

**CIFE Reports**  
**Focus on European and**  
**International Affairs**

**VOLUME 1**

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***China, Greece and***  
***the Port of Piraeus***

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## Summary

*COSCO SHIPPING has managed to render the port of Piraeus one of the biggest in the Mediterranean since 2009. Its strong infrastructure transformation capabilities and its localisation strategy have been crucial in that regard. One of the most important aspects of the Chinese giant's involvement in Piraeus, however, has not only been its business ambition and work but also its interaction with the Greek government and local authorities. The Chinese and the Greek side have learnt to work together and solve problems, which certainly occur throughout the process. COSCO SHIPPING's 'Master Plan' for the overhaul of the port of Piraeus, for instance, was only approved in January 2023 after lengthy delays and consultations. The narration of this story can provide useful insights for the two sides involved as well as for the European Union noting that the investment of the Chinese company in the port of Piraeus is placed in the context of the Belt and Road Initiative and impacts on Sino-European relations.*

## Prologue

Relations between China and Greece enjoy historical depth. Both countries represent ancient civilisations, and their cultural proximity often facilitates a mutual understanding element in their exchanges. The bilateral relationship is harmoniously evolving in the 21<sup>st</sup> century and has acquired a multifaceted character. The significance of this relationship, however, goes beyond the bilateral dimension itself. Greece, a member state of the EU since 1981, aligns its economic and foreign policy with the European framework. China's economic involvement in Greece can be also seen through the prism of the EU and is an integral part of Sino-European relations. In a period during which the EU and China are endeavoring to find a way forward in spite of disagreements, Greece offers an interesting case study for analysis. The emblematic presence of COSCO SHIPPING<sup>1</sup> in the port of Piraeus is perhaps the most important reason why China's economic involvement in Greece is attracting the attention of politicians, scholars and the media.

COSCO SHIPPING entered the port of Piraeus in 2008. On the whole, the determination of several Greek governments to carry out privatisations and boost the national economy in parallel with their bailout obligations after the outbreak of the debt crisis in 2009 made conditions for investments by foreign companies ideal. COSCO Shipping was not an exception. Its initial engagement witnessed the takeover of piers II and III in the port of Piraeus. At a later stage, in 2016, the Chinese company acquired the majority of the shares of the Piraeus Port Authority. In tandem with expanding the activities of piers II and III, it undertook additional responsibilities, in particular in the container terminal, the cruise terminal, the car terminal, and the ferry terminal as well as in ship repair, logistics,

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<sup>1</sup> In January 2016, the China Ocean Shipping Company (COSCO) and China Shipping were merged into China COSCO Shipping Corporation Limited ('COSCO SHIPPING' in short). 'COSCO SHIPPING' is applied throughout the report.

and warehousing business segments. COSCO Shipping's journey in Piraeus is generally successful but not necessarily an easy one. The implementation of its investments in the port is subject to agreement with national authorities. Its 'Master Plan' for the overhaul of the port, for instance, was finally approved in January 2023 after years of difficult discussions. This essay aims at narrating the story of COSCO Shipping's presence in Piraeus. In so doing, it draws on data to assess the performance of the company, and discusses the European and the local parameters.

## The Overture

Piraeus is located in the region of Attica and surrounded by the sea. Its port is the largest in Greece and one of the biggest in the Mediterranean and Europe while it is largely considered a commercial gateway to the EU. In January 2008, the then conservative Greek government organised an international tender for the two main container terminals, II and III. The Chinese shipping giant COSCO made a better offer than Hutchinson Port Holdings and won.<sup>2</sup> The concession agreement stipulated that the company would operate piers II and III for a period of 35 years, while pier I was then to stay under the management of the Piraeus Port Authority controlled by Greek authorities. COSCO Shipping had to pay an initial sum of €50 million to the Greek state, plus each year a percentage of consolidated revenues as well as a lease related to the surface size and length of the berthing docks amounting to a nominal total sum of €4.3 billion over the 35-year concession period. The Chinese company pledged

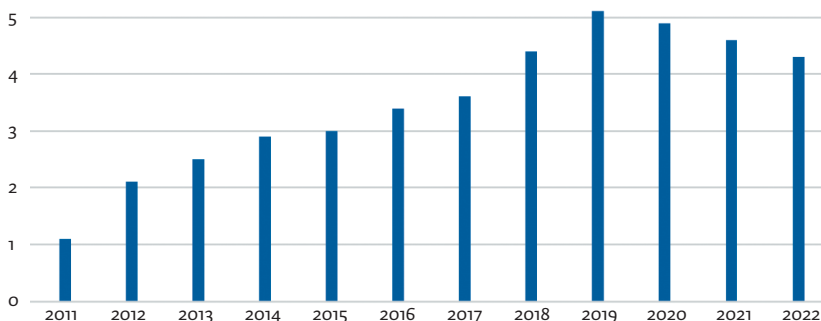
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<sup>2</sup> *Hi Kathimerini* (English edition) newspaper, 'Piraeus Port Announces COSCO Is Tender Winner', available at: [www.ekathimerini.com/58053/article/ekathimerini/business/piraeus-port-announces-cosco-is-tender-winner](http://www.ekathimerini.com/58053/article/ekathimerini/business/piraeus-port-announces-cosco-is-tender-winner), 13 June 2018.

to upgrade facilities of existing pier II and to construct the planned pier III investing approximately €230 million.<sup>3</sup>

The concession agreement was ratified by the Greek parliament in 2009 and approved by the European Commission. COSCO entered the Piraeus port in October of that year, almost simultaneously with the election of the center-left PA.SO.K party and the outbreak of the debt crisis. The results of COSCO's presence in the Piraeus port has been remarkable. Numbers speak for themselves and Figure 1 presents the number of twenty-foot equivalent units (TEUs) handled by the Chinese company from 2011 until 2022.

**Figure 1: Number of TEUs handled in piers II and III of the port of Piraeus (Piraeus Container Terminal SA data, in million TEUs)**



Source: Piraeus Container Terminal SA data

The TEUs throughput continuously increased from 2011 until 2019, before declining in 2020 due to COVID-19. In 2020, the largest decrease was monitored in the month of June (−19.5% in comparison to 2019 June) but December 2020 witnessed an upward trend (+3.7%

<sup>3</sup> See Law 3755/2009, *Hellenic Republic Governmental Gazette*, No. 52, 30 March 2009 (in Greek). See also: Frans-Paul van der Putten, *Chinese Investment in the Port of Piraeus, Greece: The Relevance for the EU and the Netherlands*, available at: [www.clingendael.org/sites/default/files/pdfs/2014%20-%20Chinese%20investment%20in%20Piraeus%20-%20Clingendael%20Report.pdf](http://www.clingendael.org/sites/default/files/pdfs/2014%20-%20Chinese%20investment%20in%20Piraeus%20-%20Clingendael%20Report.pdf), Clingendael Report, 14 February 2014.

in comparison to 2019 December).<sup>4</sup> In 2021, the lowest number of handled TEUs was recorded in the month of December (–25.4% in comparison to December 2020). On some occasions in the last months of 2021, strikes of dock workers impacted on the general port operation and caused delays in serving container ships.<sup>5</sup> The situation was stabilised in the first two months of 2022 during which the TEU throughput slightly increased. In 2022, the overall number of TEUs was 4,3 million (it had been 4.6 million in 2021. However, December 2022 witnessed an increase of 25.2% in comparison to same month of 2021.

## Turning Point: The Privatisation of Piraeus Port Authority

From the beginning, COSCO SHIPPING's presence in Piraeus created business euphoria. In 2012, for instance, the Chinese company, Hewlett-Packard (HP) and TRAINOSE agreed to use the port terminals managed by the former as a hub to distribute the electronics giant's products to central Europe, Middle East, North Africa, the Eastern Mediterranean and Eastern Europe.<sup>6</sup> COSCO SHIPPING's profitability did also increase. In 2014, its revenue from the terminals business rose by 13.6% in 2014 and this – according to its own data – was attributed to three of them located in Piraeus, Guangzhou and Xiamen.<sup>7</sup> A 2014 *Wall Street Journal* article analysed the initial success

4 Minas Tsamopoulos, 'Piraeus Remains Resilient During the Crisis,' available at: [www.newmoney.gr/roh/palmos-oikonomias/nautilia/cosco-antechi-o-pireas-tin-krisi-giati-chriazonte-nees-ependisis](http://www.newmoney.gr/roh/palmos-oikonomias/nautilia/cosco-antechi-o-pireas-tin-krisi-giati-chriazonte-nees-ependisis), 18 February 2021 (in Greek).

5 Elias Bellos, 'Frequent Strikes Turn Vessel Itineraries away from Piraeus,' available at: [www.kathimerini.gr/economy/561708202/oi-sychnes-apergies-kovoyn-dromologia-apo-ton-peiraia](http://www.kathimerini.gr/economy/561708202/oi-sychnes-apergies-kovoyn-dromologia-apo-ton-peiraia), 8 February 2022 (in Greek).

6 Ministry of Foreign Affairs of Greece website, 'Samaras Hails HP-COSCO-TRAINOSE Deal as Vote of Confidence for Country,' available at: [www.mfa.gr/uk/en/the-embassy/news/samaras-hails-hp-cosco-trainose-deal-as-vote-of-confidence-for-country-3.html](http://www.mfa.gr/uk/en/the-embassy/news/samaras-hails-hp-cosco-trainose-deal-as-vote-of-confidence-for-country-3.html), 15 November 2012.

7 George N. Tzogopoulos, 'From China to Greece – on Track for the New Silk Road' in Hartmut Marhold (ed.) *Europe under Stress: Internal and External Challenges for the EU and its Member States*, Nomos, Baden-Baden, 2016, pp.193–200.

and suggested that despite early strikes by dockworkers, the port of Piraeus was transformed ‘into one of the biggest and fastest-growing in the Mediterranean’. Before this investment, ‘the container port was mired in inefficiency and outdated infrastructure’.<sup>8</sup>

The initial success of COSCO SHIPPING in the port of Piraeus, along with the launch of the Belt and Road initiative by President of China Xi Jinping in 2013, whetted the company’s interest to further invest. The opportunity emerged when Greece needed to privatise the Piraeus Port Authority under its EU bailout obligations. The tender was launched in March 2014 and concluded in January 2016. By winning this tender, COSCO SHIPPING would be able to expand its presence in Piraeus, manage pier I (in parallel with piers II and III), and take control of all activities of the Piraeus Port Authority, in particular the cruise, ferry, and car terminals, as well as deal with ship repair and logistics. The entire process was reviewed by the EU. After the initial approval, the European Commission argued in March 2015 that Greece had granted the Chinese company some benefits – such as tax exemptions and preferential accounting treatment – providing it with an undue advantage over competitors in breach of European state aid rules. Therefore, it required COSCO SHIPPING to pay back the advantage received from the Greek state and encouraged the latter to avoid further distortions of competition.<sup>9</sup> The Chinese company reacted to this, arguing that it had received ‘negative treatment’.<sup>10</sup> It was finally the Greek government which submitted a recourse against the argumentation of the European Commission.

<sup>8</sup> Alkman Granitsas and Costas Paris, ‘Chinese Transform Greek Port, Winning Over Critics’, available at: [www.wsj.com/articles/chinese-transform-greek-port-winning-over-critics-1416516560](http://www.wsj.com/articles/chinese-transform-greek-port-winning-over-critics-1416516560), 20 November 2014.

<sup>9</sup> European Commission website, ‘State Aid: Commission Orders Greece to Recover Incompatible Aid from Piraeus Container Terminal’, available at: [ec.europa.eu/commission/presscorner/detail/en/MEX\\_15\\_4650](http://ec.europa.eu/commission/presscorner/detail/en/MEX_15_4650), 23 March 2015.

<sup>10</sup> Elias Bellos, ‘COSCO Sees a Negative Treatment against It by the EU’, available at: [www.kathimerini.gr/economy/business/808991/dysmeni-diakritiki-metacheirisi-se-varos-tis-apolin-e-e-vlepei-i-cosco](http://www.kathimerini.gr/economy/business/808991/dysmeni-diakritiki-metacheirisi-se-varos-tis-apolin-e-e-vlepei-i-cosco), 27 March 2015 (in Greek).

The judgment issued by the European Court of Justice ordered Greece to recover incompatible aid.<sup>11</sup>

Meanwhile, following a period of turmoil in the first six months of 2015, when Greece's stay in the Eurozone was jeopardised, the third Greek bailout was sealed in the summer of that year. This paved the way for a return to normalcy. The deadline for the submission of bids for the Piraeus Port Authority was set for 21 December 2015.<sup>12</sup> The withdrawal of two other companies, APM Terminals and International Container Terminal Services, facilitated the attempt of COSCO SHIPPING. A few days later, the Greek Privatisation Fund confirmed that the Chinese company had been the only candidate investor. The Fund asked it to improve its initial offer and on 20 January 2016 the Chinese company became the preferred bidder by offering €368.5 million for a 67% stake.<sup>13</sup>

In the first stage, the Chinese company paid €280.5 million to become a majority shareholder (51%) of the Piraeus Port Authority. The concession agreement stipulates for the payment of an additional amount of €88 million to increase the stake of the Chinese company to 67% after a period of five years under the condition of the realisation of pre-defined mandatory investments. Hence the total value of the agreement – upfront payments plus mandatory investments – amounts to circa €1.5 billion. On top of the 368.5 million payments, it includes contractual investments amounting to €350 million as well as circa €410 million in revenue share from the concession agreement on the grounds of a 3.5% of the Piraeus Port Authority consolidated profits fee per year. The amount also takes into account the

<sup>11</sup> EUR-Lex website, Judgment of the General Court of 13 December 2017 – Greece v Commission, available at: [eur-lex.europa.eu/legal-content/en/TXT/PDF/?uri=uriserv%3AOJ.C...2018.042.01.0012.01.ENG](http://eur-lex.europa.eu/legal-content/en/TXT/PDF/?uri=uriserv%3AOJ.C...2018.042.01.0012.01.ENG), Official Journal of the European Union, 5 February 2018.

<sup>12</sup> Greek Privatization Fund website, 'The Procedure for the Submission of Binding Offers for the Piraeus Port Authority SA Was Completed Today', available at: [hradf.com/wp-content/uploads/2015/12/no-more-offers-for-ppa.pdf](http://hradf.com/wp-content/uploads/2015/12/no-more-offers-for-ppa.pdf), 21 December 2016.

<sup>13</sup> Greek Privatization Fund website, Press Release, available at: [hradf.com/storage/files/uploads/dzbcbo8051442c2e621e7f221cc8eb20.pdf](http://hradf.com/storage/files/uploads/dzbcbo8051442c2e621e7f221cc8eb20.pdf), 20 January 2016.



expected dividends and interest receivable by Greece's Privatisation Fund as well as the estimated investments until the expiration of the concession, in 2052.<sup>14</sup>

## Reaching an Amicable Settlement

On the primary infrastructure plan, the so-called 'Master Plan' of COSCO Shipping on the grounds of the 2016 agreement envisages a multidimensional overhaul of the port. Its approval by Greek authorities proved to be a lengthy process and the final decision was only made in October 2019.<sup>15</sup> The proposal for the construction of a shopping mall, for instance, was not included in the finalised plan. Specifically, the Committee for the Planning and Development of Ports approved the expansion of the cruise pier and the construction of a 5-storey parking station and a logistics center along with several luxurious hotels and a conference facility. It also gave permission for the purchase of eco-buses, the improvement of infrastructure in the ship-repair zone and the construction of a new warehouse and a cruise terminal. While implementing the 'Master Plan' the Chinese company would have to respect certain archaeological guidelines and consult with relevant authorities. It would also need to carry out specific studies on environmental and traffic repercussions, although these studies would not be binding. The Committee for the Planning and Development of Ports, nevertheless, gave no green light for the construction of a fourth container terminal in the port. According to its evaluation, conditions for such an additional investment had not then matured.

The practical realisation of the 'Master Plan' has been an arduous task mainly due to concerns of the environmental nature raised by

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<sup>14</sup> Ibid.

<sup>15</sup> Elias Bellos, 'COSCO's Piraeus Plan Approved, in Part,' available at: [www.ekathimerini.com/economy/245471/cosco-s-piraeus-plan-approved-in-part](http://www.ekathimerini.com/economy/245471/cosco-s-piraeus-plan-approved-in-part), 13 October 2019.

local municipalities, and organisations as well as individual citizens. The Piraeus Workers Center and some residents, for example, have demanded the freezing of dredging works and the relevant decision of the Council of State is pending at the writing. Some Piraeus residents launched lawsuits against COSCO SHIPPING for arguably ignoring environmental standards in the expansion of the cruise terminal. In this case, a Piraeus court vindicated the Chinese company in February 2021 to carry on with landfill works, and also stipulated for technical measures to facilitate these works.<sup>16</sup> On the whole, and despite local tensions, the Directorate of Environmental Licensing of the Greek Ministry of Energy offered its permission,<sup>17</sup> and, other older decisions of the same ministry date back to 2013 and 2018. Also, the Region of Attica approved COSCO SHIPPING's environmental assessment (with some remarks) in May 2020,<sup>18</sup> while its opinion on the Strategic Environment Impact Assessment is due in the last months of 2021. Both opinions were advisory.

The inability of COSCO to deliver in the pre-arranged timeframe generated a lively debate on whether it should acquire a further 16% of the Piraeus Port Authority or not. Subsequent discussions between the Chinese company and the Greek government to assess the situation and reach a midway solution were difficult and time-consuming. Following intensive deliberations the Greece's Shipping Minister Giannis Plakiotakis acknowledged that the Chinese company had concluded only a part of the mandatory investments but assessed that this was mainly due to external factors such as litigation and

<sup>16</sup> Christina Papastathopoulou, 'A Judicial Green Light for COSCO for the Construction of the New Cruise Pier', available at: [www.efsyn.gr/oikonomia/elliniki-oikonomia/281709\\_dikastiko-prasino-fos-stin-cosco-gia-ti-nea-problita](http://www.efsyn.gr/oikonomia/elliniki-oikonomia/281709_dikastiko-prasino-fos-stin-cosco-gia-ti-nea-problita), 16 February 2021 (in Greek).

<sup>17</sup> Hellenic Parliament website, Answer of Greek Minister of Energy Kostis Hatzidakis, available at: [www.hellenicparliament.gr/UserFiles/67715b2c-ec81-4f0c-ad6a-476a34d732bd/11322379.pdf](http://www.hellenicparliament.gr/UserFiles/67715b2c-ec81-4f0c-ad6a-476a34d732bd/11322379.pdf), 9 July 2020 (in Greek)

<sup>18</sup> Aftodioikisi.gr website, 'Regional Council of Attica Region: The Environment Study of the Piraeus Port Authority Is Approved', available at: [www.aftodioikisi.gr/ota/perifereies/pesy-attikis-psifistike-i-perivallontiki-meleti-gia-ton-olp](http://www.aftodioikisi.gr/ota/perifereies/pesy-attikis-psifistike-i-perivallontiki-meleti-gia-ton-olp), 21 May 2020. (in Greek).

bureaucracy.<sup>19</sup> Against this backdrop, an amicable compromise was reached that gives 5+5 years to COSCO to implement mandatory investments. The Greek Court of Audit okayed the sale of the majority stake of 67% in August 2021, and the Greek parliament followed suite and voted in favor in the hope to guarantee the smooth evolution of the investment as well as benefits for the Greek national economy and local societies.<sup>20</sup>

In March 2022, a judgement of the Council of State further found that previous approvals of the ‘Master Plan’ had overlooked the absence of an environmental impact report for the different facets of the investment.<sup>21</sup> This ruling led to ‘a temporary halt of construction works’, as the Piraeus Port Authority puts it, but has not altered the commitment of the company to ‘apply its big investment plan for the country, taking into consideration potential adjustments that are considered necessary according to decisions made by relevant administrative and judiciary authorities.’<sup>22</sup> The conditions created after the judgement of the Council of State practically meant that new environmental studies would have to be approved by the Region of Attica and other relevant Greek Ministries. Following a ‘tedious procedure’, in the words of Shipping Minister Giannis Plakiotakis, the ‘Master Plan’ for the upgrade of the port of Piraeus, was approved on 24 January 2022 after Greek President Katerina Sakellariopoulou

<sup>19</sup> *Hi Kathimerini* (English edition) newspaper, ‘Parliament Paves Way for COSCO to Raise its OLP Stake,’ available at: [www.ekathimerini.com/economy/1168886/parliament-paves-way-for-cosco-to-raise-its-olp-stake](http://www.ekathimerini.com/economy/1168886/parliament-paves-way-for-cosco-to-raise-its-olp-stake), 1 October 2021.

<sup>20</sup> *Capital* website, ‘G. Plakiotakis: The Modification of the Concession Agreement with Piraeus Port Authority’ Safeguards the Implementation of a Big Investment,’ available at: [www.capital.gr/politiki/3585064/g-plakiotakis-i-sumfonia-tropopoiisis-tis-sumbasis-me-ton-olp-diasfalizei-tin-ulopoiisi-mias-megalis-ependusis](http://www.capital.gr/politiki/3585064/g-plakiotakis-i-sumfonia-tropopoiisis-tis-sumbasis-me-ton-olp-diasfalizei-tin-ulopoiisi-mias-megalis-ependusis), 29 September 2021 (in Greek).

<sup>21</sup> *Ekathimerini* website, ‘Cosco’s Piraeus Masterplan Stopped for Want of Environmental Report,’ available at: [www.ekathimerini.com/economy/1179834/coscos-piraeus-masterplan-stopped-for-want-of-environmental-report](http://www.ekathimerini.com/economy/1179834/coscos-piraeus-masterplan-stopped-for-want-of-environmental-report), 16 March 2021.

<sup>22</sup> Piraeus Port Authority website, Announcement Following the Council of State Decisions, available at: [www.olp.gr/el/pliories-ependyton/etairikes-anakoinoseis/item/12753-2022-03-23-07-05-36](http://www.olp.gr/el/pliories-ependyton/etairikes-anakoinoseis/item/12753-2022-03-23-07-05-36), 22 March 2022 (in Greek).

issued a presidential decree.<sup>23</sup> A draft bill had been already approved by majority at the Council of State in October 2022.<sup>24</sup>

## The Advantage of Piraeus and Interconnectivity

By its geographical position, Greece is a crucial country in the Balkan Peninsula. It is an interconnection, trade and financial transactions hub, and a country that is emerging as a pillar of economic stability and security in the whole region and in the Mediterranean basin. Against this backdrop, the country's ports, in particular the port of Piraeus, have the capacity of strengthening waterborne transport connections and facilitating linkages with South-Eastern Europe and higher up to the heart of EU. The 2020 report on the 'Growth Plan for the Greek Economy', for instance, stresses the need for Greek ports to upgrade their export potential and interconnectivity character. It also encourages Athens to grasp the opportunity to increase its exports with other countries<sup>25</sup> by the virtue of Greece having been recognised by China as a critical partner in the implementation of the Belt and Road Initiative and the port of Piraeus as a gateway to Europe. In that optic, the port of Piraeus is an absolute primary node not only in the new EU TEN-T methodology, but also in the larger Mediterranean context and in the BRI.<sup>26</sup>

The transit time between Shanghai and Piraeus is approximately 22 days, 10 days less in comparison to that between Shanghai and the

<sup>23</sup> GTP website, 'Master Plan for Piraeus Port Upgrade Approved', available at: [news.gtp.gr/2023/01/30/master-plan-for-piraeus-port-upgrade-approved](https://news.gtp.gr/2023/01/30/master-plan-for-piraeus-port-upgrade-approved), 30 January 2023.

<sup>24</sup> Ekathimerini website, 'Conditional Approval for Piraeus Port Master Plan', available at: [www.ekathimerini.com/news/1196832/council-of-state-gives-conditional-approval-to-draft-of-piraeus-port-master-plan](https://www.ekathimerini.com/news/1196832/council-of-state-gives-conditional-approval-to-draft-of-piraeus-port-master-plan), 31 October 2022.

<sup>25</sup> Greek Government website, *Growth Plan for the Greek Economy*, available at: [government.gov.gr/schedio-anaptixis-gia-tin-elliniki-ikonomia](https://government.gov.gr/schedio-anaptixis-gia-tin-elliniki-ikonomia), 2020 (in Greek).

<sup>26</sup> George N. Tzogopoulos, 'Greece', in Ardian Hackaj's (ed) *Blue Connectivity: Maritime Inland and Waterways in the Balkan Peninsula*, Konrad Adenauer Foundation, Tirana, 2022, p. 167.

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.<sup>27</sup> Therefore, since COSCO SHIPPING took over the second and third terminals of the port in 2010, the activities of shipping companies and agencies have continued to increase via Piraeus. When mother vessels come to Piraeus, smaller feeder vessels follow in order to transport commodities and products to smaller ports that cannot serve the needs of mother ships.

Additionally, the China-Europe Land-Sea Express route is a sea-rail intermodal transport platform with Piraeus Port as the hub. The express line starts from the port of Piraeus in the south, passes through Skopje and Belgrade, and reaches Budapest in the north.<sup>28</sup> This transportation route not only provides a convenient channel for the supply of goods from the Far East to the hinterland of Central and Eastern Europe, but is also crucial for the construction of the Piraeus port collection and distribution system and the role of the Piraeus port as a gateway. In order to further build Piraeus Port as the core hub of the China-Europe Land-Sea Express Line, since 2014, COSCO SHIPPING has opened the China-Europe Express Line directly connected to Piraeus Port on the basis of the China-Europe container route, and has served more than 30 container ships ranging from 7,000 TEU to 20,000 TEU, which regularly travel between the Far East and the Mediterranean Sea. At the same time, COSCO SHIPPING has established the China-Europe Land-Sea Express Line Platform Company to further enhance the competitiveness of the China-Europe Land-Sea Express Line through cooperation with relevant

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<sup>27</sup> Oleg Levitin, Jakov Milatovic and Peter Sanfey, "China and South-Eastern Europe: Infrastructure, Trade and Investment Links", available at: [www.ebrd.com/news/2016/ebd-papers-highlight-potential-of-southeastern-europe.html](http://www.ebrd.com/news/2016/ebd-papers-highlight-potential-of-southeastern-europe.html), European Bank of Reconstruction and Development paper, July 2016.

<sup>28</sup> Embassy of the People's Republic of China in Greece, Speech by Ambassador Zou Xiaoli at the Seminar "The New Silk Road of China: One Belt, One Road (OBOR) and Greece", available at: [gr.china-embassy.org/eng/zxgx/t1351970.htm](http://gr.china-embassy.org/eng/zxgx/t1351970.htm), 30 March 2016.

railway operators in Central and Eastern European countries, and strives to widen and extend this Asia-Europe ‘third trade channel’.

In approximately one decade that witnessed continuous Chinese investments, the port of Piraeus was transformed into a transshipment hub. According to Port Economics data, Piraeus, which had not been in the top-15 container ports in Europe in 2007, climbed to the 8<sup>th</sup> position in 2016, 7<sup>th</sup> in 2017, 6<sup>th</sup> in 2019 and 4<sup>th</sup> in 2019, preceded by Rotterdam, Antwerp and Hamburg and followed by Valencia.<sup>29</sup> Piraeus kept the 4<sup>th</sup> position during the pandemic in 2020, and was 5<sup>th</sup> in 2021.<sup>30</sup> Also, Lloyd’s Global Ports Top 100 ranking finds the Port of Piraeus moving up from the 44<sup>th</sup> position in 2016 to 26<sup>th</sup> in 2020. In Lloyd’s description ‘the Greek port is still expanding and has become the largest in the Mediterranean Sea, growing by 70% since 2015.’<sup>31</sup> The year after, the port of Piraeus was ranked in the 28<sup>th</sup> position overall, and 2<sup>nd</sup> in the Mediterranean after Tanger Med and ahead of Valencia.<sup>32</sup>

## A Multifaceted Engagement

The port of Piraeus does not only function as a transshipment hub. It is also an important destination for cruise ships in the Mediterranean Sea with 11 places able to accommodate the simultaneous berthing of the largest cruise ships in the world. Before the pandemic, the cruise business in the port of Piraeus experienced a significant increase. In 2019, the port of Piraeus broke the record of 1 million cruise

<sup>29</sup> See George N. Tzogopoulos, *The Miracle of China: The New Symbiosis with the World*, Springer-China Social Sciences Press, 2021.

<sup>30</sup> Port Economics website, ‘Top 15 Container Ports in the European Union in 2021,’ available at: [www.porteconomics.eu/top-15-container-ports-in-the-european-union-in-2021](http://www.porteconomics.eu/top-15-container-ports-in-the-european-union-in-2021), 3 March 2022.

<sup>31</sup> Lloyd’s List website, One Hundred Ports 2020, available at: [lloydslist.maritimeintelligence.informa.com/one-hundred-container-ports-2020](http://lloydslist.maritimeintelligence.informa.com/one-hundred-container-ports-2020), 2021.

<sup>32</sup> Lloyd’s List website, One Hundred Ports 201, available at: [lloydslist.maritimeintelligence.informa.com/-/media/lloyds-list/images/top-100-ports-2021/top-100-ports-2021-digital-edition.pdf](http://lloydslist.maritimeintelligence.informa.com/-/media/lloyds-list/images/top-100-ports-2021/top-100-ports-2021-digital-edition.pdf), 2022.

passengers, reaching 1,098,091, compared to 961,632 in 2018, and achieved a growth of 14.2%. Cruise ship arrivals were higher by 18.7% to 622 against 524 the year before.<sup>33</sup> In 2020, the fall in the arrivals reached 80% but recovery started in 2021. In 2022, a higher number – in comparison to 2019 – of cruise ships docked in Piraeus was recorded (677 compared to 622).<sup>34</sup> Greece’s ambition is to become a home-port hub for international cruises that will concentrate in the Mediterranean. According to MedCruise ports cruise traffic data for 2019 (before the pandemic), Piraeus hosted 206,684 home-in passengers and 203,648 home-out passengers preceded by Barcelona, Civitavecchia, Genoa and Venice. In 2019, the Mediterranean continued being the second largest cruise destination, after the Caribbean. The patterns of cruise fleet deployment in the Mediterranean rose from 12.6% in 2005 to 14.8% in 2019.

The Passenger port of Piraeus serves as the main link between the mainland, the Aegean islands and Crete, while being the main sea gate of the EU at its southeastern edge with quays comprising a total length of 5.8 km and a draft reaching 11 metres. Moreover, it is one of the biggest transshipment hubs for cars in the Eastern Mediterranean, Black Sea and North Africa. In recent years, the car terminal has seen rapid development. The port customer list includes all major automakers with a transfer exceeding 400,000 vehicles per year. Furthermore, location, infrastructure, know-how, cost efficiency and reliability are the primary factors the Ship Repair Zone of the port is focusing on to attract clients. Besides the newly invested floating dock named ‘Piraeus III’ with 80,000 tons of capacity, the port is continually investing and upgrading the infrastructure and equipment to further develop the ship repair capability and pursue the revitalisation of the ship repair industry in Greece. At the same

<sup>33</sup> Piraeus Port Authority Annual Financial Report 2019 (section: Evolution of Business Activities, p. 32).

<sup>34</sup> *Capital.gr* website, ‘Kikilias: Cruise Ships Arrivals to Further Increase This Year According to OLP Data’, available at: [www.capital.gr/oikonomia/3695585/b-kikilias-anodika-anamenetai-na-kinitheikai-fetos-i-krouaziera-sumfona-me-stoixeia-tou-olp](http://www.capital.gr/oikonomia/3695585/b-kikilias-anodika-anamenetai-na-kinitheikai-fetos-i-krouaziera-sumfona-me-stoixeia-tou-olp), 30 January 2023 (in Greek).

time, the superior geographical location also creates favorable conditions for the development of logistics services. The Type I Free Zone area and the 80,000 m<sup>2</sup> logistics campus in the port provide integrated logistics services and offers spaces of different specifications that enable the handling of general and dry cargo, refrigerated products, as well as flammable and chemical materials.

The Piraeus Port Authority has been profitable demonstrating a continuous augmentation of revenues – with the exception of 2020. The higher the revenues, the higher becomes the receivable amount for Greek state via taxes as well as the fixed 3.5% of consolidated profits per year. The latter shall not be less than €3.5 million. This fee was €4.1 million in 2017, €4.8 million in 2018, €5.4 million in 2019, €4.8 million in 2020, and €5.3 million in 2021.<sup>35</sup> In both terms of total assets and gross profits, the port has been performing well. Compared with that of 2011, the gross profit of the port increased over 520% in 2021 (Figure 2). Currently, under Chinese control, the Piraeus Port Authority had appointed only 13 Chinese employees while nearly 1000 Greek employees were keeping their jobs.

**Figure 2: Financial Status of Port of Piraeus**

Year	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Throughput (million TEUs)	1.680	2.734	3.164	3.585	3.287	3.675	4.060	4.908	5.650	5.437	5.320
Number of Employees	1,324	1,206	1,180	1,157	1,129	1,092	1,025	1,016	998	991	960
Gross Profit (€ million)	14.60	19.93	22.22	22.96	26.15	32.34	38.76	59.32	73.96	60.20	76.81
Total Assets (€ million)	390.03	388.81	386.52	382.52	367.98	360.74	363.92	395.13	472.49	479.06	526.18

Source: Piraeus Port Authority S.A., Annual Financial Report  
[www.annualreports.com/Company/piraeus-port-authority](http://www.annualreports.com/Company/piraeus-port-authority); [www.porteconomics.eu](http://www.porteconomics.eu)

<sup>35</sup> Piraeus Port Authority website, PPA S.A. Financial Results 2020, available at: [www.olp.gr/en/investor-relations/corporate-announcements/item/7163-ppa-sa-financial-results-2020](http://www.olp.gr/en/investor-relations/corporate-announcements/item/7163-ppa-sa-financial-results-2020), 22 February 2021.



As a profitable enterprise, COSCO SHIPPING is developing a corporate social responsibility program in Piraeus. Among other things, it has established a charity project in partnership with the Greek Red Cross, it grants scholarships to pupils aged 6 to 18 in primary and secondary education,<sup>36</sup> and is implementing diverse support initiatives for low-income households through various aid schemes.<sup>37</sup> COSCO Shipping has supported construction plans for the museum of marine antiquities, it has built a modern park in the port area of the cruise terminal area, and has granted facilities to the Hellenic Coast Guard for the needs of the Special Forces division (KEA) to strengthen coastal security. Moreover, the company provided medical equipment to hospitals during the pandemic.

## A Necessary Symbiosis

COSCO SHIPPING has already transformed the port of Piraeus and plans to continue on the same wavelength. As the previous analysis indicates, the process has been successful but also complicated. Although the presidential decree of January 2023 on the ‘Master Plan’ can secure a re-start of investments, a *modus vivendi* between the Chinese giant and local communities is yet to be found. Local opposition to the implementation of investments will perhaps remain a hurdle, although these investments, at least the mandatory ones, fall in the scope of the company’s responsibilities following the 2016 privatisation. Notwithstanding the technical problems, there is no alternative for the two sides but to proceed together in Piraeus as

<sup>36</sup> Piraeus Port Authority website, ‘The COSCO SHIPPING Charity Foundation is Funding Actions of the Red Cross in Greece,’ available at: [www.olp.gr/en/news/press-releases/item/8711-the-cosco-shipping-charity-foundation-is-funding-actions-of-the-red-cross-in-greece](http://www.olp.gr/en/news/press-releases/item/8711-the-cosco-shipping-charity-foundation-is-funding-actions-of-the-red-cross-in-greece), 21 November 2019.

<sup>37</sup> Hellenic Shipping News Worldwide, ‘The COSCO SHIPPING Charity Foundation is Funding Actions of the Red Cross in Greece’, available at: [www.hellenicshippingnews.com/the-cosco-shipping-charity-foundation-is-funding-actions-of-the-red-cross-in-greece](http://www.hellenicshippingnews.com/the-cosco-shipping-charity-foundation-is-funding-actions-of-the-red-cross-in-greece), 21 November 2019. Also, Association of Naval Parents of Children with Special Needs ‘ARGO’ website, available at: [www.argonauts.gr/en](http://www.argonauts.gr/en), 2018.

COSCO SHIPPING will be present for the decades to come. Towards this end, the localisation strategy of the investor could be crucial.

It is understandable and natural for environmental concerns to be raised when big investments are being carried out. This is a typical reaction in cases where private or foreign companies win public contracts that aim at overhauling existing facilities. COSCO SHIPPING's investments cannot but cause temporary dysfunctions in Piraeus but their economic significance is hardly challenged. There is always room for cooperation. Before the amicable compromise of 2021, a relevant settlement was reached in 2011 in response to strikes that had dramatically impacted on the port. Another one was also sealed in 2014 with regard to a necessary modification of the agreement about piers II and III. Occasionally, technical issues are also on the agenda. In February 2020, for instance, when the Piraeus Chamber of Commerce and Industry disagreed with the proposed introduction of the Hellenic Port Communication System, an e-platform that would reduce time for agency and custom procedures in the port,<sup>38</sup> the Greek Shipping Ministry proposed another digital solution, to secure the participation of the state in the process. Generally speaking, COSCO Shipping's expertise, automation capability and transformation capacity contradict the interests of old-guard, traditional and less modernised stakeholders who diagnose potential losses in their economic turnover. This is highly evident in the Perama ship-repair zone, where small shipyard owners operate their businesses.

Obviously, environmental concerns need to be addressed. COSCO Shipping is taking some steps towards this direction. It is implementing, for example, a holistic environmental management approach certified by the European Port Environmental Review System (PERS) and is an energy producer itself. Since 2016, it has also

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<sup>38</sup> Elias Bellos, Not Everyone Is Happy with Digital System in Piraeus,' available at: [www.ekathimerini.com/economy/249903/not-everyone-is-happy-with-digital-system-in-piraeus](http://www.ekathimerini.com/economy/249903/not-everyone-is-happy-with-digital-system-in-piraeus), 25 February 2020.

operated a photovoltaic station of 430 kWp within the Cargo Terminal producing energy through sun panels. The Piraeus Port Authority, in particular, stresses the importance of climate change and participates in relevant EU-funded projects such as ‘The Green and Connected Ports’ one that aims at facilitating the compliance of the ports of Piraeus, Valencia, Venice, Wilhelmshaven and Bremerhaven with European environmental regulations.<sup>39</sup>

## The Way Forward

Greece’s experience in monitoring the metamorphosis of the Piraeus Port is mirrored on statements made by all governments since 2009. Prime Minister Kyriakos Mitsotakis has referred to the example of Chinese investment by COSCO in the port of Piraeus ‘that highlights the win-win approach of an investment initiative that is mutually beneficial to both [countries].<sup>40</sup> Additionally, Minister of Foreign Affairs Nikos Dendias said during a joint press conference with his Chinese counterpart Wang Yi: ‘We look forward to new investment projects at the largest port in the Mediterranean, one of the largest in the world, perhaps the most historic one, and also to the expansion of economic activity so that it operates beneficially for the local society.’<sup>41</sup> For his part, President of China Xi Jinping went to the port of Piraeus in November 2019, in one of his last state visits before the outbreak of the COVID-19 pandemic. He frequently illustrates the investment of COSCO Shipping in Piraeus as the ‘head of the dragon’

<sup>39</sup> Piraeus Port Authority website. ‘Green and Connected Ports,’ available at: [www.olp.gr/en/environmental-protection/eu-projects/active/item/7370-green-and-connected-ports](http://www.olp.gr/en/environmental-protection/eu-projects/active/item/7370-green-and-connected-ports), 24 January 2022.

<sup>40</sup> Prime Minister of the Hellenic Republic website, Prime Minister Kyriakos Mitsotakis’ Remarks at the First Leaders’ Summit of the China – Central and Eastern European Countries (CEECs) Initiative,’ available at: [primeminister.gr/en/2021/02/09/25822](http://primeminister.gr/en/2021/02/09/25822), 9 February 2021.

<sup>41</sup> Hellenic Republic Ministry of Foreign Affairs website, Minister of Foreign Affairs Nikos Dendias’ Statement Following his Meeting with his Chinese Counterpart Wang Yi,’ available at: [www.mfa.gr/en/current-affairs/top-story/minister-of-foreign-affairs-nikos-dendias-statement-following-his-meeting-with-his-chinese-counterpart-wang-yi-athens-27102021.html](http://www.mfa.gr/en/current-affairs/top-story/minister-of-foreign-affairs-nikos-dendias-statement-following-his-meeting-with-his-chinese-counterpart-wang-yi-athens-27102021.html), 27 October 2021.

in Sino-Greek relations and a critical part in the implementation of the Belt and Road Initiative.

From the prism of Greece, the success of COSCO in Piraeus goes beyond Sino-Greek relations. It whets the appetite of foreign investors to take part in privatisations of other ports. A significant example is the one of Thessaloniki, the second biggest in the country. Since 2018, this port, has been controlled by a Cyprus-based consortium under the title the South Europe Gateway Thessaloniki (SEGT) Ltd. The 2018 privatisation did spark a rise in the throughput of TEUs as well as the launch of new rail services. The port of Thessaloniki is closely connected to that of Piraeus. According to a study conducted in the last months of 2021, 28 percent of its vessel calls were destined to or coming from Piraeus.<sup>42</sup> Beyond Thessaloniki, Greece is, at the writing, in the process of carrying out privatisations for other regional ports.

The investment of COSCO Shipping in the port of Piraeus is not just a Sino-Greek affair. It is linked to the evolution of Sino-European relations. The engagement of COSCO in Piraeus has been scrutinised by the European Commission, and the latter occasionally points out its objections, as it happened in 2015. This is highly significant for Greece, which complies with the European framework as an EU member-state. The Chinese company entered Greece in 2009 and acquired the majority of shares in the Piraeus Port Authority in 2016 respecting European regulations. Existing disagreements and frictions with some local communities are not ignored and can be solved in good faith. Greece is keen on functioning as a bridge between the West and the East and contribute to a better understanding in Sino-European relations. Greece's know-how in dealing with the Chinese side could be certainly useful for European policy-makers and the port of Piraeus might be a paradigm.

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<sup>42</sup> Port Economics website, 'The Embeddedness of Thessaloniki Port in the Maritime Transport Networks,' available at: [www.porteconomics.eu/the-embeddedness-of-thessaloniki-port-in-the-maritime-transport-networks](http://www.porteconomics.eu/the-embeddedness-of-thessaloniki-port-in-the-maritime-transport-networks), 22 March 2022.

1<sup>st</sup> edition 2023

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With the support of  
the Erasmus+ Programme

This project has been funded with support from the European Commission. This publication reflects the views only of the authors, and the Commission cannot be held responsible for any use which may be made of the information contained therein.