China completes majority purchase of Greece Piraeus port

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The China Ocean Shipping (Group) Company (Cosco) took over 51 percent of the Greek state-owned Piraeus Port Authority (PPA) on August 10, making it the controlling shareholder. Under the deal, Cosco has management and operation rights to run the PPA until 2052.

The deal was signed at the beginning of April and was rubber stamped by Greece's Syriza-controlled parliament at the end of June. The sale is part of the wider privatisation programme that has been imposed on Greece by the European Union and the International Monetary Fund in order to raise funds towards the repayment of the country's vast mountain of debt.

Following its takeover of the PPA, Cosco is reportedly also interested in purchasing the management rights of the port of Thessaloniki in northern Greece. The country's second largest port after Piraeus, Thessaloniki is also slated for privatisation.

Cosco paid €280.5 million to secure the 51 percent stake in the Piraeus port. As part of the deal, in five years' time it will be able to acquire a further 16 percent stake for €88 billion—once it has completed investments worth €300 million. These include expanding the infrastructure of the cruise port, upgrading the shipyard repair zone and the construction of a multi-story garage in the RO-RO (or "roll-on, roll-off") vessel port.

Hellenic Republic Asset Development Fund (HRADF) head Stergios Pitsiorlas described the Piraeus deal as "a very important moment." Speaking to the Chinese news agency Xinhua, he said, "The cooperation at Piraeus port is not just an economic collaboration but has strategic characteristics. Greece, via the Piraeus port, can indeed become China's gateway into Europe to the benefit of China and Greece."

To mark the occasion, Cosco CEO Wan Min, accompanied by Pitsiorlas, visited the Athens Stock Exchange on August 11 to symbolically ring the bell for that day's opening session.

Speaking of the deal Wan Min stated, "The Piraeus project represents a key milestone in the Belt and Road initiative, and the port's growth and prosperity will boost economic development both in China and Greece, ushering in a new era of trade cooperation and cultural exchange between east and west."

The "Belt and Road initiative" refers to Beijing's so-called "One Belt, One Road" strategy, which aims to expand the global reach of Chinese capitalism through massive infrastructure development to link the Eurasian landmass, as well as Africa, both by land and sea.

The scheme was unveiled in late 2013 as a counterweight to Washington's "pivot to Asia", which is aimed at undermining China through a build-up of military presence in the region and through the Trans-Pacific Partnership economic bloc from which China is excluded.

Cosco has had a presence in Greece since it acquired the management rights of two of the three container terminals at the Port of Piraeus in 2009. Alongside the Guangzhou South China Oceangate Terminal, Cosco's container terminals in Piraeus was the group's best performing operation in terms of revenue and cargo volume in the first half of this year, increasing its revenue by 13.2 percent compared to the same period last year.

This is in stark contrast with the group's overall revenue, which dropped by 0.6 percent over the same period, due to pressures from the stagnant state of the global economy.

With the acquisition of the PPA container terminal, Cosco's management intends to turn Piraeus into one of the largest container transit ports in Europe.

The profitability of Cosco's facilities in Piraeus is directly reliant on the extreme sweatshop practices prevailing there. According to several reports, the working day is often in excess of 15 hours, while breaks are considered a luxury by management. Moreover, overtime is unpaid, which means that monthly wages are never more than €700 a month.

In February, Cosco workers carried out stoppages to protest working conditions in the two terminals owned by the company. According to a statement released by the Piraeus Terminals Container Handlers' Union (ENEDEP), "there are constant problems with the machinery, none of which have been resolved despite them being reported, which have led to health problems amongst drivers and operators. Workers have not been supplied with protective clothing against the elements nor with specially designed [safety] cages."

It was this regime that prompted Cosco's Piraeus operation chief to declare in 2014, "No other country in Europe offers such potential."

The drafting of the bill voted on by parliament in June was overseen by Shipping Minister and Syriza MP Thodoris Dritsas. An erstwhile opponent of the privatisation of the port, Dritsas had declared shortly after the pseudo-left party was first voted into power in January 2015 and he was appointed Deputy Shipping Minister that "the public character of the port will be preserved and the PPA's privatisation stops here."

The signing of the deal is testament—if any more was needed—to the extent that Syriza has capitulated to the demands of the financial aristocracy after it signed a third bailout package last summer.

There was huge opposition to the deal by dock workers in Thessaloniki and Piraeus, both of whom went on a month-long strike until June 25.

The strike caused disruption to the tourist industry and in particular to cruise liners docking in Piraeus. Speaking about the strike in the first week of June, Theodoros Kontes, president the Association of Cruise Ship Owners and Maritime Agencies, estimated that possible losses in June for his sector could total up to €12 million. He added that while "the loss is currently small, it would multiply from here onwards, not just for this season of maritime tourism, but for its future years as well."

The decision of the Federation of Greek Port Employees (OMYLE) to call off the strike, at the very point when it could have a real financial impact, and a few days before parliament approved the deal, underscores the complicity of the trade union bureaucracy in facilitating the sell-off of state property, by diverting working class militancy into harmless channels.

OMYLE justified its capitulation on the grounds that port workers in Piraeus and Thessaloniki would have the right to be transferred to the public sector after privatisation. This measure would do nothing to safeguard the interests of port workers, given that their pay would not be guaranteed in the event of a transfer. A transfer is also dependent on there being an equivalent job opening in the public sector, which is becoming increasingly unlikely given the aggressive drive to privatise Greece's ports.

OMYLE was instrumental in demobilising opposition to the sale of the two container terminals to Cosco in 2009. After a series of strikes in the first half of October that year by Pireaus' dock workers in protest against the takeover, OMYLE called off any future strike action after a meeting with Louka Katseli, finance minister in George Papandreou's social democratic PASOK government. There followed a two-week "consultation period", during which the union refrained from strike action, that concluded with Cosco's takeover in November.

The privatisation of Piraeus port, and the sweatshop working practices that are accompanying it, show the disastrous conditions that are being created for the working class in Greece and across Europe by the European Union and its enforcer, the Syriza government.

Last week it was revealed that Cosco is the frontrunner in a bid for a tender to develop and operate a third terminal at the Spanish port of Algeciras on the Straits of Gibraltar, a key trans-shipment hub in the Mediterranean and a gateway into Europe.

Cosco's expansion into Europe within the framework of China's One Belt, One Road strategy has explosive geopolitical implications. Far from providing the possibility of a peaceful outlet for Chinese capitalism by enabling it to by-pass US military aggression and trade obstacles, China's inroads into Europe will stoke tensions even further.

A July article on US think-tank Lexington Institute's web site argued, "China's surge of financial investments in Greece and Europe could result in unintended security concerns in the future. If European countries become too economically dependent on China, they may side with Beijing when it comes to NATO security concerns involving China or its allies including North Korea and Russia."

Though China was framed as the aggressive party, using its relations in Europe to potentially undermine NATO, the article made clear US hostility to the developments in Greece.

"What happens in Europe matters to America because the U.S. depends on the European Union for much of its commercial activity, and most of the members belong to the North Atlantic Treaty Organization (NATO) which provides collective security", it states, concluding, "The West must tread cautiously when accepting Chinese economic deals."

The US has taken a direct interest in keeping Greece within the western sphere of influence since the end of World War II. The lengths Washington went to preserve this status quo is underscored by its backing of the military coup in 1967, which ruled Greece for seven years. The coup's goal was to suppress the working class and pre-empt any attempt to shift Greece's foreign policy toward neutrality between NATO and the Soviet Union.