Greece economy briefing:

Greece and China enhance cooperation

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The month of November 2019 was significant for Sino-Greek relations. At the beginning of the month Prime Minister Kyriakos Mitsotakis attended the second China International Import Expo (CIIE) of Shanghai attempting to elevate bilateral economic ties to new heights. Only a few days later, President Xi Jinping visited Greece. The official visit of a Chinese leader in the country – after eleven years – outlined the excellent status of the bilateral relationship. On this occasion, the two countries signed 16 deals as well as a joint statement on strengthening the comprehensive strategic partnership.

It was November 2008. President Hu Jintao flew to Athens for a state visit aiming at pushing for in-depth development of the Sino-Greek comprehensive strategic partnership. The visit coincided with the beginning of COSCO’s involvement in the Piraeus port. Hu Jintao and Premier Costas Karamanlis oversaw the signing of an agreement that granted the Chinese company a concession to run two container terminals for 35 years. At that time, almost no one could imagine this investment would evolve as a success story for both countries, more importantly as a model for the presence of Chinese companies in Europe and the rolling out of the Belt and Road Initiative. Eleven years later, the reality is telling. The Piraeus port is becoming a transshipment hub in the Mediterranean, turnover is continuously increasing, job positions are being created and perspectives are looking bright.

When referring to COSCO’s investment in Piraeus China describes it as ‘head of the dragon’ in its interest in Greece. It constitutes the flagship project indeed. The realization of the so-called ‘Master Plan’ will create additional opportunities in the cruise sector, the ship-repair zone, tourism and logistics. Drawing on this paradigm the two countries are now looking at their collaboration beyond the ‘head of the dragon’. Sino-Greek relations, for example, do not only have a bilateral dimension. Their regional nature is gradually acquiring impetus. The ‘17+1’ fosters interconnectivity between South-Eastern, Central and Eastern Europe. Following the implementation of the Prespes Agreement, obstacles for cooperation between Greece and North Macedonia will be removed. Subsequently, the potential construction of a high-speed rail connecting Piraeus with Budapest might further boost trade in the region. Likewise, Greek and Chinese companies are building consortia to explore the opportunity of submitting joint offers in future tenders.
The first week of November 2019 was historic. Prime Minister Kyriakos Mitsotakis went to Shanghai to attend the China International Import Expo (CIIE) and President Xi Jinping came to Athens in the first visit of a Chinese President after that of Hu Jintao in 2008. In July 2014 Xi only made a stopover on the island of Rhodes on his way to Brazil. Two important meetings between the two leaders in a period of only a few days exhibit their joint will to elevate the bilateral partnership to new heights. The current timing is significant. Greece held its national election last July. The victory of the conservative New Democracy party led to a governmental change after 4.5 years. The previous government, composed of the leftist SYRIZA and the right-wing Independent Greeks, had been friendly vis-à-vis China. Prime Minister Alexis Tsipras, for instance, participated in both Belt and Road fora for international cooperation in May 2017 and April 2019 respectively. Some questions over continuity in this foreign policy approach were naturally raised following the recent electoral result. But Mitsotakis is practically determined to follow the path of his predecessor.

As far as the CIIE is concerned, where Greece was one of honored countries, Mitsotakis sought to show his determination and lure foreign investments. During his meeting with President Xi Jinping in Shanghai, the first with the Chinese leader, he focused on the interest of Greek businessmen in exploring new opportunities of doing business in China. Mitsotakis gave a talk in a relevant business forum while Xi visited the Greek pavilion. Several bilateral meetings were organized. According to Enterprise Greece companies such as Alibaba, Bank of China, China Development Bank, Juneyao Group/Junyao Air, COSCO Shipping, State Power Investment Corporation, China Three Gorges International, Futong Group, ZTE, Huawei, Tencent Technology, Penglai Zhongbai Jinglu Ship Industry and Ningbo Tongzhou Ship Engineering were represented. The Greek Prime Minister also visited COSCO headquarters in Shanghai.

With reference to the visit of President’s Xi visit in Greece he stayed three days in the Greek capital visiting, inter alia, the Piraeus port and the Acropolis museum. During these three days, the two sides signed 16 agreements and memoranda of understanding. These were: 1) Treaty for the extradition of wanted persons, 2) List of key projects within the cooperation framework 2020-2022, 3) MoU to promote two-way investment cooperation between the Development and Investment Ministry and the Ministry of Commerce of China, 4) Protocol between the Rural Development and Food Ministry and the General Customs Administration of China on the export of saffron, 5) Protocol on the export of kiwi fruit from Greece to China between the Rural Development and Food Ministry and the General Customs Administration of China, 6) MoU on Broadcasting, Electronic and Audiovisual Media between the General

Additionally, Greece and China reached consensus on a range of matters. To start with, Greece is committed to the one-China principle, its respect for China’s sovereignty and territorial integrity and the support for its unification. And China recognizes Greece’s constructive role in promoting stability, security and prosperity in southeast Europe, the Mediterranean and the Balkans. The relevant statement Greece and China signed includes 17 articles. These 17 articles reaffirm, among others, the commitment of Athens and Beijing to maintain world peace and stability, promote global development and prosperity, advance China-EU comprehensive strategic partnership and promote openness and inclusiveness in building an open global economy. Furthermore, both sides agreed that the collaboration between China and Central and Eastern European Countries is a beneficial complement to Sino-European relations. Greece appreciates its joining the China-CEEC cooperation mechanism and is ready to play a positive role within the mechanism to more forward China-CEEC cooperation. Last but not least, the two countries will implement the MoU on cooperation under the Belt and Road Initiative.

**Conclusion**

Following the visit of Kyriakos Mitsotakis to Shanghai and that of Xi Jinping to Athens Greece and China are setting the way forward. Specifically, they are endeavoring to make steps together in the fields of energy, telecommunications, infrastructure works, banking and
scientific research. Development Minister Adonis Georgiadis had already visited China in October and signed a relevant memorandum of understanding on a three-year cooperation plan for 2020-2022. New business deals and investments require patience though. COSCO’s experience in Piraeus is characteristic. While the Chinese company had been interested in buying the majority stake in the Piraeus Port Authority from 2013, it had to wait a few years until the organization of the tender by Greek authorities in December 2015. Greece is an EU member-state and needs to follow specific guidelines before proceeding to the implementation of privatizations of state owned enterprises. Transparency, sustainability and environmental protection are a priority for sides involved.

China and Greece represent two ancient civilizations. The cultural proximity – sketched out recently when President Prokopis Pavlopoulos gave a speech after that of Xi Jinping at the Conference on Dialogue of Asian Civilizations (CDAC) in May and also by the decision of the latter to visit the Acropolis museum and his support for Greece to retrieve the Parthenon marbles – brings the two countries closer. There is a mutual understanding that cannot be easily explained by other member-states of the EU. Culture and politics do intersect. The responsibility of Greece becomes thus higher. In a phase during which the EU attempts to develop its connectivity strategy towards Asia, it needs to find a new modus vivendi with China that can hardly be achieved in Cold War terms. Greece needs to be a bridge facilitating better communication between the EU and China. The first week of November 2019 might inspire this mediation will.