéticas Nacionais (REN) in Portugal (Fernandes 2021b). These investments have provided much-needed foreign finance. However Chinese dominance over vital energy infrastructure may compromise Europe's energy security.

China's influence over key infrastructure poses multiple hazards, according to the EU. First, China's energy engagement may affect EU's energy policy, particularly in terms of energy independence and renewables (Morgado 2021). China may need to share Europe's green energy development or energy transition objectives, changing Europe's strategic energy aims. Second, China utilise its influence in these vital areas to pressure European

governments into supporting its political and economic objectives (Lee, Wainwright, and Glassman 2018) critical political economy has refocused attention on the interrelations between political economy and geopolitics. This paper examines the contributions of Antonio Gramsci to the theory of geopolitical economy and the production of territory. Doing so enables two key insights. First, explaining the production of territory requires unraveling multiple—sometimes competing—levels of geopolitical and geoeconomic power relations. It follows that geopolitical economy requires historicizing the practices of territorialization. The second point is that the practice of territorialization is today everywhere bound up with the project of producing and reproducing capitalist (i.e. class. China may compel EU members to soften their positions on human rights and the South China Sea policy by owning important key energy businesses.

Strategic decision-making autonomy is a significant problem for the EU. Chinese investments include 5G networks (Ferreira 2024) and ports (Mendes & Wang 2023). These initiatives boost Europe's economy but undermine its technical and economic autonomy. EU 5G infrastructure development by Huawei has raised worries about foreign spying and manipulation of communication networks. Europe is under pressure to follow the U.S.'s ban on 5G network, citing national security concerns (Ferreira 2024).

Beyond technology, Chinese infrastructure investment might threaten Europe's strategic sovereignty. The Chinese BRI presents opportunities to expand ports and railroads between Europe and Asia (He 2020). Countries unduly dependent on Chinese investment may lose control of crucial assets if they default on financial commitments. After Sri Lanka defaulted, China leased a major port (Gracia 2019). Europe worries about a similar predicament in its area, restricting its capacity to make critical infrastructure choices.

As Chinese investment flows into numerous industries, European autonomy has become increasingly important. Chinese investment in ports, transportation, and renewable energy is causing EU member states to worry about Europe's economic independence. Economic dependence on Chinese money creates fears that smaller or weaker European nations may become more subject to Beijing's

political coercion. This might hinder the EU's efforts to maintain strong economic and political unity and limit its ability to make independent choices without foreign interference.

China's presence in Portugal, notably in the Azores, raises geopolitical worries about China's expanding influence in a critical area for U.S. security and military objectives. The U.S. military facility at Lajes Field on Terceira Island in the Azores is a major worry (Shabi 2024). Lajes Field has long been a vital logistical and communication center for U.S. military operations in Europe, Africa, and the Middle East (Alexander 2015). Its strategic position in the Atlantic Ocean enables the facility to monitor key maritime routes and military activities in the region.

Lajes Field has seen fewer U.S. troops and less facility utilization in recent years. This decrease has allowed China to invest and build technology infrastructure in the Azores, which has alarmed U.S. politicians (Shabi 2024). China plans to construct a deep-water port in Praia da Vitória, located near Lajes Field, in the Azores (Cacho 2020). The U.S. fears that Chinese port and infrastructure expansion might give Beijing a strategic footing in the Atlantic area, which it and its allies have control over.

Lajes Field illustrates how the U.S. and China are competing for influence in key global locations (Silva et al. 2023). Reducing the U.S. military presence in the Azores enables China to invest more economically. It allows China to establish military or intelligence facilities. This worry is crucial since China has stated interest in utilizing Lajes Field's runway and growing its influence at Terceira's major port (Cacho 2020). These infrastructure projects are originally portrayed as commercial, but China might use them to build massive logistical or intelligence centers in the area, endangering U.S. military and security interests in the Atlantic.

The U.S. is concerned about its military and technical infrastructure. Chinese firms such as Huawei, have established 5G networks and collaborated on communication technologies in Portugal (Ferreira 2024). U.S. authorities are concerned about Huawei's presence in Europe, particularly in Portugal, where Chinese equipment may be used for data gathering and espionage near vital military sites such as Lajes Field (Shabi 2024). The U.S. worries that these technology

investments might give Beijing access to Atlantic communication networks and data, which are important for military operations and international commerce. China claims these programs are commercial.

The US has warned Portugal about China's rising influence in the Azores. George Glass, former U.S. Ambassador to Portugal, remarked that Portugal must choose between the U.S. and China (Lee et al. 2018) critical political economy has refocused attention on the interrelations between political economy and geopolitics. This paper examines the contributions of Antonio Gramsci to the theory of geopolitical economy and the production of territory. Doing so enables two key insights. First, explaining the production of territory requires unraveling multiple—sometimes competing—levels of geopolitical and geoeconomic power relations. It follows that geopolitical economy requires historicizing the practices of territorialization. The second point is that the practice of territorialization is today everywhere bound up with the project of producing and reproducing capitalist (i.e. class. This shows the U.S.'s growing resolve to handle China's influence in a key area. China's infrastructure and technology initiatives in the Azores pose a threat to the U.S.'s military superiority and geopolitical influence, which has long been crucial to NATO's Atlantic security (Fernandes & Forte 2022).

## **Conclusion**

China's economic diplomacy with Portugal shows that its approach is a conscious endeavor to build its position as a benign hegemon within the larger context of the Great Power Style rather than just economic development. Drawing on investment statistics from 2011 to 2023, China has consistently focused on vital industries that directly impact Portugal's national security and economic sovereignty, including energy, ports, insurance, and media. The indirect character of China's intervention—which runs via the delivery of real economic advantages and long-term cooperation—distinguishes its strategy from coercive hegemony. In keeping with Kindleberger's thesis of the benevolent hegemon, China offers global public goods in the shape of infrastructure development,



marine connectivity, and financial access—benefiting not just China but also its partner countries. Projects such as the purchase of EDP and REN, the expansion of the Port of Sines, and the STARLAB technological cooperation all demonstrate this clearly as they enhance Portugal's national capability without clear political pressure.

Particularly its focus on increasing world influence without direct conflict, China's economic diplomacy follows the fundamental principles of the Great Power Style as well. Instead of directly confronting the Western-led international system, China increases its influence by promoting voluntary functional dependence through mutually advantageous bilateral ties. China's aggressive attempts to control diplomatic perception and legitimize its presence are shown by President Xi Jinping's official visit to Portugal in 2018 and the signing of many memoranda of agreement. This method fits a soft power perspective, in which economic diplomacy is both a means of capital deployment and a means of normalizing influence and value embedding claiming that collaboration rather than control would allow world leadership.

Furthermore, China's decision to use Portugal as a strategic base emphasizes a deliberate geopolitical justification. A key element in China's 21<sup>st</sup> Century Maritime Silk Road plan, Portugal's geographic location in the Atlantic, its historical links to Portuguese-speaking African nations, and ownership of the third-largest EEZ in the EU. China not only increases its energy security by increasing its presence in areas like the Azores and Madeira and exploiting the possibilities of LNG and deep-sea ports but also creates alternative trade routes avoiding geopolitical chokepoints in the Indo-Pacific—especially those susceptible to American influence. This illustrates how strategic economic investment is utilized to achieve long-term systematic goals.

At some point, China's economic diplomacy toward Portugal is not only a mirror of global capital expansion but also a key component of its larger goal to present itself as a responsible great power—one that leads not by force but by attraction, stability, and shared benefit. This approach demonstrates the pragmatic application of Great Power Style theory through economic diplomacy and the concept of a benign hegemon, thereby strengthening China's

influence in Southern Europe and challenging conventional boundaries between economics and geopolitics in modern international relations.

China's economic diplomacy with Portugal exemplifies its leadership approach, characterized by the notion of a benevolent hegemon within the Great Power Style framework. Instead of seeking investment just for financial profit, China methodically utilizes economic instruments to cultivate political and strategic influence in Europe, especially in the Atlantic area. From this perspective, Portugal serves not only as a financial recipient but also as a strategic hub in China's maritime and logistical aspirations in the Western domain, allowing China to enhance its global standing without direct conflict with leading nations like the United States. The salient traits of a benign hegemon—specifically the provision of public goods such as infrastructure, market access, and economic stability—are seen in projects such as port expansion, energy cooperation, and technical collaboration between China and Portugal. This strategy illustrates China's inclination towards diplomatic, bilateral interactions, promoting voluntary functional dependency without coercive influence. Ultimately, China's economic diplomacy exemplifies the transformation of hegemonic leadership within a more pluralistic international framework, where power is assessed not by military supremacy, but by the capacity to provide mutual benefits, legitimize authority, and create enduring cooperative structures, as delineated in the theories of Great Power Style and benign hegemony.

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*‘Great Power Style’ in China’s Economic Diplomacy: A Case Study of  
China-Portugal Economic Relations*

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