



Weekly Briefing

Greece external relations briefing:

Greece and the CIIE

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Greece and the CIIE

Greece and China are steadily improving their bilateral relationship. The realization of the Belt and Road Initiative is having the lion share in discussions between the two sides. It's not all about Chinese investments though. The more China is continuing its opening-up and reform process, the more world countries – including Greece – attempt to benefit and practically realize the win-win logic. China's interest to increase its imports – as President Xi Jinping is frequently reiterating – is obviously creating new windows of opportunities. This became apparent in November 2018, when China International Import Expo (CIIE) took place in Shanghai. Greece participated at both the political and the business level. The day after finds the two sides more optimistic about strengthening their partnership. Greek exports to China have already started to rise and new fields of collaboration have been placed on the agenda.

The conclusion of the privatization of the Piraeus Port Authority in the summer of 2016 opened a new chapter in Sino-Greek relations. The bilateral collaboration between China and Greece is multi-faceted. Trade is obviously of high interest. In that regard, the organization of the first China International Import Expo (CIIE) attracted the attention of the Greek government as well as of companies seeking to increase their exports to China. Preparations started in March 2018 when the Greek state trade and investment promotion agency Enterprise Greece hosted a special conference to brief the business community about market opportunities ahead of CIIE. In his remarks during the conference, Deputy Minister of Economy and Development Stergios Pitsiorlas emphasized the importance of Greek participation in the trade fair and the need for a coordinated effort by various agencies to showcase the best of Greece at the exhibition. The conference, which was organized under the auspices of the Ministry of Foreign Affairs, was part of Enterprise Greece ongoing efforts to promote the outward orientation of Greek businesses and boost Greek exports.

Greece's objective is to increase its exports of products and services to 50 percent of GDP by 2025, from just over 30 percent today. This also constitutes one of the country's bailout obligations. The creditors of Greece believe a stable recovery should see the current account balance should be grounded on a surplus of exports instead of imports. Latest data exhibit that exports to China are showing an upward tendency. Specifically, in the period from January until September 2018 they amounted at €626 million in comparison to €309,5 million during the same period last year. On these grounds, China has become the 13th most important destination for Greek products. Previously it had been only taken the 22nd position. On the whole, an increase of exports for approximately 44

percent is expected on a year-to-year basis (estimation provided by the Greek Consulate General in Shanghai). In 2017, the products Greece largely sent to China were salt, sulfur, minerals, stones, gypsum, lime, cement, marble and marble products, fossil fuels, oil, pulp, electric machines, copper and cotton.

Katrougalos' visits Shanghai

At the political level, Greece was represented at CIIE by Alternate Minister of Foreign Affairs Giorgos Katrougalos. In the context of the exhibition's forum, Katrougalos spoke at the world shipping summit organized by COSCO, in the presence of the company's Chairman, Xu Lirong. He, inter alia, stressed that the port Piraeus is developing into a main portal of European-Asian trade boosting both exports and imports to China and other Asian countries. Moreover, Mr Katrougalos met with Chinese vice-Minister of Transport, He Jianzhong. The two ministers focused on the Piraeus port as well as on the possibility of expanding the airline connection between Greece and China. Mr Katrougalos also referred to the shipbuilding sector given that the largest number of Greek-owned ships are built at China's shipyards. He subsequently underlined why it is important for Athens to include Greek companies in the list of feedstock manufacturers.

In other meetings Katrougalos met the heads of a number of large Chinese companies. More specifically, he had a meeting with the Chairman, Shu Yinbiao, and members of its Board of Directors of the State Grid Corporation of China which recently acquired 24 percent of ADMIE. Furthermore, he met with Chairman of Huawei company, Victor Zhang, Chairman of the Board of Directors of the Industrial and Commercial Bank of China (ICBC), Yi Huiman, President of Fosun, Xu Xiangliang and the first vice-President of the telecommunications company ZTE, Xiao Ming. Katrougalos conveyed the message that cooperation can move beyond transport and logistics to agriculture. The Greek side positively saw measures announced at CIIE – such as faster customs clearance – as they will help fresh Greek products to be easier delivered in the Chinese market. Athens is also interested in information technology and artificial intelligence and regarded CIIE a good opportunity for Greek companies to make contacts and possibly find counterparts.

The Greek participation

22 Greek companies attended CIIE. For example, the Hellenic Wine Association and the Greek Association of Industries and Processors of Olive Oil introduced to Chinese importers Greek wines and olive oil. Higher exports of

Greek olive oil, in particular, are a primary goal and the potential for improvement is enormous. Recent statistics show a rather disappointing trend in comparison to the country's main competitors in Europe. Research conducted by the International Olive Council shows that of all olive oil imports in China in the 2015/2016 crop year (1 October until 31 September), 96 per cent came from countries in the European Union. Spain has the lead with 81 per cent of the total, followed by Italy with 1 per cent and Greece with only per cent. The remaining 4 per cent came from Australia, Tunisia, Morocco, Turkey and Portugal. On the whole, olive oil and olive pomace oil imports in China increased by 12 per cent during the 2015-2016 crop year. Over the first 3 months of the 2016-2017 crop year, imports of olive oil in China underwent a strong increase of 42 per cent.

Additionally, a business mission was organized by Enterprise Greece in cooperation with the Greek Consulate General in Shanghai. Food and Beverage companies held more than 120 business meetings with Chinese ones. The Greek delegation presented, inter alia, the Greek gastronomic concept that is based on the average Mediterranean diet and Greek lifestyle. The Hellas House, which was founded last spring by the Hellas Group, a team of companies focused on promoting Greece around the world, was another organizer of discussions on Greek culture, hospitality, gastronomy and tourism. Symbolically, it is also worth-mentioning that a young Greek architect, Kostas Chatzigiannis, who co-designed the Greek Pavilion for the Shanghai World Expo, received invitation to join a series of events at CIIE. Through these events, he aimed to gain a more in-depth understanding of the Chinese market and share more information on how to attract Chinese customers in Greece.

Tourism and Golden Visa

Beyond the afore-mentioned areas, another priority for Greece on the occasion of CIIE was to elaborate with the Chinese side on the potential arrival of a higher number of Chinese tourists. From the Greek point of view, tourism constitutes a very reasonable sector because China is a leading source of outbound tourists in the world. In parallel with that, the Greek Golden Visa scheme was promoted in Shanghai. This scheme has become a key attraction for Chinese citizens and/or investors, who are travelling to Greece to purchase property. By granting renewable five-year residence permits for third country nationals who purchase – individually or through a legal entity – property in Greece valued at a minimum of €250,000, Athens seeks to develop its real estate sector. Recent figures demonstrate a total of 3,404 non-EU nationals have received residence permits under the Greek Golden Visa program. Chinese

nationals top the list with 1,700 permits, followed by Russians with 450 licenses and Turks with 356 permits.

In the aftermath of CIIE, the Greek pavilion at the Luxury Property Show in Shanghai hosted a new series of actions organized by Enterprise Greece to attract investments. Five Greek real estate companies participated from 7 until 9 December, promoting Greek property investments and Greek Golden Visa scheme. They were: Polis Properties, Remax New Deal, Smart Homes Greece, Sturdious Property Development and V2 Development. Enterprise Greece simultaneously organized an investment event in Hangzhou, during which it presented the investment opportunities in Greece to a targeted audience of eighty members of Chinese enterprises from the sectors of technology, tourism, real estate, financial services and energy.

Conclusion

CIIE was an important event that will help elevate Sino-Greek cooperation to a new level. On the whole, the exhibition assisted Greek companies to learn more about China's opening up and reform process including the country's appetite to increase its imports. Among the fields in which they two countries can closer cooperate (apart from the ones already mentioned) are the health and e-health sector services. Also, trade can improved for products such as food, beverages, building materials, furniture, interior decoration and professional equipment. Continuity in talks is certainly required. But the success of CIIE and the common interest for joint actions generates optimism