

# China's premier signs major trade deals with Greece

**John Vassilopoulos****24 June 2014**

A total € 3.4 billion deals in shipping, trade and energy were signed by China and Greece last week during a three day visit by Premier Li Keqiang to Athens last week.

The deals are a culmination of the visit of Prime Minister Antonis Samaras to Beijing last May. A total of 271 private meetings were held between the Greek delegation and Chinese investors. Samaras met with eight Chinese firms looking to make a killing from Greece's former international airport, regional airports, ports, railways, tourism, real estate and metal production.

Greece and China are already very close trading partners, with the *Financial Times* noting, "Greek-owned ships carry 60 percent of oil, iron ore, coal and other commodities imported by China. Greek owners are also the biggest customers of Chinese shipyards with almost 200 vessels on order."

Five years ago, the China Ocean Shipping (Group) Company (known as Cosco) acquired the management rights of half of the Port of Piraeus for 35 years in a deal worth €500 million. According to reports, Greece is offering Cosco tax concessions so generous that the deal is being investigated by the European Union.

Cosco has been granted virtual monopoly status in the port. The terms of the lease prevent the expansion of the container terminal in the state-owned part of the port, controlled by the Piraeus Port Authority (OLP). The deal also awarded Cosco the lion's share of the port's clientele and today 60-70 percent of all activity passing through its facilities.

With OLP due to be privatised by the end of the year, Cosco is one of six global companies keen to purchase the Greek government's 67 percent stake in it. They would then control the port's cruise, passenger and freight operations, currently controlled by OLP,

including prime waterfront real estate that has been marked for tourism and leisure development.

During his visit, Li Keqiang visited Cosco's facilities in Piraeus, accompanied by Samaras, in order to mark the opening of a 17 kilometre rail link that will connect Cosco's facilities to the main line linking Greece with the Balkans and Central Europe. The *Financial Times* noted, "Cosco's rail freight service will transport containers of electronic equipment to central Europe for Hewlett-Packard of the US, China's Huawei and other international groups."

Li said Piraeus was "the pearl in the Mediterranean" and "China's gateway to Europe." Piraeus could be "the most competitive port in the world," based on Cosco's plans for the port, he added. He noted that the plans would reduce, "by between 7 and 11 days the time it takes to transport Chinese exports to the European Union" and cut operational costs.

Speaking about the developing Chinese interests in the port, Captain Fu Cheng Qiu, the managing director of the Piraeus operation said, "No other country in Europe offers such potential."

One aspect of the "potential" referred to is that years of savage European Union enforced austerity have decimated wages and social conditions in Greece. The entry level private sector minimum wage now stands at just €580 euros a month and €540 for those under 25 years of age. Wages are being slashed not only to compete with the lowest offered by other European countries, but to levels only previously known in China, south Asia and Africa.

This is why Samaras could point out during Li's visit, "Greece is now a reliable and highly attractive investment destination: Thanks to the sacrifices of the Greek people, and thanks to the support of our friends and partners."

During his visit, the Chinese premier acknowledged that the vehicle facilitating China's expansion within the Greek economy is the asset stripping of the 50-billion-euro programme being carried out at the behest of the European Union, International Monetary Fund and European Central Bank "troika." He said, "The Chinese and Greek economies are mutually complementary. Greece is accelerating privatisation and infrastructure construction. China will encourage its well-established enterprises to play an active part in this process."

Many reports have cited horrendous working conditions at Cosco's facilities, with accidents a common occurrence. In 2011, a worker interviewed by US Radio broadcaster NPR told reporters, "Workers were told by supervisors to urinate into the sea, rather than taking toilet breaks. Those operating straddle carriers had to take cups up into their cabins to urinate into, and he says they were not given breaks, either, despite the clear dangers of operating at such a height for so long."

Writing in the conservative daily *Kathimerini* last week, Li Keqiang made it clear that Cosco's investment in Greece would be the blueprint for further investment in Greece by Chinese firms, "The port of Piraeus, in whose operation a Chinese firm is involved, constitutes a positive example of contribution in the economic development and employment within the region," he said, adding, "China is seeking further co-operation with Greece in the air and rail sectors as well as road networks and other infrastructures."

For the working class, any such expansion will entrench sweatshop-type working conditions in Greece, setting a precedent for the rest of Europe.

In a statement released by SYRIZA last week, the pseudo-left party postured as champions of Piraeus port workers. It bemoaned the fact that Samaras has visited the Cosco site twice in the last 14 months, while snubbing the workers at the state-owned OLP next door. The statement criticised the government for handing Cosco the port's rail-link, which was developed using public funds. So as not to alienate Chinese investors, however, the statement was quick to add that as long as bilateral ties are on an equal footing then SYRIZA is "neither against economic or commercial ties and transactions with China or with any country of the world, which today is a big player of

the global chess board."

Such rhetoric, which purposefully refrains from criticising the working conditions in Cosco's facilities, gives the signal to Chinese and other foreign investors that a government under SYRIZA would mean business as usual.

China's Greek investment plan is central to its strategic response to Washington's "Pivot to Asia." An article on *ABC News*' web site commented, "Europe is becoming increasingly important to China in economic terms, sharing a relationship largely unburdened by the mistrust and intractable disputes Beijing shares with the US and Japan."

Li Keqiang's visit to Greece was directly preceded by a three-day visit to the UK, where £14 billion worth of deals were signed, including energy and nuclear power deals as well as infrastructure projects.

Far from providing an outlet to resolve its tensions with the US, China's inroads into Europe will stoke tensions. By virtue of its geographical location, access to the sea and vicinity to the Black Sea and Suez Canal, Greece lies on a geopolitical fault line. Last year a takeover bid of Greek natural gas supplier DEPA by Russian gas producer Gazprom was stalled, after concerns raised by the US and the EU of Russia establishing a stranglehold over the region's energy sector.

Although Washington has not officially commented on the Chinese Premier's visit to Greece, the US has since the end of World War II taken a direct interest in keeping Greece within the western sphere of influence.



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