



# China's Acquisition of Piraeus Port in Greece

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Photo from New York Times

## Piraeus' Historical and Contemporary Importance

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Traditionally the hub of Greek maritime economic activity

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Both military and commercial harbor since circa 400 B.C.E.

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It is currently the 8<sup>th</sup> largest port in Europe

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3<sup>rd</sup> largest port in Mediterranean

# Greek Financial Crisis

Required to begin privatization after taking significant bailouts from EU, IMF and European Commission

Greece's current debt to GDP ratio is 182% (2017)

Piraeus Port Authority was previously owned by the Greek government

- An important reason that it was so inefficient and outdated
- Lack of competition, overpaid workers, no incentives to innovate
- Greek government has no money to invest in the port

# COSCO's Significance

China Ocean Shipping Company

In 2016 COSCO Group and China Shipping Group merged to create China COSCO Shipping

State-owned enterprise with financial support of Chinese state-owned banks

COSCO has been able to operate the port terminals much better than the Greek-owned terminals

COSCO plans to invest nearly \$1 billion over the next 10 years

COSCO has had a presence at Piraeus since 2009 when it was leasing rights to use the terminal

# Greek View of EU

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Europeans acting like 'medieval leeches' towards Greece while China keeps bringing money (Douzinas, Greek foreign affairs and defense minister)

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In Greece's view, the EU has treated Greece very badly since the government debt crisis

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EU bailouts didn't help them as much as promised

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Immigration crisis has worsened their relationship with EU

# Greece's Relationship with China

Greece and China officially established diplomatic relations in 1972

Chinese investment has significantly influenced the relationship

Many Greeks see China as an economic alternative to EU

China is also seen as a threat that could eliminate even more jobs in Greece

Most importantly, Greece needs money and is not in a position to reject Chinese investments

## China's Goal in Greece and Europe

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COSCO's purchase of Piraeus Port is part of China's Belt and Road Initiative (BRI)

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Greece is China's maritime entrance to Southern and Eastern Europe

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China plans to invest in high-speed railways and other infrastructure in Greece and Central Europe

# Greece's Reaction to Chinese Investment

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Domestic reaction to the Chinese takeover was initially hostile, with dock workers going on a 6 week strike at the beginning of the takeover.

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COSCO have worked towards showing the Greek people they are there to work with them, currently employing 1200 Greek workers, with wages set at above average levels for Greece.

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Initially COSCO only purchased half of the port in 2008, and since have bought up the remaining 2 piers, one of which they built, COSCO notably only hired Greek contracting firms for constructing the 3rd pier and made it a policy to work with as many Greek domestic firms as possible

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Domestically the Greek government is still committed to privatising the port entirely, with COSCO seen as the frontrunner, privatising the whole port and bringing the Chinese in as a significant investor in Greece is seen as the leftist Greek government distancing itself from the EU.



# Outcome of Piraeus Port Acquisition

Greece's left-wing government in principle opposes privatization

- They have no choice but to privatize

There are 3 terminals in the port

COSCO now operates two of them, terminals II and III

Terminal I is hardly used because it is less efficient and more outdated

- This is the one still owned by the government
- Piraeus Port Authority generates 1/3 of its revenue from fees that COSCO pays to operate the other terminals

The port is now growing faster than ever

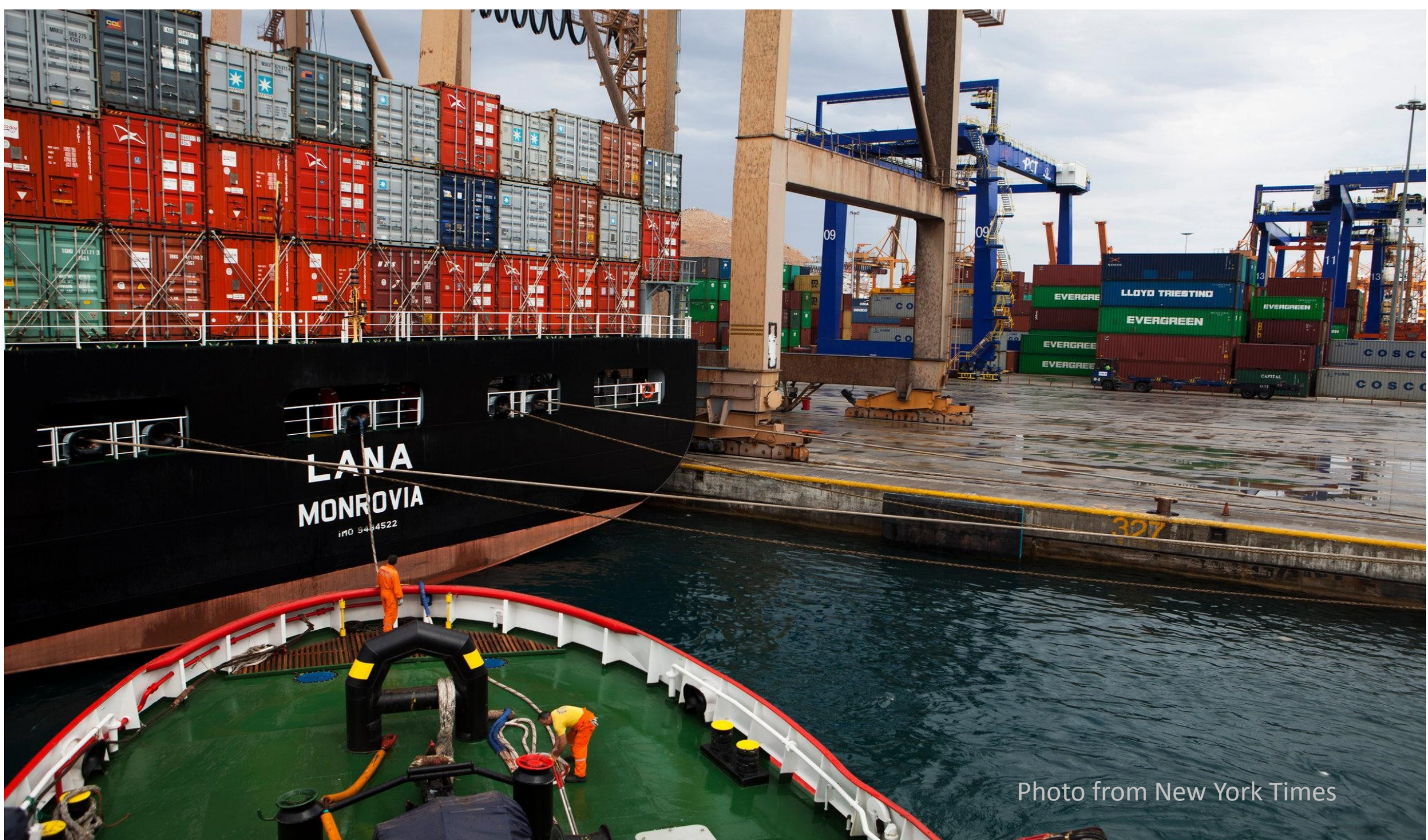


Photo from New York Times

# China vs EU: Changing Political Scene

When EU wanted to condemn Chinese aggression in South China Sea, Greece voted no and prevented it

Greece has also prevented condemnation of China's human rights violations and has voted against restrictions on Chinese investment in Europe

China's purchase of Piraeus port and its promised future investments are seen as the primary reason for this political support

China's economic influence has given it political pull in the region

# What Will Come Next

Piraeus port is increasing in relevance both politically and economically

As COSCO continues investing money in Piraeus port, it will continue to grow and is projected to be the most important port in the Mediterranean Sea

In next 30 years, project 5.1 billion euros in revenue and 125,000 jobs in Greece from COSCO investment (Foundation for Economic and Industrial Research estimate)

Greece must balance worker protection and privatization

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