

WORKING PAPER

Whither Sino-Greek Relations? The Bilateral and Regional Context and International Implications

George N. Tzogopoulos

Kiadó: Kína-KKE Intézet Nonprofit Kft.

Szerkesztésért felelős személy: Chen Xin

Kiadásért felelős személy: Huang Ping



Whither Sino-Greek Relations? The Bilateral and Regional Context and International Implications

Abstract

Chinese investments in Greece have culminated with the privatization of the Piraeus Port Authority in January 2016. COSCO's engagement in Piraeus is seen as 'head of the dragon' by Beijing which illustrates Greece as a gateway to Europe and a starting point for the proposed railway connection between Piraeus and Budapest. Generally speaking, Chinese investments in Greece go beyond the bilateral context into the regional one as they are leading – or they will possibly in the future lead – to a multilateral collaboration network in the Balkan Peninsula and Central and Eastern Europe. In this context Beijing considers stability critical and welcomes agreements reached such as the recent one between Greece and FYROM. Recently, however, some foreign policy decisions of Athens have sparked a debate in the West on potential repercussions of China's in Greece. Concerns are largely exaggerated though and the 'win-win' character of Chinese investments can hardly be contested.

Keywords: *Belt and Road Initiative, China, COSCO, Greece, Piraeus, 16+1, win-win*

1. Introduction

January 2016 was a critical month for the development of Sino-Greek relations. The conclusion of the Piraeus Port Authority (PPA) privatization and the signing of the concession agreement between the Greek Privatization Fund and the Chinese company COSCO opened a new chapter in the bilateral partnership.¹ The Chinese administration had considered COSCO's engagement in Piraeus as the 'dragon's head' in its general interest in Greece. Following the important accord of 2016 it could not but positively look at the gradual improvement of bilateral ties. Significant high-level meetings are regularly taking place since then. Prime Minister Alexis Tsipras, for instance, visited China two times: in July 2016² and in May 2017³ on the occasion of the Belt and Road Forum for International Cooperation. During his visits he met President Xi Jinping and his counterpart Li Keqiang and discussed

¹ For a detailed discussion on the privatization process see: George N. Tzogopoulos, 'Greece, Israel and China's Belt and Road Initiative, Begin-Sadat Centre for Strategic Studies Mideast Security and Policy Studies, No. 139, October 2017, available at: <https://besacenter.org/wp-content/uploads/2017/10/139-Greece-Israel-and-Chinas-Belt-and-Road-Initiative-Tzogopoulos-Web.pdf>, accessed June 2018.

² Ministry of Foreign Affairs of the People's Republic of China website, 'Xi Jinping Meets with Prime Minister Alexis Tsipras of Greece', 6 July 2016, available at: http://www.fmprc.gov.cn/mfa_eng/zxxx_662805/t1378515.shtml, accessed June 2018.

³ Ministry of Foreign Affairs of the People's Republic of China website, 'Xi Jinping Meets with Prime Minister Alexis Tsipras of Greece', 13 May 2017, available at: http://www.fmprc.gov.cn/mfa_eng/zxxx_662805/t1463996.shtml, accessed June 2018.

new plans of joint action. Also, Foreign Minister Wang Yi visited Greece in April 2017 to attend the Ancient Civilizations Forum.⁴

2. Investing in Piraeus

COSCO first entered the Piraeus port in 2008 when it took the management of piers II and III. Its investment in these piers has been particularly fruitful over the years for trade increase.⁵ In 2017, for example, container traffic rose by 6.4 percent in comparison to 2016. According to COSCO, container traffic amounted to 3.691 million TEU in 2017 compared to 3.471 million the year before.⁶ The privatization of PPA has given the opportunity to the Chinese company to continue its investment policy and more importantly to strengthen the maritime silk route. Transit time between Shanghai and Piraeus is approximately 22 days, 10 days less in comparison to the transit time between Shanghai and the North European ports of Rotterdam and Hamburg. By shortening the delivery time between China and Europe in a significant way, Piraeus is becoming a major penetration point for Chinese goods in Europe.⁷

The Chinese leadership uses the expression ‘win-win’ when presenting the impact of its investments abroad. This means that not only China and its companies but also recipient countries are benefiting. This model is applicable in the case of the Piraeus port. In a 2016 detailed statement the Greek Privatization Fund presented the benefits of the agreement for the concession of the PPA. According to its assessment, the total value will amount to €1,5 billion, including future investments by COSCO in the port. The Chinese company offered a higher price in comparison not only to the share price of the Piraeus Port Authority on the day of the agreement but also to that of two independent appraisers. In fact, COSCO agreed to pay €22 per share while the price range of the independent appraisers was from €18.4 to €21.2 per share and the share price at close of trading was €12.95 on Wednesday 20 January 2016.⁸ Of course, if this privatization had taken place earlier, economic benefits for the Greek state would have been much higher but under the then circumstances the price was fair.⁹

Additional reports also outline the ‘win-win’ nature of COSCO’s engagement in Piraeus. A 2016 study of the Greek Foundation for Economic and Industrial Research estimates the overall size of COSCO’s investments for the period 2016-2015 at circa €867 million. If investments are carried out, the study suggests, the incremental annual output in the Greek economy will range from €17 million in 2016 to €2.6 billion in 2025 excluding sectors such

⁴ George N. Tzogopoulos, ‘Wang Yi in Athens: Culture and Politics’, *china.org.cn*, 28 April 2017, available at: http://www.china.org.cn/opinion/2017-04/28/content_40711911.htm, accessed June 2018.

⁵ For a detailed discussion on COSCO’s investment in piers II and III see: Frans-Paul van der Putten, ‘Chinese Investment in the Piraeus Port: The Relevance for the EU and the Netherlands’, Clingendael Report, 14 February 2014, available at: <https://www.clingendael.org/sites/default/files/pdfs/2014%20-%20Chinese%20investment%20in%20Piraeus%20-%20Clingendael%20Report.pdf>, accessed June 2018.

⁶ *Athens-Macedonian News Agency* website, ‘Container Traffic on Piers II and III of Piraeus Port up 6.4 pct in 2017’, 25 January 2018, available at: <http://www.amna.gr/en/article/224470/Container-traffic-on-piers-II-and-III-of-Piraeus-port-up-64-pct-in-2017>, accessed June 2018.

⁷ Oleg Levitin, Jakov Milatovic and Peter Sanfey, ‘China and South-Eastern Europe: Infrastructure, Trade and Investment Links’, European Bank of Reconstruction and Development paper, July 2016, available at: <http://www.ebrd.com/news/2016/ebd-papers-highlight-potential-of-southeastern-europe.html>, accessed June 2018.

⁸ George N. Tzogopoulos, ‘O OLP kai oi Scheseis Elladas-Kinas/The Piraeus Port Authority and Relations between Greece and China’, *CNN Greek*, available at: <http://www.cnn.gr/focus/apopseis/story/19236/o-olp-kai-oi-sxeseis-elladas-kinas>, 21 January 2016, accessed June 2018.

⁹ George N. Tzogopoulos, ‘Piraeus Price Lower than under Normal Circumstances’, *China Daily*, available at: http://europe.chinadaily.com.cn/epaper/2016-04/15/content_24560628.htm, 15 April 2016, accessed June 2018.

as manufacturing and tourism.¹⁰ This said, in January 2018 PPA announced what it calls as the ‘Master Plan of the Port of Piraeus’. It includes the construction of four hotels in the area, a new cruise terminal and shopping centers totaling 40,000 square meters that would be open to the wider public as well as cruise passengers. The Master Plan also includes additional investments in the cargo terminal, the coastal shipping and the ship repair zone.¹¹

Port Economics data exhibit Piraeus ranks among the most dynamic ports in Europe in terms of container handling for 2017. Piraeus has risen one place in the European chart since 2016 while it had not even be in the top 15 in 2007. In the last 10 years Piraeus has enjoyed an increase of 196 percent as far as container throughput is concerned and is illustrated as ‘star grower’ by Port Economics.¹² Also, in February 2018 the 3rd berth for 20,000 plus TEU vessels was inaugurated at Piraeus Container Terminal (PCT). On this occasion, COSCO’s Taurus container vessel, one of the biggest worldwide, docked there.¹³ It is not a coincidence that recent Lloyd’s data find the Piraeus port move up six positions in the Global Ports Top 100 ranking of commercial ports last year, compared to the 44th position in 2016.¹⁴

In its interest in investing in the Piraeus port COSCO has expanded the existing infrastructure to attract more ships to the ship repair zone of Perama from the wider region of Mediterranean. The total investments provided by the concession agreement and are already in progress in Perama will exceed €55.000.000. They will include the upgrading of the quay wall, the reconstruction of dock floors, the reconstruction of tracks and the improvement of electromechanical installations and networks. Within this context, the ‘PIRAEUS III’ floating dock of 22,000 tons lifting capacity and disposing modern crane equipment arrived in Piraeus. Its operation will improve the efficiency of services provided.¹⁵

The privatization of the Piraeus Port Authority has already brought positive results. Specifically, its annual general assembly of 22 June 2018 approved the dividend distribution for the financial year 2017 which amounts to €0.1712 per share, compared to €0.0892 of the previous year.¹⁶ Also, the turnover amounted to €111.5 million compared to €103.5 million in the corresponding period of 2016, demonstrating an increase of 7.7%. Profit before tax amounted to € 21.2 million compared to €11.0 million in the year 2016, exhibiting a rise of

¹⁰ Foundation for Economic and Industrial Research, ‘The Economic Impact of the Privatization of the Piraeus Port Authority’, March 2016, available at: http://iobe.gr/docs/research/en/RES_03_08032016_PRE_EN.pdf, accessed June 2018.

¹¹ Ilias Bellos, ‘Major Overhaul Planned for Piraeus Port’, 22 January 2018, available at: <http://www.ekathimerini.com/225150/article/ekathimerini/business/major-overhaul-planned-for-piraeus-port>, accessed June 2018.

¹² Theo Notteboom, ‘PortGraphic: The Top 15 Container Ports in Europe in 2017’, 28 February 2018, available at: <http://www.porteconomics.eu/2018/02/28/portgraphic-the-top-15-container-ports-in-europe-in-2017/>, accessed June 2018.

¹³ *Xinhua* website, ‘Greece’s Piraeus Port Enters New Era with Increasing Handling Capacity’, 27 February 2018, available at: http://www.xinhuanet.com/english/2018-02/27/c_137001734.htm, accessed June 2018.

¹⁴ Greek Travel Pages website, ‘Piraeus Port Moving Up as Robust Container Handler’, 01 June 2018, available at: <https://news.gtp.gr/2018/06/01/piraeus-port-moving-up-robust-container-handler/>, accessed June 2018.

¹⁵ PPA website, ‘The Arrival of the New Big Floating Dock is Creating a New Status on Ship Repair Industry’, Press Release, available at: <http://www.olp.gr/en/press-releases/item/3695-the-arrival-of-the-new-big-floating-dock-is-creating-a-new-status-on-ship-repair-industry>, 12 March 2018, accessed March 2018.

¹⁶ PPA website, ‘PPA SA General Assembly’, Press Release, available at: <http://www.olp.gr/en/press-releases/item/3927-ppa-sa-annual-general-assembly>, 22 June 2018, accessed June 2018

92% and the net result is shown improved by 68.6% to € 11.3 million compared to € 6.7 million of the year 2016. This is the best profitability for the company in the last ten years.¹⁷

3. Beyond the Piraeus port

Beyond COSCO's role in the Piraeus port, additional Chinese investments are taking place in Greece. China, for instance, is making significant steps in the Greek energy sector. In June 2017, the State Grid Corporation of China, the country's biggest utility completed the purchase of a 24 percent stake in Greece's power grid operator, ADMIE, and signed a deal worth of €320 million.¹⁸ Eleven months later, in May 2018, ADMIE announced the signing of the signing of a loan contract worth €199 million with the Bank of China and the Industrial and Commercial Bank of China. In the view of the Greek company this loan will strengthen its financial profile creating more favourable funding terms for its investment programme in the coming years.¹⁹

Chinese and Greek companies have also started to collaborate in the field of energy. In May 2017, the State Chinese Company Shenhua Group and one of the largest investments groups in Greece, Copelouzos Group, signed an agreement for cooperation and development in the green energy sector and in the environmental upgrading of energy generating units in Greece and other countries. This was worth of €3 billion.²⁰ In November 2017 Shenhua Group's subsidiary for renewable energy sources, Shenhua Renewable, acquired a 75 percent of the shares of four Wind Parks developed by Copelouzos Group, which are in operation or under construction. In addition, a three-party agreement was signed between Shenhua Group, the Greek Public Power Corporation (PPC) and Copelouzos Group, for the entrance of Shenhua as a partner in the joint company of PPC and the Copelouzos Group, PPC Solar Solutions.²¹ Perspectives for the future are bright. In April 2018, the Greek Parliament voted in favour of the sale of lignite units owned by PPC,²² possibly paving the way for a deeper Sino-Greek energy cooperation, if the afore-mentioned companies win in relevant tenders.

From another perspective, Air China decided in the autumn of 2017 to launch direct flights from Beijing to Athens to facilitate the connection between China and Greece.²³ Moreover, Chinese company FOSUN participates in a consortium for the reconstruction of the old Hellenikon airport in Athens along with the Greek Latsis group and Eagle Hills from

¹⁷ PPA website, 'The Financial Results for the Year 2017 of PPA S.A. Were Presented to the Hellenic Fund and Asset Management Association', Press Release, available at: <http://www.olp.gr/en/press-releases/item/3810-he-financial-results-for-the-year-2017-of-ppa-sa-were-presented-to-the-hellenic-fund-and-asset-management-association>, accessed June 2018.

¹⁸ Xinhua website, 'China's State Grid Completes Purchase of Greek Power Grid Operator Stake', 21 June 2016, available at: http://www.xinhuanet.com/english/2017-06/21/c_136383754.htm, accessed June 2018.

¹⁹ Athens-Macedonian News Agency website, 'ADMIE Signs €199 Loan Agreement with Bank of China, ICBC', 4 May 2018, available at: <https://www.amna.gr/en/article/253910/ADMIE-signs-199-mln-euro-loan-agreement-with-Bank-of-China--ICBC>, accessed June 2018.

²⁰ Copelouzos Group website, 'Signing of a Development Agreement', available at: <http://www.copelouzos.gr/en/news/newsDetails?group=cpmNws~frl=news12052017>, 12 May 2017 [accessed May 2017].

²¹ Copelouzos Group website, 'Signing of Spa and Cooperation Agreements', 2 November 2017, available at: <http://www.copelouzos.gr/en/news/newsDetails?group=cpmNws~frl=news02112017>, accessed June 2018.

²² Xinhua website, 'Greek Lawmakers Pass Bill for Sale of Lignite Units of Major Power Firm', 26 April 2018, available at: http://www.xinhuanet.com/english/2018-04/26/c_137136797.htm, accessed June 2018.

²³ GTP website, 'Air China's Athens-Beijing Direct Flights Take Off', 30 September 2017, available at: <https://news.gtp.gr/2017/09/30/air-chinas-athens-beijing-direct-flights-take-off/>, accessed June 2018.

United Arab Emirates.²⁴ Also, the National Bank of Greece received in June 2018 one binding offer from Chinese group Gongbao for a majority stake in its insurance subsidiary.²⁵ Many other Chinese companies are active in the areas of real estate, telecommunications and tourism²⁶ while Chinese delegations are frequently travelling to Greece to explore new investments ideas, for instance in the banking sector.²⁷

4. Regional interconnectivity

Important as it is the bilateral dimension of Sino-Greek relations is not adequate to interpret the significance of Chinese investments in Greece. The attention should be subsequently turned towards the regional one. That is because Greece constitutes the point of entry to the Balkan region for Chinese investments under the Belt and Road Initiative.²⁸ To take full advantage of the Piraeus port, Beijing also invests in transport links across the Balkan Peninsula. Its plan is twofold. First, it cooperates with FYROM to prepare a feasibility study for the route and costs of railway modernization. And second, it has already signed separate deals with Serbia and Hungary to construct and revamp the rail link between them.²⁹ Commodities can thus reach Piraeus, and then be transported to FYROM and from FYROM to Serbia and Hungary by a high-speed rail. The general project is not Chinese per se though. An Italian company, Ferrovie dello Stato, will undertake the management of the Greek TRAINOSE in spite of some initial speculation that COSCO would have also submitted an offer in the relevant tender.

Another theoretical project to potentially boost regional interconnectivity is that of the establishment of a vertical link between the Danube and the Aegean coast. This will construct a navigable route via the rivers Morava and Vardar/Axios.³⁰ China's state-owned Gezhouba Group has expressed an interest in exploring the viability of some sections of the canal, mainly in Serbia.³¹ Against this backdrop, Greek Premier Alexis Tsipras met with Serbian

²⁴ Lamda Development website, 'The Hellinikon - Urban Development Project, Athens', available at: <http://www.lamdadev.com/en/investment-portfolio/the-hellinikon.html>, 2017, accessed June 2018.

²⁵ Reuters website, 'National Bank of Greece Receives Chinese Bid for Insurance Arm',

²⁶ For a detailed discussion on Chinese investments in Greece see: Plamen Tonchev and Polyxeni Davarinou, 'Chinese Investment in Greece

And the Big Picture of Sino-Greek Relations', Institute of International Economic Relations Study, December 2017, available at: http://idos.gr/wp-content/uploads/2017/12/Chinese-Investment-in-Greece_4-12-2017.pdf, accessed June 2018 and George N. Tzogopoulos, 'Greece, Israel and China's Belt and Road Initiative, Begin-Sadat Centre for Strategic Studies Mideast Security and Policy Studies, No. 139, October 2017, available at: <https://besacenter.org/wp-content/uploads/2017/10/139-Greece-Israel-and-Chinas-Belt-and-Road-Initiative-Tzogopoulos-Web.pdf>, accessed June 2018.

²⁷ Evgenia Tzortzi, 'Chinese Banking Giant Seeking to Enter Greek Market', 31 January 2018, available at: <http://www.ekathimerini.com/225399/article/ekathimerini/business/chinese-banking-giant-seeking-to-enter-greek-market>, accessed June 2018.

²⁸ Jens Bastian, 'The Potential for Growth through Chinese Infrastructure Investments in Central and South-Eastern Europe along the 'Balkan Silk Road'', European Bank for Reconstruction and Development Report, July 2017, available at: <https://www.ebrd.com/news/2017/what-chinas-belt-and-road-initiative-means-for-the-western-balkans.html>, accessed June 2018.

²⁹ George N. Tzogopoulos, 'Should China Worry about Instability in the Balkans?', 4 May 2017, available at: china.org.cn, available at: http://china.org.cn/opinion/2017-05/04/content_40746035.htm, accessed June 2018 and Plamen Tonchev, 'China's Road: Into the Western Balkans, EUISS Paper, February 2017 available at: http://www.iss.europa.eu/uploads/media/Brief_3_China_s_Silk_Road.pdf, accessed June 2018.

³⁰ Stavros Tzimas, 'Chinese Interests Could Make Plan to Link Danube and Aegean a Reality', 28 August 2017, available at: <http://www.ekathimerini.com/221159/article/ekathimerini/business/chinese-interests-could-make-plan-to-link-danube-and-aegean-a-reality>, accessed June 2018.

³¹ Balkan Insight website, 'Chinese Investors Warm to Balkan Waterway', 26 September 2013, available at: <http://www.balkaninsight.com/en/article/chinese-investors-give-green-light-for-balkan-channel>, accessed June 2018.

President Aleksandar Vucic in July 2017 and, inter alia, talked about this maritime corridor. Tsipras sees it as a 'project of huge significance for Greece, Serbia and all of Europe' that could change the geography of the Balkans.³²

Last but not least, there are two additional interconnectivity projects on the agenda that might attract some Chinese interest. The first is related to a recent agreement between Greece and Bulgaria. Specifically, Tsipras and his Bulgarian counterpart Boyko Borissov met in September 2017 and signed a memorandum of understanding for the construction of a high-speed railway and hoping to find foreign investors. This railway will connect three ports in Greece, Thessaloniki, Kavala, Alexandroupolis, with three Bulgarian ports, Burgas and Varna on the Black Sea and Ruse on the Danube.³³ The second interconnectivity project that could attract some Chinese interest is the future realization of the Vertical Gas Corridor among Bulgaria, Greece, Romania and Hungary. The aim will be the construction of the necessary gas transmission system in view of natural gas transport to transit countries and the European market from Greece through the other three countries and vice versa.³⁴

5. Stability matters for China: The recent deal between Greece and FYROM

The importance of Chinese investments in Greece from both a bilateral and a regional perspective are interwoven into Beijing's interest to establish trade links from this country to Central and Eastern Europe. In particular, the '16+1' Initiative, which was initiated in 2012, aims at boosting China's role in Europe via the Balkan Peninsula.³⁵ Therefore, Greece's role is catalytic because the country is a gateway and functions as a hub for the implementation of Beijing's economic policies, although Athens is officially absent from relevant meetings and only has an observer status. This institutional setback does not prevent the Chinese administration from illustrating Greece a pillar of stability in a turbulent region.

Since October 2009 Greece has struggled to overcome its serious economic problems. The magnitude of this problem cannot be of course compared to the drama in other Balkan states in the last decades. The end of the Cold War saw the Balkan Peninsula suffer by civil wars. The disintegration of Yugoslavia led to the creation of several new countries amid human losses, injuries, trauma and pain. Even after the initial stabilization of 1995 following the end of the Bosnian conflict, peace was not consolidated. The 1999 bombardment of Serbia by NATO due to the Serbian insistence on keeping Kosovo in its territory brought back the painful memories. Belgrade's defeat marked the end of the war-period, although tensions

³² Athens-Macedonian News Agency, 'Navigable Danube-Thessaloniki River Link Discussed by Greek, Serbian Leaders', 13 July 2017, available at: <http://www.amna.gr/en/anaxinhua/article/171380/Navigable-Danube-Thessaloniki-river-link-discussed-by-Greek--Serbian-leaders>, accessed June 2018.

³³ Sarantis Michalopoulos, 'Greece and Bulgaria sign 'Sea2Sea' Project, Hoping for EU Funding', 7 September 2017, available at: <https://www.euractiv.com/section/economy-jobs/news/greece-and-bulgaria-sign-sea2sea-project-hoping-for-eu-funding/>, accessed June 2018.

³⁴ Bulgartransgaz website, 'Gas Companies from Bulgaria, Greece, Romania and Hungary Signed a Memorandum of Understanding on the Vertical Gas Corridor', 2017, available at: https://www.bulgartransgaz.bg/en/news/gas_companies_from_bulgaria_greece_romania_and_hungary_signed_a_memorandum_of_understanding_on_the-318-c15.html, accessed June 2018.

³⁵ Angela Stanzel, Agatha Kratz, Justyna Szczudlik and Dragan Pavličević, 'China's Investment in Influence: The Future of 16+1 Cooperation', ECFR China Analysis, available at: http://www.ecfr.eu/page/-/China_Analysis_Sixteen_Plus_One.pdf, December 2016 [accessed February 2017].

between different countries and religions in the region of South-Eastern Europe could not be completely eliminated.

One of the main reasons why the Balkans have been relatively stable since 1999 is the potential EU-membership. Some countries such as Bulgaria, Croatia, and Romania have entered the EU while others such as Albania, Bosnia-Herzegovina, the former Yugoslav Republic of Macedonia (FYROM) as the interim UN name of this state stipulates, Montenegro and Serbia are struggling to join. In recent years, the so-called enlargement fatigue is further hindering this effort. Against this backdrop Russia has started to expand its influence by cooperating with countries such as Serbia and FYROM and benefiting by the common religion. For its part, China has successfully searched for new opportunities to enhance its Belt and Road Initiative.

While the main motivations of the Russian policy in the Balkans remain somehow unclear, the Chinese approach is straightforward. Beijing is not interested in averting the pro-EU and pro-NATO orientation of Balkan countries but sees stability as a necessary prerequisite for the flourishing of its investments. It is thus closely monitoring developments in FYROM which last year was paralyzed by a serious domestic political crisis. FYROM is aspiring to enter both the EU and NATO. This has not yet happened because of its disagreement with Greece on its permanent name. The name dispute came first to the forefront in 1992 and was not solved until a few days ago. As Macedonia is a Balkan region comprising, inter alia, a large part of Northern Greece, Greece does not accept the name Macedonia to be attributed to a country only. So, the two sides, Athens and Skopje, have been for years engaged in difficult negotiations to find a solution under the UN aegis.

After the declaration of its independence in 1991, FYROM was recognized with its constitutional name 'Macedonia' by several countries, including China and the US. It was not able to enter the EU and NATO with this name though. That is because Greece had the upper hand and could block this Euro-Atlantic orientation of its northern neighbor. Before the NATO Summit of April 2008 Athens persuaded its allies to link the future invitation of FYROM to join with the need of a settlement on the name issue under the UN umbrella. So, FYROM had no alternative but to make a compromise.

The compromise time came in the spring and summer of 2018. The new government of FYROM led by the moderate Prime Minister Zoran Zaev did not miss the opportunity. Being under pressure by both the EU and the US it abandoned the hard line stance of the previous one. Subsequently, Zaev agreed with his Greek counterpart Alexis Tsipras to settle differences.³⁶ Under the agreement the new official and constitutional name of FYROM will be 'North Macedonia' and shall be used 'erga omnes'. This means that all countries currently recognizing FYROM as 'Macedonia' will have to modify this recognition into 'North Macedonia'. Subject to parliamentary ratifications and constitutional amendments, the adhesion road to the EU and NATO will be open. All this is good news for China.

³⁶ Karolina Tagaris and Aleksandar Vasovic, 'Greece, FYROM Sign Pact to Change ex-Yugoslav Republic's Name', 17 June 2018, available at: <https://www.reuters.com/article/us-greece-macedonia-name-pms/greece-macedonia-sign-pact-to-change-ex-yugoslav-republics-name-idUSKBN1JD06D>, accessed June 2018.

Harmonious cooperation between Greece and FYROM can only facilitate the making of future Chinese-financed projects as the ones presented above.

6. Is Greece playing the game of China?

The improvement of Sino-Greek relations and their bilateral and regional dimension has attracted international attention. Greece has been criticized by European and American media for closely cooperating with China. This is nothing new for the country. For approximately eight years Greece has been continuously stigmatized in the international media discourse. The outbreak of its economic crisis in 2009 has led journalists from all over the world to focus on its pathogenesis and illustrate them as the main reason for its own problems almost leading the country to a disorderly default. Unsurprisingly, Greece's public image has been tarnished. Part of the reporting is accurate indeed. Nevertheless, some stories tend to exaggerate and therefore construct – deliberately or not deliberately – a different reality.³⁷

A relatively new frame in the international coverage of the Greek crisis is that of geopolitics. Being under extreme pressure to reduce the budget deficit and comply with the terms of the European rescue mechanism providing loans to Eurozone bankrupted economies, all Greek governments since 2009 have been obliged to take austerity measures. These austerity measures include cuts in the military and foreign policy sector. Furthermore, Greek governments have lost – to a large extent – their ability to act independently as the majority of their decisions need to be approved by its partners.

Under these conditions, some international media believe that Greece can be vulnerable to economic interests of non-Western countries in its attempt to escape from the pain supervision and return to growth as soon as possible. At first it was Russia coming under scrutiny and recently it is China. The implementation of the Belt and Road Initiative has generated an intense debate in Europe and the US. – reflected in the media discourse – on what China's motivations are or could be in the future. The argumentation goes as such: With its liquidity China is able – through its state own enterprises – to participate in international tenders and make investments in exchange for support for its policies. This theory perfectly fits in the case of Greece also taking into account that the country needs to carry out privatizations to meet its bailout requirements.³⁸

In June 2017 Greek government exerted a veto which prevented the EU from condemning China for its human rights record.³⁹ This was best pretext for advocates of the afore-mentioned theory to feel supposedly vindicated. A closer and inside look at the evolution of Sino-Greek relations leads to a different conclusion though. To start with, Greek Foreign Minister Nikos Kotzias, who initiated the aforementioned veto, has a personal interest in all BRICS countries, with an emphasis on China and Russia. He strongly believes that Europe and also EU member states like Greece need to benefit more from their relationships

³⁷ George N. Tzogopoulos, *The Greek Crisis in the Media: Stereotyping in the International Press* (Ahgate, Farnham, 2013).

³⁸ Jason Horowitz and Liz Alderman, 'Chastised by EU, a Resentful Greece Embraces China's Cash and Interests', 26 August 2017, available at: <https://www.nytimes.com/2017/08/26/world/europe/greece-china-piraeus-alexis-tsipras.html>, accessed June 2018.

³⁹ George N. Tzogopoulos, 'EU Misreads Greece's Support on China's Human Rights', 26 June 2017, available at: <http://www.globaltimes.cn/content/1053471.shtml>, accessed June 2018.

with both Beijing and Moscow and enhance their general collaboration. In addition, Kotzias does not agree with foreign policy approaches criticizing or isolating - a priori - other states. His decision to block the European statement on China's human rights is placed within this framework. He is adapting a similar policy vis-à-vis Egypt and Iran, not only China. In Kotzias' view, what is needed is more dialogue and not more safe criticism.

Furthermore, the 'win-win' character of Chinese investments in Greece is not a firework but a fair assessment. While Beijing is implementing its Belt and Road Initiative, Athens can count on some cash and more importantly on additional business deals which are following the initial investments themselves as already mentioned. Here, companies from other countries benefit. Hewlett-Packard (HP), for instance, cooperates with COSCO Shipping and the Greek Railways from the moment the Piraeus port started to become a trade hub in the Mediterranean. Moreover, China is negotiating no secret deals with the Greek government to construct infrastructure works. Its companies sign contracts only when they make the highest bids in public competitions. This is how COSCO entered the Piraeus port in 2008 and 2016 and this is how China's State Grid completed the purchase of Greece's power grid operator, ADMIE.

From another perspective, to link China's business presence in Greece with the alleged exerting of diplomatic pressure from the former to the latter fails to take into account the course of developments. It is rather Beijing which is interested in investing more than Greece pushing towards this direction and needing to bargain. The current Greek government is ideologically opposed to privatizations and almost led the Sino-Greek partnership to the brink of collapse in the first months of 2015 when it was targeting all foreign investors by focusing on the public nature of state owned enterprises in the country. At that time, Greece's stay in the euro was at risk until the 'Agreement' of July 2015 was reached.

Certainly, an allergic to privatizations government has no will or reason to embrace China's interests in order to receive its cash. Additionally, it is not fair for Chinese companies – mainly COSCO – to be blamed for offering low salaries to port workers. People familiar with the matter very well know that numerous port workers used to enjoy unbelievable privileges by the Greek state for many years and that COSCO only adjusted salaries to private sector standards in Greece. Further to this, some data often omitted in the Western media discourse is that after the privatization of the Piraeus Port Authority in 2016, the new management only appointed 8 Chinese employees while all 1,087 Greek employees kept their positions. Last but not least, a poll demonstrates 70 percent of respondents in Greece are positively disposed towards China and 71 percent vis-à-vis Chinese people.⁴⁰

7. On the same Belt and Road

Greece and China established diplomatic relations in 1972 and the relationship was upgraded into strategic partnership in 2006. Politically the two countries agree on two significant aspects. Greece respects the principle of 'One China' and China supports the resolution of the Cyprus Question under UN auspices being a permanent member of the

⁴⁰ Public Issue website, Political Barometer 158, 14 July 2016, available at: <https://www.publicissue.gr/13173/varometro-jul-2016-chi/>, accessed June 2018 (in Greek).

Security Council. The countries represent two of the most ancient civilizations of the world and this cultural proximity has partly facilitated bilateral dialogue. Of course, as a member-state of the EU Greece – and in spite of the recent veto – can hardly approach China alone or take unilateral initiatives irrespective of the EU framework. By contrast, it generally has to align its policies with EU guidelines. However, this reality also constitutes an opportunity for the Beijing administration which has seen Greece as a gateway to Europe and possibly as a sincere partner.

Twelve years after the upgrade of Sino-Greek relations into a strategic partnership, Beijing and Athens are looking for new ways of collaboration. More importantly, they are doing so by being on the same Belt and Road. This is not only the case for the bilateral framework but also for the regional one in the Balkans and Central and Eastern Europe. The Belt and Road Initiative might function as a new model of engagement that bring benefits and prosperity to all sides involved.

About the author:

Dr George N. Tzogopoulos is an expert in media and politics/international relations as well as Chinese affairs. He is Senior Research Fellow at the Centre international de formation européenne (CIFE) and Visiting Lecturer at the European Institute affiliated with it and is teaching international relations and energy international relations at the Department of Law of the Democritus University of Thrace. George recently joined the Begin Sadat Center for Strategic Studies (BESA) as a Research Associate where he is, inter alia, moderating its online debates on several international themes. Moreover, he cooperates with the China-CEE Institute in Budapest