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REVIEW BY PHILIPPE LE CORRE, HARVARD KENNEDY SCHOOL AND CARNEGIE
ENDOWMENT FOR INTERNATIONAL PEACE

As part of its global rise and assertive political ambitions, the People's Republic of China (PRC) has expanded its economic and geopolitical footprint across various regions on many continents. The Mediterranean Sea, and its Southern European shores in particular, are part of such expansion.¹ Beginning in 2008, China started sending anti-piracy patrols into the Gulf of Aden, and began moving West, engaging economically with countries such as Egypt, Israel, and Turkey. It then used the Greek debt crisis to invest into Athens' port, Piraeus, through one of its top state-owned enterprises, COSCO, the world's fourth-largest shipping company. Other Southern European countries targeted by China after the 2008 financial crisis included Italy and Portugal, through a combination of strategic and opportunistic investments.

Grant Rhode should be commended for having produced a thorough, very comprehensive review of Chinese maritime ambitions and interests in the Mediterranean, with a focus on Greece. The author reviews Sino-Greek relations from as early as the Peloponnesian Wars all the way to the present. Over the past few years, it is accurate to describe PRC investment in Piraeus' as a success.² Both volume and productivity increased until 2019, making Greece's largest harbour the seventh container port in Europe. The key reason for the increased traffic was China's strategic decision to divert trans-shipment traffic to Piraeus.³ But the negotiations that were intended to grant COSCO a 67 percent controlling stake in the Piraeus Port Authority were a painful exercise due to massive opposition from a large range of local stakeholders including ship-owners, shipbuilders, local officials, the Piraeus Chamber of commerce, and trade unions. Although a final agreement will most probably take place eventually, Greek public opinion has become much more critical about China than it was just a few years ago.⁴ In addition to local frustrations, the Greek stakeholders are following a similar pattern of other Southern, Eastern and Western European populations that are not impressed by China's attempts in 2020 to tamp down discussions of the

¹ Frans-Paul van der Putten and Minke Meijnders, "China, Europe and the Maritime Silk Road," *Clingendael Report*, The Hague: March 2015.

² Philippe Le Corre: *China's Rise as a Geoeconomic Influencer. Four European Case Studies*, Working Paper, Carnegie Endowment for International Peace, Washington: October 2018. <https://carnegieendowment.org/2018/10/15/china-s-rise-as-geoeconomic-influencer-four-european-case-studies-pub-77462>.

³ This is according to former Piraeus Port Authority officials interviewed by this reviewer in March 2021.

⁴ Plamen Tonchev, ed., *China's Image in Greece, 2008-2018* (Athens: Institute of International Economic Relations (IIER), October 2018). See more recently, by the same team of authors: *Sino-Greek relations in Greek and Chinese Media* (Athens: IIER, March 2021).

origins of the COVID-19 virus and to focus on the successes of China's own domestic handling of the pandemic in addition to China's "mask diplomacy."⁵

Chinese leaders, including President Xi Jinping himself, have repeatedly described the COSCO-invested Piraeus harbour as a 'dragon head' of the Maritime Silk Road, which is part of the Belt and Road Initiative (BRI). One should note that bilateral negotiations between Athens and Beijing over the latter's involvement had started years before the BRI emerged. At the time (2006), Piraeus was part of China's rising interest in infrastructures, hence the acquisition. As Rhode explains in his in-depth case-study, Chinese operators have had difficulties with other regional harbours. For example, Italian ports such as Trieste or Genoa became part of Beijing's list of Memoranda of Understanding (MoUs) following President Xi Jinping's Italian state visit in spring 2019, but both investments failed to go through mainly due to China's lack of interest. Too often, Chinese MoUs have not translated into real contracts. Still, COSCO and Qingdao Port together purchased minority stakes in the Reefer Terminal (include location), in Italy's Vado port, and another Chinese operator, China Merchants, has a minority stake in Greece's second harbor, Thessaloniki.

Although China has clearly had some successes (including in Greece), there have been equal numbers of missed opportunities in the region. The author's description of the 17+1 group of Central and Eastern European (CEEC) countries is balanced, if not overly positive. It is "only a multilateral group by name when in fact China prefers to "tailor its relationship with each of the CEEC countries bilaterally" (407). Since 2012, the PRC has been able to bring together 16, then 17 Eastern and Central European states in this format, including an annual leaders' summit. Many of these countries also became signatories of the BRI and sent their leaders to the Beijing Belt and Road forums in 2017 and 2019. But in spring 2021, six leaders from Eastern and Central European states failed to attend the 17+1 leaders' virtual meeting, which was chaired for the first time by Xi Jinping himself (as noted by Rhode, page 410). Lithuania subsequently announced its withdrawal from the group, citing the lack of a concrete outcome especially in terms of Chinese investments. In some cases, dual membership of the European Union and of the China-made format has been problematic, especially when Chinese companies competed with local ones to obtain EU grants. As pointed out by the author, West Balkan countries, of course, are in a different league: with the exception of Croatia, none is a member of the EU, which benefits Chinese investors (407-8). Rhode expands on the case of Montenegro, a small country in the shadow of Serbia which has faced massive financial challenges. As the result of the construction of a highway by a Chinese consortium, and like Sri Lanka in South Asia, Montenegro is now facing a huge debt issue,⁶ and even called upon international creditors for aid.⁷

Rhode's excellent paper rightly underlines that the EU and U.S. took long to realize the implications of Chinese involvement in Piraeus. He also calls China a "formidable geo-economic rival to the United States, Russia, and the northern European states" (394), which may be true on the long-term but remains questionable based on current figures. Port investments –in most cases through minority stakes- do not necessarily grant China the right to control an economy, even less so a country. Leaders from some of these states have made this abundantly clear. In a long 2021 interview, Greek Prime Minister Kyriakos Mitsotakis said,

"In the grand scheme of things, yes, China invested in the port of Piraeus at a time when nobody was interested and it has been a successful investment. But Greece is not particularly dependent on Chinese investment, when I look at the map of Foreign Direct Investment, certainly when I look at the countries that are interested in investing in Greece. We have other

⁵ Pew Research Center, "Unfavorable Views of China Reach Historic Highs in Many Countries," October 6, 2020, <https://www.pewresearch.org/global/2020/10/06/unfavorable-views-of-china-reach-historic-highs-in-many-countries/>.

⁶ "Montenegro Says Deal Reached to Temper Blow of Massive China Loan," *RFE*, July 9, 2021, <https://www.rferl.org/a/montenegro-deal-china-loan/31350247.html>.

⁷ "Montenegro Calls for EU Help over \$1bn Chinese Highway Loan," *Financial Times*, April 11, 2021, <https://www.ft.com/content/3dd7a516-5352-4f48-bfac-236e43b2342d>.

ports that are being privatized, we have interest from many different countries, many different pools of capital. So I don't expect particular dependence on China when it comes to infrastructure investment in Greece."⁸

Since 2017, Brussels has become more concerned with Chinese foreign direct investments (FDI) in infrastructures and technology, establishing investment screening measures, encouraging member-states to launch their own schemes, and launching an important 2019 "EU-China strategic outlook" where Beijing was described as a "partner, an economic competitor and a systemic rival."⁹ As the COVID-19 pandemic continues to hit European countries, the relationship between China and Mediterranean countries is not as smooth as it was two years ago. It should be added that the Trump administration contributed to a shift of European opinion on China, although much of this can be attributed to China's own actions. China's discourse has not been democracy-friendly, to say the least. As the PRC was marking the 100th anniversary of the founding of the Chinese Communist Party in July 2021, the gap between the world's largest authoritarian state and Southern European democracies has been widening. Contrary to certain narratives, these countries consider themselves as members of the Western camp.¹⁰ Greece may be tied to China through the COSCO investment, but the Mitsotakis government has been keen to separate commercial and political dimensions when dealing with Beijing. As long as Mediterranean countries remain part of the EU (and in many cases of NATO), there is little chance that China can become more than a business player in the region. Until the next financial crisis, that is.

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⁸ Ben Hall, Mitsotakis interview at The Global Boardroom digital conference, May 5, 2021; <https://primeminister.gr/en/2021/05/05/26464>.

⁹ <https://ec.europa.eu/info/sites/default/files/communication-eu-china-a-strategic-outlook.pdf>

¹⁰ <https://thediplomat.com/2020/10/demystifying-chinas-role-in-italys-port-of-trieste/>