



PERSPECTIVES

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How Can Greece Pay Back China?

by Roie Yellinek

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EXECUTIVE SUMMARY: China and Greece have an almost entirely one-sided economic relationship. China's deep involvement in Greece is part of a long-term strategy to achieve control of the marine paths from China to the EU. This strategy means China is willing to invest and take part in the rehabilitation of Greece – but there will be a price to be paid for this.

The China-Greece relationship is a good example of China's long-term planning of its position in the global arena. China and Greece have an almost entirely one-sided economic relationship. China exported \$3.6 billion to Greece in 2015 and imported \$280 million, less than 10% -- an unusual import-export gap.

China is investing a great deal in Greece. The most notable purchase so far took place last year, when China's COSCO shipping company, the owner of the world's fourth-largest container fleet, took a 51% stake in Greece's largest port, Piraeus.

This deal, and China's deep involvement in Greece in general, is part of a long-term Chinese strategy to achieve control of the marine paths from China to the EU. But there are other advantages to be gained as well. Last week, at a meeting of the UN Human Rights Council in Geneva, Greece blocked an EU statement to the UN criticizing China's human rights record in light of the Chinese government's crackdown on activists and dissidents. This marked the first time the EU failed to make its statement to the UN's top rights body.

The Greek foreign minister said the government of Greece wished to block the statement because of "unconstructive criticism of China." He added that separate EU talks with China, outside UN institutions, were a better avenue for

discussions. "Greece's position is that unproductive and in many cases, selective criticism against specific countries does not facilitate the promotion of human rights in these states, nor the development of their relationship with the EU," a Greek foreign ministry spokesperson said on June 18, 2017. He added that "other countries ... expressed similar reservations" (like Hungary, for example).

One thing can be learned from these comments. Greece needs China as a close ally and a big investor, and is willing to pay for it. Greece is relying on the opportunity China can provide to help it recover from the great economic difficulties it has suffered over recent years.

Chinese politicians at the highest levels have identified Greece's potential as a kind of "Chinese observer" at the EU. Of course, it is not official Greek policy to serve in this capacity, but an agreement to do so can be inferred from the statements of Greek representatives.

Both sides have much to gain from this arrangement: Greece gains access to China's wealth, and China gains a powerful tool against EU policy. The alliance in turn threatens the EU, insofar as it could lose its power to highlight abuses around the world.

Greece is not alone in this dynamic: other EU countries have become closer to China for similar reasons. This kind of symbiosis fits well with the Chinese vision of joining forces with the EU against the clout of the US. Nor is this vision exclusive to the Chinese. The EU has welcomed China as an ally against the US, more specifically against President Donald Trump and the fights he has engendered regarding climate change and trade protection. But as business ties grow, the EU is having increasing difficulty speaking out against an ongoing Chinese government crackdown on human rights lawyers and other activists.

China chooses who it will approach and where it will invest, and those choices are the result of long-term planning. The "Belt and Road" initiative by Chinese president Xi Jinping is a major factor in these choices. Xi plans to make the best use he can of the "soft power" China has accumulated over the past two decades (soft power is the ability to shape the preferences of others through appeal), and will attempt to do so without letting any other power interfere in its own policies or internal issues. Every country who deals with China needs to understand the terms. The case of China and Greece shows that Chinese investment comes with a price tag, sometimes a high one.

Roie Yellinek is a doctoral student in the department of Middle East studies at Bar-Ilan University.