Greece, China and the 17+1 Initiative

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Summary

- Greece’s membership in the 17+1 Initiative can be seen as a ‘Europeanization’ step in the interests of Athens, Beijing as well as the group’s other participants. China is not seeking to antagonize the EU in CEEC, but rather to complement the EU’s economic activities.

- Greece has the potential to function as a bridge between the West and the East and could contribute to a better understanding of China in Europe while also helping China better understand the EU.

- In spite of the ongoing Sino-American antagonism in the region, Greece can exercise leadership and seek to facilitate synergies—as outlined in the Prespa Agreement that opened the door for the country to join the China-CEEC cooperation platform.

- COSCO’s win-win investment in the Piraeus port has transformed it into a transshipment hub. As the Growth Plan for the Greek Economy suggests, interconnectivity projects have the potential to cement Greek recovery post COVID-19.

- Greece can share with its partners the success story of Chinese investments which have been carried out in line with EU regulations. These investments often pave the way for business synergies among different actors—for example, in the (green) energy sector—and can be combined with grants from the Recovery Fund.

- Greece and China have strengthened their cooperation during the pandemic, also under the 17+1 format. This cooperation can expand into the digital economy and innovation and further boost Greek exports not only to China but also to other countries within the format and beyond.
Introduction

Speaking at the 5th EU-Arab World Summit on 9 November 2020, Prime Minister Kyriakos Mitsotakis portrayed COSCO’s investment in the port of Piraeus as a win-win project. His view reflects that of all his predecessors, who experienced the different stages in the gradual transformation of Piraeus into a leading Mediterranean port. In 2008, the then premier Costas Karamanlis had first envisaged Greece serving as a hub for Chinese goods sold on to the European market. The COSCO investment is the flagship project in Sino-Greek relations and paved the way for a multifaceted cooperation that is currently evolving. Greece’s decision to apply for membership in the 16+1 Initiative, which led to the enlargement of the group from 16 to 17 members in April 2019, is a relatively new development that could generate new opportunities for the two countries by adding a regional and multilateral dimension to the existing collaboration. Greece is interested in further developing its partnership with China, also under the 17+1 format, by placing particular emphasis on the EU framework and carefully monitoring the evolution of EU-China relations.

The China-CEEC Cooperation Platform and the EU

Greece did not view the 16+1 Initiative from within when it was launched, but rather through the EU lens. The idea of a special cooperation platform between China and Central and Eastern European Countries (CEEC) emerged after the first China-CEEC Economic and Trade Forum, held in Budapest in 2011. Chinese Prime Minister Wen Jiabao said then that CEEC—located in the heart of Europe, well-connected with excellent transport facilities, and serving as a bridge between Eastern and Western markets—could function ‘as a gateway to China-EU cooperation’. The first 16+1 summit was held in 2012, in Warsaw. The 16 countries included 11 EU member states, namely Bulgaria, Croatia, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia and Slovenia as well as five non-EU member states, namely Albania, Bosnia and Herzegovina, Montenegro, North Macedonia (then known as the Former Yugoslav Republic of Macedonia, FYROM) and Serbia. The CEEC acronym also includes the Balkan countries.

At the 2012 Warsaw summit, China announced twelve measures for promoting friendly cooperation with CEEC. The measures encompassed the establishment of a $10 billion special credit line, a certain proportion of which would be in the form of concessional loans to support projects in infrastructure, high and new technologies and the green economy, and of an investment cooperation fund which aimed to raise $500 million in

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3 Xi Jinping, ‘Let Wisdom of Ancient Civilizations Shine through the Future’, available at: https://www.kathimerini.gr/politics/1051060/arthro-si-tzinpingk-stin-k-eithe-i-sofia-ton-archaion-politismon-na-fotisei-to-mellon”, 9 November 2019 (This article was exclusively written for the Kathimerini newspaper on the occasion of President Xi’s visit to Greece).


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the first stage. China also expressed its commitment to sending missions to CEEC to promote trade and investment, to enhancing financial cooperation through, for example, currency swaps, and to providing scholarships; it also proposed an alliance for the promotion of tourism. Since the 2012 Warsaw summit, seven events have been organized, in Bucharest (2013), Belgrade (2014), Suzhou (2015), Riga (2016), Budapest (2017), Sofia (2018) and Dubrovnik (2019). After every summit, guidelines that summarize previous work and show the way forward are produced.

The EU has engaged in the 16+1 format as an observer at summits. It adheres to the principles of its 2016 strategy, whereby it ‘must project a strong, clear and unified voice’ and whereby member states conducting their bilateral relations with China either one-on-one, or as groups of countries as in 16+1, should cooperate with the Commission and the European External Action Service (EEAS). Additionally, the EU is working towards cooperation on physical and digital infrastructure through the EU-China Connectivity Platform. Further to this, it has added the Berlin Process to its Western Balkans policy, and issued in 2018 a new strategy providing for a credible enlargement perspective on enhanced engagement with this region on the Balkan Peninsula.

Since 2018 the European Union has launched the EU-Asia Connectivity Strategy that aims at increasing its economic influence in Eurasia. As far as China is concerned, the EU seeks to strengthen the existing cooperation on the respective infrastructure and development cooperation initiatives, promote the implementation of the principles of market access and a level playing field, as well as rely on international standards within initiatives on connectivity. Brussels pushes for more reciprocity and stresses the need to rebalance the economic relationship. The March 2019 EU-China Strategic Outlook summarizes the European positions. China is, simultaneously, in different policy areas, a cooperation partner with whom the EU has closely aligned objectives, a negotiating partner with whom the EU needs to find a balance of interests, an economic competitor in the pursuit of technological leadership, and a systemic rival promoting alternative models of governance.

A critical aspect of the EU approach vis-à-vis China, in particular, is the operationalization of a framework for screening foreign direct investment. Since October 2020 it has become instrumental in preserving Europe’s strategic interests while keeping the EU market open to investment. This has been the result of European negotiations stemming from the growing concern about the impact of the Belt and Road Initiative. The process started approximately four years ago. In October 2016, the German government withdrew its approval for the takeover by China’s Grand Chip Investment GmbH of

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10 European External Action Service website, Joint Communication to the European Parliament, the Council, the European Economic and Social Committee, the Committee of the Regions and the European Investment Bank, available at: 19 September 2018.
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Aixtron SE, which supplies equipment to the semiconductor industry. A few months later, in September 2017, the then President of the European Commission Jean Claude Juncker gave his State of the Union address, in which he proposed a new EU framework for investment screening.\textsuperscript{13}

The 16+1 Initiative has triggered an intense debate in Europe about potential risks and challenges. One of the main focuses of skepticism at the EU level has been this format’s alleged impact on Sino-European relations and the internal political dynamics of the EU. In 2017, the then German Foreign Minister, Sigmar Gabriel, referred to 16+1, saying that ‘if we fail […] to develop our own strategy with a view to China, then China will succeed in dividing Europe’.\textsuperscript{14} The Chinese Ministry of Foreign Affairs expressed its ‘shock’ and reiterated that China had been ‘steadfast’, publicly and privately, in its support of European integration by attaching high importance to its relationship with the EU.\textsuperscript{15} The Chinese administration proclaims to view the 16+1 mechanism as an independent and voluntary cross-regional cooperation platform that operates within the framework of Sino-European relations and the relevant EU laws and regulations.\textsuperscript{16}

The official Chinese rhetoric underlines its belief in multilateralism as a matter of principle, and its readiness to work with the EU to strengthen dialogue and coordination at the bilateral, regional and global level and to expand this collaboration, also under the 16+1 format.\textsuperscript{17} The Chinese government has issued three policy papers on the EU (in 2003, 2014 and 2018), in which it welcomes a ‘united, stable, open and prosperous Europe.’\textsuperscript{18} At critical moments for the EU, for example when Greece’s stay in the Eurozone was at stake in 2015, China attempted to play a constructive role to prevent Grexit.\textsuperscript{19} Similarly, China hopes to see Brexit proceed in an orderly fashion and stands ready to advance China-EU and China-UK relations in parallel. Although it is understandable, given its interest in speaking with one voice, for the EU to scrutinize the 16+1 Initiative, ascribing to China a desire to ‘divide and rule’ may be a claim too far, given that a weakened and divided EU likely does not serve Chinese interests. A robust Eurozone facilitates a multipolar monetary system and thus the internationalization of the yuan\textsuperscript{20} while a multilateral world order – with EU in it – is in line with China’s development strategy.\textsuperscript{21}

China’s goal has been arguably to replace the EU, but rather to identify economic opportunities and roll out the Belt and Road Initiative announced by President Xi Jinping.

\textsuperscript{13} For a discussion on EU-China relations see: George N. Tzogopoulos, ‘Can Europe Restrain China’s Influence?’, Begin Sadat Centre for Strategic Studies Perspective Paper No. 630, available at: https://besacenter.org/perspectives-papers/europe-china-influence/, 30 October 2017.

\textsuperscript{14} German Federal Foreign Office website, Rede von Außenminister Sigmar Gabriel auf der französischen Botschaftskonferenz, available at: https://www.auswaertiges-amt.de/de/newsroom/-/292142, 30 August 2017.


\textsuperscript{21} Bora Ly, ‘Sino-EU Multilateralism Relation’, Cogent Social Sciences, vol. 6, is. 1. 2020.
“Although it is understandable, given its interest in speaking with one voice, for the EU to scrutinize the 16+1 Initiative, ascribing to China a desire to ‘divide and rule’ may be a claim too far, given that a weakened and divided EU likely does not serve Chinese interests.”

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in September 2013. A 2018 European Investment Bank (EIB) report focusing on the Western Balkans suggests that concerns about the economic influence of outside actors such as China, Russia and Turkey are often overplayed. From the perspective of trade and Foreign Direct Investments (FDVI), the EU dominates the region, with the other powers playing a much smaller role. An analysis of the 16+1 Initiative in other countries produces similar results: in Romania, for example, China is not even included in the list of FDI countries of origin in 2018, which is topped by the Netherlands, Germany, Austria and Italy. The situation appears similar in Latvia and Estonia, where the principal sources of FDI are Sweden, Estonia, Russia and Germany for the former and Sweden, Finland, the Netherlands and Luxemburg for the latter. In Poland, Chinese FDI in 2018 amounted to €79.1 million, compared with €12.719 billion in FDI from EU member states, out of a total of €13.554 billion.

Important as they are, comparisons cannot capture the full significance of China’s economic presence in CEEC. According to an analysis by the CSIS Reconnecting Asia Project, China has contributed around $15.4 billion towards infrastructure and other investments in the 16+1 countries between 2012 and 2018, covering areas including energy, transport, information and communication technology (ICT), manufacturing, real estate, and mergers and acquisitions. Furthermore, Chinese FDI to some CEEC is rising, even if the stock total remains low in comparison to other FDI sources. In Hungary, for instance, FDI from China amounted to €177 million in 2015 and €255 million in 2016, while FDI from Germany reached €17 billion and €20.2 billion respectively.

The 16+1 Initiative comprises countries of different sizes, economic interests, priorities and needs. Moreover, a group of EU and non-EU member states can hardly be coherent: different rules and guidelines apply. For these reasons, the design of the format itself has been ambitious, because coordination is far from easy. China believes the 16+1 Initiative offers a valuable channel for intensifying its contacts with Europe, bearing in mind that the CEEC were the first in Europe to establish diplomatic relations with it during the Cold War. According to the official position of the Chinese government, the development of the relationship between China and CEEC evolves in accordance with Chinese foreign policy principles, which stipulate that Beijing must treat all European countries equally.

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irrespective of their size.\textsuperscript{30} For their part, CEEC want to emulate the larger states and interact better with China, while the EU member states at least take care not to ignore the European framework and general geopolitical environment.

The desideratum for both Beijing and Brussels, and obviously Athens, is to better integrate the 17+1 Initiative in the context EU-China relations. Differences cannot be bridged without sincere dialogue. This is what is being played out in Sino-European talks about an ambitious EU-China Comprehensive Investment Agreement (CAI) that addresses asymmetries in market access, contributes to a level playing field, and establishes meaningful commitments on sustainable development. The EU expects China to address market access barriers, make progress on overcapacity and engage in negotiations on industrial subsidies at the World Trade Organization. China, for its part, insists on its own pace of opening up and the gradual lifting of barriers for foreign investors to access its market. Foreign ownership caps on securities, fund management, futures, life insurance companies and commercial vehicle enterprises, for example, have been removed this year.\textsuperscript{31} The signing of the Sino-European agreement on geographical indications in 2020 exhibits that when there a common will, there is a way.

On the Way to Joining the 16+1 Initiative

In the first years after the launch of the 16+1 Initiative in 2012, Greece monitored it without participating institutionally, but still benefited by the increased interconnectivity in the region. COSCO’s investment in the port of Piraeus deserves special credit. The transit time between Shanghai and Piraeus is approximately 22 days, which is 10 days less than the transit time between Shanghai and the North European ports of Rotterdam and Hamburg. By significantly shortening the delivery time between China and Europe, Piraeus has become a major penetration point for Chinese goods in Europe.\textsuperscript{32} After reaching the port, the Chinese goods are transported to CEEC and other countries in the Mediterranean by rail freight and road transportation, or aboard feeder vessels onto which containers from large container vessels are loaded.

COSCO first entered the port of Piraeus in 2008, when it took over the management of piers II and III. Its investment in these piers has borne considerable fruit over the years in terms of increased trade.\textsuperscript{33} Some 3.030.000 containers were transshipped from piers controlled by the Chinese company in 2015, as opposed to 2.984.000 containers in 2014 and 2.520.000 in 2013. Surprisingly, this 1,54 percent increase between 2014 and 2015 took place in a year during which the container trade in the Mediterranean decreased and Greek exports fell due to the political crisis in the country. A comparison with the Piraeus Port Authority is also indicative: 293.353 containers were transshipped in the Greek part of the Piraeus port in 2015 (before privatization), as opposed to 598.255 in

2014 and 644.055 in 2013. The success of COSCO, in parallel with the launch of the Belt and Road Initiative, increased Beijing’s appetite for new investments. The opportunity emerged when Greece needed to privatize the underperforming Piraeus Port Authority as part of its bailout obligations. In the second half of 2015, the then Greek coalition government of SYRIZA and Independent Greeks changed economic course after signing the third bailout and opened the privatization tender for the Piraeus Port Authority, in which China had expressed an interest from the beginning.

The adherence of the SYRIZA-Independent Greeks coalition government to the new adjustment program for the national economy also signaled their international re-orientation vis-à-vis potential investments where opportunities might arise. Against this backdrop, Greece acquired observer status in the 16+1 format in November 2015. The conclusion of the Piraeus Port Authority privatization, and the signing of the concession agreement between the Greek Privatization Fund and COSCO a few months later, opened a new chapter in the Sino-Greek partnership. The Chinese administration had considered COSCO’s engagement in Piraeus to be the ‘dragon’s head’ of its general interest in Greece. Following the important accord of 2016, it could not view the gradual improvement in bilateral ties as anything but positive. The then Prime Minister Alexis Tsipras visited China in July 2016 and met with President Xi Jinping and Premier Li Keqiang. In Article 16 of the joint declaration on strengthening the comprehensive strategic partnership between the two countries, China reiterated its support of the EU integration process, praised the Greek Government’s efforts to revitalize the national economy and address the debt crisis, and welcomed its participation as an observer in the 16+1 cooperation. In his speech at the 5th China-CEEC Summit, which took place in Riga on 5 November 2016, Li Keqiang welcomed the EU, the European Bank for Reconstruction and Development (EBRD), and countries including Austria, Greece and Switzerland that were attending as observers.

The Sino-Greek partnership improved further in the obstacle that prevented Athens from applying to join ears to come. Foreign Minister Wang Yi visited Athens in April 2017 to attend the Ancient Civilizations Forum. In May 2017, Tsipras attended the first Belt and Road Forum for International Cooperation in the Chinese capital. During his stay, he met again with Xi Jinping and Li Keqiang and discussed plans of joint action. Among other things, Xi Jinping stressed that the strategy of turning Greece into an important international logistics hub conformed with the Belt and Road Initiative, and said that the two sides should focus on building the port of Piraeus into an important container transit

36 Tzogopoulos, ‘Greece, Israel and China’s Belt and Road Initiative’.
port, a sea and land transport bridgehead, and an international logistics distribution center in the Mediterranean. The goal would be for the port to serve as an important fulcrum for the China-Europe land-sea express route and for Belt and Road construction, as well as to promote bilateral cooperation in infrastructure construction, energy, telecommunications, maritime commerce and other areas with a view to concrete, in-depth development that would be to the benefit of the two peoples.41

In 2018, Greece and China elevated their cooperation to new heights. In July of that year, Greece took the decision to be represented at a higher level at the seventh China-CEEC summit in Sofia.42 The Alternate Minister for Infrastructure, Christos Spirtzis, attended the event with a view to linking the country’s national growth plan with the agendas of international players such as China.43 One month later, Greece and China signed a memorandum of understanding concerning their joint construction of the Belt and Road Initiative.44 The agreement was finalized during the visit of the then Foreign Minister Nikos Kotzias to Beijing. This made Greece the first developed country in Europe to sign the agreement, though countries such as Italy and Luxemburg would take the same decision a few months later.

Greece’s attendance at China-CEEC summits after 2015 in an observer capacity opened up a new channel of communication with China and other countries in relation to new infrastructure projects in CEEC. An obstacle that prevented Athens from applying to join the Initiative until 2019 was the participation of North Macedonia (at that time known as FYROM) under its constitutional name at the time. Thus, the Prespa Agreement that solved the name issue between Athens and Skopje also removed this barrier. Following its ratification by the Greek Parliament in January 2019 and the erga omnes usage of the North Macedonia name, Greece applied to become a full member of the 16+1 Initiative. China and the other members of the mechanism welcomed Greece as its 17th member and as a fully-fledged participant in the eighth China-CEEC summit that took place in Dubrovnik on 12 April 2019.

The 2019 Dubrovnik Summit and Greece

Alexis Tsipras’ participation in the Dubrovnik China-CEEC Summit set the seal on Greece’s membership of the Initiative, which was renamed 17+1 in April 2019.45 Prime Minister Li Keqiang and the other participants welcomed Greece.46 In his address, Tsipras expressed confidence that there would be new cooperation schemes within the framework of the Belt and Road Initiative that could also draw on the success of the Piraeus port. He talked about the euphoria prompted by the Prespa Agreement, and underlined Greece’s

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commitment to working with other countries, creating new development bridges, and fostering interconnectivity in a region where China plays a significant economic role. More importantly, he allayed Brussels’ concerns by insisting he would collaborate with his partners in ‘full respect of the rules and procedures of the EU, in order to promote economic growth through this very effective platform for cooperation with China’.47

The Dubrovnik guidelines charted the way forward for the 17+1 Initiative with Greece on board. Among other things, participants at the eighth China-CEEC summit spoke about the Investment Plan for Europe along with the Trans-European Transport Networks (TEN-T) and their extensions into the Western Balkans, and pledged to step up cooperation to promote the digital economy and efficient transport connectivity along with smart, sustainable, safe and secure mobility under the EU-China Connectivity Platform. They also expressed their shared will to promote railway projects, jointly explore the utilization and construction of logistics hubs, and strengthen port cooperation between China and CEEC, including the opportunities deriving from inland waterways and intermodal connections. In addition, participants recognized that the China International Import Expo (CIIE) was a useful platform for promoting mutually-beneficial economic and trade exchanges, agreed to cooperate further through e-commerce platforms, and identified energy—and green energy in particular—as an area where mutually-beneficial cooperation might expand. Agriculture, culture, education, environmental protection, health, technological innovation, tourism and female empowerment were on the Dubrovnik agenda, too.48

For a country like Greece, which is endeavoring to leave the economic crisis behind and play a leading role in the Balkans and possibly the entire CEEC region, a tool such as the 17+1 Initiative cannot but be promising and complement other regional schemes. The country occupies a strategic location near the crossroads of Europe, Asia and Africa and shares a land border with four states: Albania, North Macedonia, Bulgaria, and Turkey. One way to promote growth is to foster trade and investment linkages and develop interconnections with neighboring countries.49 Greek policy in the Balkan Peninsula already revolved around axes such as the Hellenic Plan for the Economic Reconstruction of the Balkans (HIPERB), the South East European Cooperation Process (SEECP), the Regional Cooperation Council, and various bilateral, trilateral and quadrilateral cooperation platforms.50 Greece also traditionally supports the European orientation of Western Balkan countries.51

The 17+1 Initiative provisionally allows Greece to envisage a more active role in the Balkans by seeing China as a potential player in interconnectivity projects and counting on the excellent Sino-Greek relations. Following the Dubrovnik summit, Tsipras travelled to Beijing in April 2019 to attend the second Belt and Road Forum for International 47 Avgi website, ‘Tsipras: The Initiative Will be Called 17+1’, available at: https://www.avgi.gr/arheio/308403_al-tsipras-171-tha-onomazetai-pleon-i-protopoyolia-vidéo, 12 April 2019 (in Greek) and Kathimerini website, ‘Croatia: Greece Entered the 16+1 Initiative’, available at: https://www.kathimerini.gr/politics/1019169/kroatia-proschorise-stin-protopoylia-16-1-i-ellada/, 12 April 2019 (in Greek). Tsipras’s statement after the Dubrovnik summit is available here: https://www.youtube.com/watch?v=IBkTFfGh0, 12 April 2019 (in Greek).
50 More information about these regional schemes is provided by the website of the Hellenic Ministry of Foreign Affairs at: https://www.mfa.gr/en/foreign-policy/regional-policy/western-balkans.html, 23 October 2018.
Cooperation. In his address there, he spoke about tangible results of the Belt and Road Initiative, which had already upgraded interconnectivity and transportation and increased global growth and trade. He also said that he considered Greece to be a bridge between West and East, seeing as the ancient Silk Road is being revitalized.\(^52\) A Chinese official announcement made after his meeting with Xi Jinping stated that the Greek side, endowed with its own regional advantages, was ‘glad to take advantage of the Belt and Road Initiative and the China-CEEC cooperation platform to develop strategic relations with China, and support deepening cooperation between Europe and China’.\(^53\) A few weeks later, in May, the then Greek President Prokopis Pavlopoulos also travelled to the Chinese capital to attend the Conference on Dialogue of Asian Civilizations, having been invited by Xi Jinping.\(^54\) President Pavlopoulos talked about a ‘historic opportunity’ that Greece might take to jointly build the Belt and Road Initiative and deepen exchanges and cooperation with China.\(^55\)

The Sino-Greek Dance

After four and a half years in power, SYRIZA lost the national election of July 2019. The victory of the centre-right New Democracy party under Prime Minister Kyriakos Mitsotakis did not fundamentally alter Greece’s economic priorities vis-à-vis China, although his government’s position is that Huawei’s presence in the Greek core telecommunications network should not be increased.\(^56\) As a new member of the 17+1 Initiative, the country also took part in regional fora. In October 2019, for example, the 5\(^\text{th}\) China-CEEC high-level conference on tourism cooperation was staged in Riga.\(^57\) The Greek Minister for Tourism, Harry Theoharis, attended the event and met with his Chinese counterpart on its sidelines.\(^58\) Greece also informed other participants in the group of its intention to host the 6\(^\text{th}\) China-CEEC high-level conference on tourism cooperation. For his part, Development and Investment Minister Adonis Georgiadis went to Beijing, where he met with the Vice-Chair of the National Committee on Development and Reforms in China (NDRC), Ning Jizhe. The two signed an updated cooperation framework for the period 2020–2022.\(^59\)

The first week of November 2019 was historic for Sino-Greek relations. Prime Minister Kyriakos Mitsotakis went to Shanghai to attend the second CIIE and President Xi Jinping came to Athens in the first visit of a Chinese President to Greece since Hu Jintao’s in 2008. In July 2014, Xi Jinping had only made a stopover on the island of Rhodes, where he met with then Prime Minister Antonis Samaras on his way to Brazil. Two important meetings

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56 The relevant Aspen Institute discussion between Kyriakos Mitsotakis and Nicholas Burns is available at: https://www.youtube.com/watch?v=B4Jp-7WdvYE, 6 August 2020.
between the two leaders in a period of only a few days exhibited their joint will to improve the bilateral partnership. The timing was significant. The new Greek premier valued continuity in his approach to China and showed his determination not only to lure investments but also to develop original synergies—under the 17+1 format, too. As the leader of the main opposition during the SYRIZA administration, he had already visited the port of Piraeus, expressing his commitment to this investment.60

Greece was one of the honored countries at the second CIIE. Mitsotakis saw the exhibition as a chance to showcase Sino-Greek ties at a time when Greece was restoring its position on the global business map as an outward-looking country, open to trade and investment.61 The Prime Minister visited the headquarters of COSCO in Shanghai62, led a large business delegation interested in cooperating with Chinese partners, and gave a talk at a special Greece-China business forum.63 According to Enterprise Greece, companies such as Alibaba, the Bank of China, the China Development Bank, Juneyao Group/Junyao Air, COSCO Shipping, the State Power Investment Corporation, China Three Gorges International, the Futong Group, ZTE, Huawei, Tencent Technology, Penglai Zhongbai Jinglu Ship Industry and Ningbo Tongzhou Ship Engineering were represented.64 In his meeting with President Xi Jinping, who also visited the Greece Pavilion, the two leaders reaffirmed the bilateral friendship.65

A few days after the meeting between Kyriakos Mitsotakis and Xi Jinping in Shanghai the Chinese President came to Athens. The two sides signed the following agreements:66

- Treaty for the extradition of wanted persons,
- List of key projects within the cooperation framework 2020–2022 (covering inter alia transportation, energy, information and communications, manufacturing, research and development, and finance),
- MoU to promote two-way investment cooperation between the Hellenic Ministry of Development and Investment and the Ministry of Commerce of China,
- Protocol between the Hellenic Ministry of Rural Development and Food and the General Customs Administration of China on the export of saffron,
- Protocol on the export of kiwi fruit from Greece to China between the Hellenic Ministry of Rural Development and Food and the General Customs Administration of China,
- MoU on Broadcasting and Electronic & Audiovisual Media between Greece’s General Secretariat of Communication and Information and the National Broadcasting Authority of China,

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• MoU on cooperation in the field of sports between the Hellenic Ministry of Culture and Sports and the Chinese Federation of People with Disabilities,
• MoU between the Greek and Chinese civil aviation authorities,
• Agreement between the Chinese Academy of Social Studies and the Alkaterini Laskaridis Foundation on the establishment of a Center for Chinese Studies,
• Agreement between the Confucius Institute of China and the University of Thessaly to establish a Confucius Institute department,
• MoU for the successful implementation of the COSCO Master Plan in Piraeus,
• Announcement of the opening of a Bank of China branch in Athens,
• Announcement of the opening of a Representative Office for the Bank of Industry and Commerce of China in Athens
• Agreement to express interest in the electricity grid interconnection project between mainland Greece and Crete,
• Cooperation agreement for the creation of the MINOS 50MW project in Crete,
• A series of financing contracts for construction projects in the port of Piraeus.

Greece and China also signed a new statement on strengthening the comprehensive strategic partnership. Greece reaffirmed its committed to the one-China principle, its respect for China’s sovereignty and territorial integrity, and support for its unification. In turn, China recognized Greece’s constructive role in promoting stability, security and prosperity in Southeast Europe, the Mediterranean and the Balkans. The relevant statement contains 17 articles, including a reference to the 17+1 Initiative. Specifically, Article 8 reads that the two sides would work together to advance and deepen the comprehensive strategic partnership between China and the EU, that they would forge partnerships for peace, growth, reform and civilization, and that they agreed that the cooperation between China and CEEC would complement and benefit China-EU relations. Additionally, Greece expressed its appreciation of joining the 17+1 format and its readiness to play a positive role within the mechanism.67 Xi Jinping’s visit to Greece concluded with a visit to the Acropolis Museum. The Chinese President voiced support for Greece’s campaign for the return of the Parthenon marbles to Athens.68

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Cooperation During the Pandemic

The outbreak of the COVID-19 pandemic interrupted daily routines and seriously impacted on international economic relations. It did not, however, affect the harmonious Sino-Greek relationship, which has continued to evolve—under the 17+1 format, too. From the very beginning, after the virus was detected and reported in Wuhan, Greece demonstrated its support to China. In February 2020, Prokopis Pavlopoulos sent a letter to Xi Jinping expressing Greece’s sympathy to the Chinese people for the tragic deaths they had suffered due to the novel coronavirus.69 Also, in an article published in the Fileleftheros newspaper a few days later, Adonis Georgiadis underlined that Greece would stand by China.70 His initiative was appreciated by the Chinese, who had been

stigmatized in the international public discourse on more than a few occasions. In response, NDRC vice-Chairman Ning Jizhe sent a letter thanking the Greek Minister for Development and Investment for the stance of his country’s government.71 China’s Embassy in Greece worked closely with the Hellenic Ministry of Health and Ministry of Foreign Affairs to facilitate prevention, control efforts, and provide assistance to Chinese citizens.72

As China was the first country to experience the novel coronavirus, it was later able to share its expertise with the world. This also took place under the 17+1 format. In mid-March, for instance, governmental officials and medical experts from the group attended an online conference on the prevention and control of the novel coronavirus. Two months later, information on the fight against COVID-19 was exchanged and a ‘coordinated international response’ called for in another video conference73 in which Health Minister Vassilis Kikilias and Secretary General of the Ministry Ioannis Kotsiopoulos took part.74

Additionally, a 17+1 coordination mechanism for small and medium enterprises (SMEs) has made it easier for businessmen to contact one another during the pandemic to discuss supply chain efficiency along with innovative ideas to inform business strategies in the post-pandemic era. The Chamber of Greek-Chinese Economic Cooperation took part in two relevant online fora, in June and November 2020 respectively. Collaboration among think tanks evolved in a similar way via online tools during the same period.75

When the pandemic reached Greece in the spring of 2020, China provided medical aid.76 On 18 March, for example, Kikilias visited the Embassy of China and received 50,000 masks and other hygiene material.77 The Chinese company COSCO also donated relevant material to the Hellenic Coastguard.78 More importantly, on 21 March, a Chinese plane loaded with 18 tons of supplies arrived in Athens. Eight tons were provided by the Chinese government, including 550,000 face and surgical masks, as well as goggles, gloves and shoe covers. The remaining 10 tons were contributions made by Chinese companies and organizations. Kikilias spoke about a ‘great relief’ amidst a worldwide shortage of these supplies.79 For her part, Ambassador Zhang Qiuyan wrote an op-ed in the *Kathimerini*

75 On 30 April 2020 the author participated in an online think tanks meeting organized by the China-CEEC Think Tanks Network (17+1 Think Tanks Network), presenting a paper on Greece’s efficient management of the first wave of COVID-19.
newspaper entitled: ‘The single soul of empathy dwelling in our bodies’. Furthermore, China donated 10,000 surgical masks to the Hellenic Parliament and another 20,000 to be distributed to asylum-seeker reception centers. Ordinary Chinese people also organized an online fundraising campaign and bought masks for Greek citizens in July—a gesture acknowledged by the Hellenic Minister for Tourism, Harry Theocharis. Last but not least, China was the source of the 13.5 million protective masks imported by the Onassis Foundation.

Sino-Greek cooperation has progressed smoothly during the pandemic, with Ambassador Zhang appearing several times on Greek media to share the Chinese experience of combating COVID-19 and to commend the Greek government on successfully containing the first wave of the novel coronavirus. On 29 April, Deputy Minister of Foreign Affairs Konstantinos Fragogiannis spoke on the phone with vice Foreign Minister Qin Gang, jointly agreeing to contribute to the international cooperation in the fight against the pandemic. Two months later, in June, Fragogiannis participated in a video conference for Belt and Road countries. In his address, the Greek Deputy Minister highlighted that the countries participating in the Belt and Road Initiative needed to focus on programs concentrating on health emergencies and to prepare the ground for economic recovery through short-term, mid-term and long-term actions. Additionally, he underlined the decisive role of the World Health Organization (WHO) in coordinating the global effort against COVID-19.

Greece’s emphasis on multilateralism was reiterated during the visit of the Member of the Political Bureau of the Communist Party of China (CPC) Central Committee and Director of the Office of the Foreign Affairs Commission of the CPC Central Committee, Yang Jiechi, to Athens in September 2020. The new President of Greece, Aikaterini Sakellaropoulou, who had succeeded Prokopis Pavlopoulos in March, stressed Greece’s determination to further advance its ties with China, while both sides agreed on the need for Belt and Road cooperation between China and CEEC.

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for international cooperation and on the role of the WHO. In his article, Kyriakos Mitsotakis expressed his confidence that the future of Sino-Greek relations would be ‘more optimistic and brighter, just like the sun that welcomed [Yanh Jiechi] to Athens’. In turn, the senior Chinese diplomat called on the two sides to continuously strengthen their high-level guidance and cement their strategic mutual trust, to promote the synergy of the Belt and Road Initiative, and to jointly build the port of Piraeus into a world-class port.

**What Role for Greece?**

When Kyriakos Mitsotakis visited China in November 2020, he was sure he would be returning in April the following year to attend the 9th China-CEEC summit in Beijing. However, the COVID-19 pandemic disrupted this plan and led to a postponement of the event. In spite of the necessary adjustments and delays, several activities of the 17+1 Initiative did take place with Greece’s participation: cooperation, as we saw, on health, SMEs and think tanks. The country, as the oldest EU member state in the 17+1 format and the only one in the group without a past in the socialist bloc, is in a position to share lessons on how the EU works. Greece’s membership can be seen as a step towards ‘Europeanization’, which is in the interest of both Athens and Beijing as well as the other participants.

Cooperation between the EU and China has not always been easy. In June 2020, for example, the High Representative of the EU, Josep Borrell, spoke on the need for explanations of the ‘systemic rival’ label. In particular, the EU considers a multilateral world necessary, values China’s role in it, but disagrees with the so-called ‘Chinese way’, and advocates for a multilateral world to be accepted by everybody. But it is in the interest of both sides to find common ground, even if some disagreements remain. The President of the European Commission Ursula von der Leyen, for example, characterized the September 2020 China-EU virtual summit as ‘a very concrete meeting, with tangible actions discussed’. Against this backdrop, the finding of synergies is a joint objective. For instance, Jens Bastian, in a remarkable study, recommends that the EBRD—an observer at the 17+1 Initiative—engage better with China. Several authors of a recently

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68 Prime Minister of Greece website, ‘Meeting of Prime Minister Kyriakos Mitsotakis with Yang Jiechi, Member of the Political Bureau and Director of the Foreign Affairs Committee of the Central Committee of the Communist Party of China’, available at: https://primeminister.gr/en/2020/09/04/24714, 4 September 2020.


“Greece could act as a constructive facilitator of a dialogue between Beijing and Brussels to better coordinate the 17+1 Initiative with existing institutional platforms of Sino-European cooperation.”

published Clingendael report also suggest that Chinese and EU engagement in the Western Balkans does not constitute a zero sum game.94

It is here that Greece’s contribution could be valuable. In practice, Greece could act as a constructive facilitator of a dialogue between Beijing and Brussels to better coordinate the 17+1 Initiative with existing institutional platforms of Sino-European cooperation— platforms which are clearly listed in all the guidelines for China-CEEC summits. By setting up a taskforce or working groups in cooperation with China and the EU, Greece could add a necessary EU dimension to China’s economic presence in CEEC, including non-EU member states. Such a creative mediation would boost transparency and would perhaps be appreciated still more by both China and the EU following the necessary, COVID-19-dictated cancellation of the September 2020 Leipzig summit, which was to have been staged under the auspices of the German presidency of the EU. It is in the interest of Greece to raise its diplomatic profile to facilitate communication between Brussels and Beijing.95

Several scholars identify the ongoing US-China competition as a factor in China-CEEC relations.96 Wess Mitchell, in his former capacity as Assistant Secretary of State for European and Eurasian Affairs, gave a talk at the Atlantic Council in October 2018 stressing the need for Washington to win the competition of influence in Central and Eastern Europe.97 China was aware of the challenges, too. In 2017, Xi Jinping argued that to maintain the Belt and Road Initiative, a balance between the interests of China and the interests of other countries had to be forged.98 Difficult as it is, Greece is able even here to contribute to a better understanding among the interested parties. Speaking at the Atlantic Council before meeting US President Donald Trump in January 2020, Kyriakos Mitsotakis said that Greece was treating Chinese investments ‘with flexibility and dexterity’.99 While the 17+1 participants take note of the Three Seas Initiatives, they are interested in joining forces. A recent report published by the Polish Economic Institute concludes that Warsaw, in spite of the ongoing Sino-American economic friction, was actively preparing for its role as one of the leaders of both the Three Seas and Belt and Road initiatives in Europe.100

“Greece’s advantage in fostering an open dialogue about and within the 17+1 Initiative stems from its positive experience of Chinese investments.”

“The transformation of the port of Piraeus into a transshipment hub in the Mediterranean secures jobs and paves the way for the creation of new ones along with international business deals across countries.”

Sharing the Experience

Greece’s advantage in fostering an open dialogue about and within the 17+1 Initiative stems from its positive experience of Chinese investments. When the Piraeus Port Authority deal was signed in 2016, the Greek Privatization Fund expected that investments could have amounted to €1.5 billion by the end of 2052.101 The Chinese company offered a price that was higher not only than the share price of the Piraeus Port Authority on the day of the agreement, but also than the price arrived at by two independent appraisers. In fact, COSCO agreed to pay €22 per share, while the price range of the independent appraisers was between €18.4 and €21.2 per share with a share price at close of trading of €12.95 on Wednesday 20 January 2016.102 If this privatization had taken place earlier, the economic benefits for the Greek state would have been much higher, but noting the dramatic impact of the first two quarters of 2015 on the national economy, the price was fair.103

A 2016 study conducted by the Greek Foundation for Economic and Industrial Research estimates the overall size of COSCO’s investments for the period 2016–2025 at circa €867 million. If investments were carried out, the study suggested, the incremental annual output into the Greek economy would range from €17 million in 2016 to €2.6 billion in 2025, excluding sectors such as manufacturing and tourism.104 The port handled a record total of 5.65 million 20-foot equivalent units (TEUs) in 2019, making it the top TEU port in the Mediterranean, while it had handled 4.9 million in 2018.105 Of course, delays in the implementation of the so-called Master Plan, which includes additional investments in the cargo terminal, coastal shipping, cruise pier and ship repair zone, have derailed economic targets.106 As of November 2020, Mitsotakis is aware of these delays, but appears confident they will be overcome in the near future.107

The transformation of the port of Piraeus into a transshipment hub in the Mediterranean secures jobs and paves the way for the creation of new ones along with international business deals across countries. During the pandemic, the port maintained its competitiveness because COSCO kept all the terminals operational. The volume of container handling on all three piers dropped by about 3 percent between January and June 2020 compared to the same period in 2019. At the same time, big European and American ports posted a drop of about 10 percent.108 As the Piraeus port is developing fast and constitutes the last stop in the maritime silk route to Europe, China is proposing

107 Prime Minister of Greece website, Briefing Note on the conversation between Prime Minister Kyriakos Mitsotakis and journalist John Defterios in the framework of the 5th EU-Arab World Summit, available at: https://primeminister.gr/2020/11/09/25186, 9 November 2020.
plans that will better connect the maritime and land routes. The development of a high-speed train line connecting Piraeus with Budapest would potentially contribute to the rapid transportation of commodities from the Mediterranean to CEEC via the Balkans. The Greek segment of this proposed train service would be implemented under the supervision of the Italian company Ferrovie dello Stato.\(^\text{109}\) The project will not be Chinese per se, but rather a combined enterprise in Greece, North Macedonia, Serbia and Hungary.

Beyond COSCO’s role in the port of Piraeus, additional Chinese investments are taking place in Greece. China, for instance, is making significant steps in the Greek energy sector. In June 2017, the State Grid Corporation of China, the country’s biggest utility provider, completed the purchase of a 24 percent stake in Greece’s Independent Power Transmission Operator (ADMIE or IPTO) and signed a deal worth €320 million.\(^\text{110}\) Ariadne Interconnection, a subsidiary of ADMIE, was founded in September 2018 as the project implementation vehicle for the Attica-Crete energy interconnection. In June 2020, a consortium led by Siemens was awarded a turnkey contract for two converter stations for the Greek high-voltage direct-current (HVDC) link that would connect Crete with mainland Greece. The total order volume for the consortium, in which Terna is also taking part, is €370 million.\(^\text{111}\) Ariadne Interconnector has signed a loan agreement with Eurobank.\(^\text{112}\) In parallel with ADMIE and the Ariadne Interconnection, Copelouzos and the Shenhua Group are collaborating in the field of green energy and provisionally interested in cooperation in CEEC.\(^\text{113}\)

**What’s Next?**

At the time of writing, Greece is intensifying its efforts to relaunch its economy and secure funds from the EU Recovery Fund. In so doing, the Greek administration is working on attracting investments, including from China. Minister of Infrastructure and Transport Kostas Karamanlis and Secretary-General for International Economic Relations Ioannis Smyrlis presented Greece as a ‘secure destination’ in a Sino-Greek online forum.\(^\text{114}\) Moreover, the report on the ‘Growth Plan for the Greek Economy’ appreciates Greece having been recognized by the Chinese leadership as a critical partner in the implementation of the Belt and Road Initiative and encourages Athens to grasp the opportunity to interconnect.\(^\text{115}\) Traditional areas of cooperation such as tourism, and innovative ones in the sphere of digital economy such as e-commerce and digital agriculture, could be on the agenda for collaboration.

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The field of green energy, in particular, is now more promising than ever for the implementation of joint ideas. Greece, for example, has already tested Chinese-made electric buses.\(^{116}\) Although the two sides are faced with different types of environmental problems, they nonetheless share common ground. Greek policy is grounded in the national energy and climate plan it submitted to the European Commission in December 2020. Among other things, this plan stipulates that Greece will reduce greenhouse gas emissions by at least 40 percent compared to 1990, shut down lignite power plants by 2028, increase the share contributed by renewable energy sources to energy consumption to at least 35 percent by 2030, and achieve an improvement in energy efficiency of 38 percent.\(^{117}\) China, for its part, has pledged to achieve carbon neutrality by 2060.\(^{118}\)

The 17+1 Initiative has not been a perfect mechanism for boosting interconnectivity in CEEC. Scholars in Europe have different views.\(^{119}\) China is aware of technical difficulties such as asymmetries and imbalances, and aims to make improvements. Of course, the implementation of investments does not depend entirely on Chinese companies—local opportunities, and often obstacles, are also a factor. Notwithstanding weaknesses, progress has been remarkable. China-CEEC trade increased from $56.1 billion in 2012 to $89.3 billion in 2018.\(^{120}\) In countries including the Czech Republic, Hungary, Latvia, Poland and Slovakia, the public perception of trade with China was found in an opinion poll to be positive.\(^{121}\) In Greece, where China’s image is traditionally positive also due to cultural proximity, the trade volume reached $8.47 billion last year, up by 19.6 percent in comparison to 2018.\(^{122}\) However, given that Bulgaria was the only state in the group of 16 nations plus China that was included in the list of top destinations for Greek exports in 2019, there is still considerable scope for Greece to boost its exports not only to China but also to other countries, and increase the contribution of exports to its GDP.

Ambassador Zhang expects cooperation to flourish in 2021,\(^{123}\) which will be a Year of Culture and Tourism in both Greece and China,\(^{124}\) with the former celebrating the 200th anniversary of the Greek Revolution and the latter the centenary of the CPC. In parallel with the bilateral progress, however, Athens can undertake some original initiatives under the 17+1 format. While the organization of a high-level conference on tourism—which has already been scheduled—depends on the course of the pandemic, Greece could also function as a center for joint actions with an emphasis on innovation—


following, for example, the example of Slovenia, which has organized a blockchain summit.\textsuperscript{125} As demand on the massive Chinese market continues to unleash endless potential for innovation,\textsuperscript{126} it could be beneficial for Greece to coordinate synergies among start-ups in CEEC and ensure their systematic presence at Chinese exhibitions. Last but not least, the organization of fora by the Greek government on themes such as forestry, women’s representation and the Olympic spirit in view of the 2022 Beijing Olympic and Paraolympic Games can only enhance Greece’s role in the 17+1 Initiative.

Conclusion

Greece is a crucial country in the Balkan and CEEC region. It is an interconnection, trade and financial transactions hub, and a state that is emerging as a pillar of economic stability and security.”

Sino-Greek relations have risen to a new level during the COVID-19 pandemic. Although business activities and tourism are affected by the ongoing turmoil, other opportunities have arisen around the port of Piraeus, but also extending beyond COSCO’s landmark investment. The 17+1 Initiative provides a useful tool for Greece to increase its exports to China and the other CEEC, as well as to benefit from growth engines such as the Belt and Road Initiative while securing grants from the EU Recovery Fund. Additionally, the current period allows for brainstorming—at the bilateral and multilateral level—on original modes of collaboration on \textit{inter alia} the digital economy and green energy. Last but not least, Greece, as the oldest EU member within the 17+1 format, can achieve a new momentum within the context of Sino-European relations. The Europeanization of the China-CEEC platform—largely achieved with Greece’s joining the group—requires an open and sincere dialogue in which Greece’s role will be pivotal.