

The socio-political dimensions of FDI in Greece: the investment of Chinese Cosco in Piraeus Port

Gerasimos Karoulas, Nicos Souliotis, Margarita Komninou &
Alex Afouxenidis

European Sociological Association RN 15, Midterm Meeting 2022- “Global Sociology: theory
and practice in 21st century”, Paphos, Cyprus, 5-6 May 2022

The project

“Sociology of FDI politics in Greece” (SOCINVEST)

Research team: Nicos Souliotis (PI), Gerasimos Karoulas,, Margarita Komninou, Alex Afouxenidis

Host institution: National Centre for Social Research

Funding: Hellenic Foundation for Research & Innovation (Grant number: 3211)

Duration: 15/1/2020-14/1/2023

Research on:

- Policies: a. Law of Strategic Investment, b. Hellenic Corporation of Assets and Participation
- Particular investment projects: a. Privatization Piraeus Port, b. Wind farm at Panachaiko mountain (Patras)

Data (up to now):

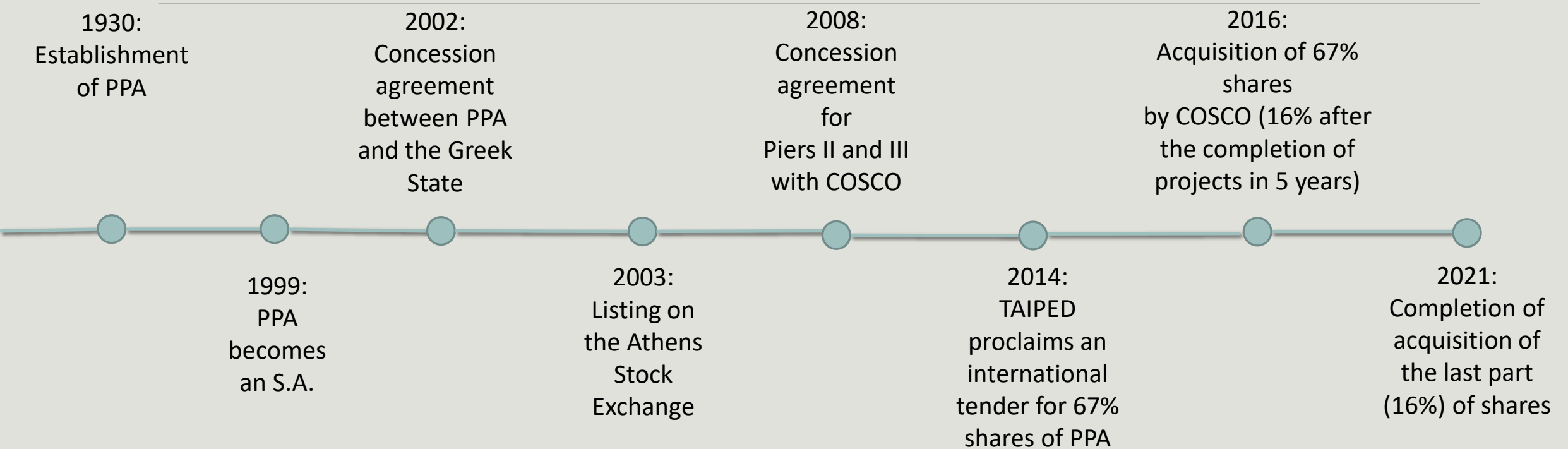
- Two biographical datasets of politicians, managers and other key persons concerning policies (N=287) and one database on senior staff of wind energy companies (N=120)
- 40 semi-structured interviews with investors, politicians, managers, civil society organizations, local movements (out of which 10 concern Piraeus Port Authority)
- various secondary sources (national statistics, legislation, corporate reports, press...)

More: <https://socinvest.weebly.com/>

Piraeus Port of Athens as a case study of FDI

-
- ❑ **A top-priority FDI** which started segmentally **back in 2008** (piers 2 & 3) and took its **actual form in September 2021**.
 - ❑ It was promoted as a **milestone investment for the Greek economy** with major **economical but also societal profits**.
 - ❑ **Further privatization of Piraeus Port Authority (PPA)** became a **priority in the framework of crisis management** and the policies agreed by the Greek governments and the involved international institutions (i.e. IMF, ECB, EC).
 - ❑ The investment, especially after 2014, provoked **several reactions at societal, political** (e.g. opposition parties) **and economic levels** (e.g. local market)
 - ❑ The **policies adopted and implemented** in several cases **presupposed the involvement of different influential actors** and **in several fields** (e.g. government, state bureaucracy, COSCO).

PPA's main privatization milestones



PPA structure and activities



Research scopes

- ❑ Which are the main power relations and socio-political dimensions of COSCO's investment in PPA?
- ❑ Which are the main actors involved in the formation of resources (legal, organizational, political, informational) in PPA during its privatization?
- ❑ Which are the main priorities promoted through the investment?
- ❑ Is there a change in power relations throughout the period of COSCO's presence in PPA?

Main characteristics of policy community

Based on the work of Marsh & Rhodes (1992) and Rhodes (2006):

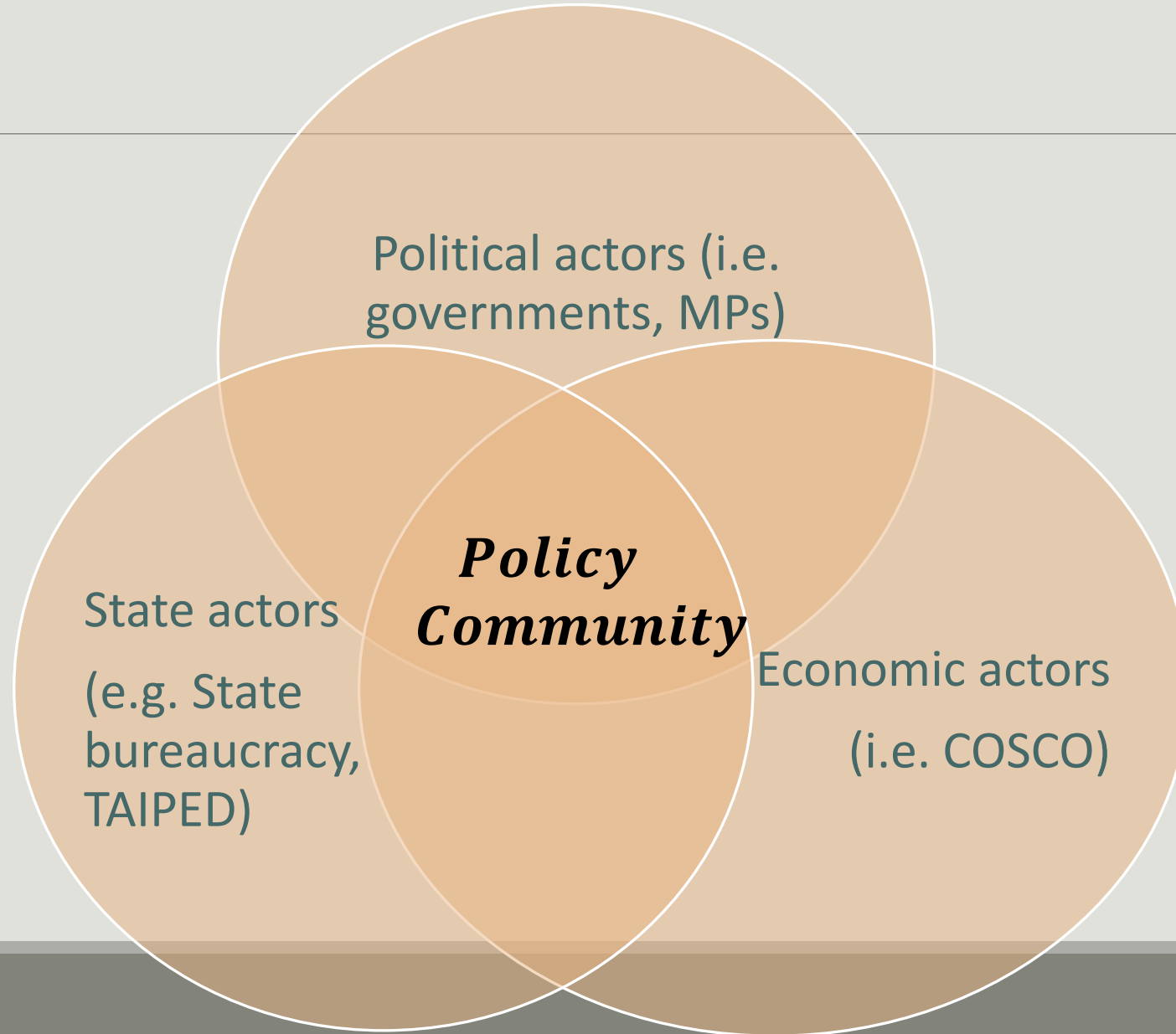
- ❑ Limited number of participants with some groups consciously excluded
- ❑ All participants of community dispose resources
- ❑ Frequent and high quality interaction between all members of the community
- ❑ Economic interests prevail
- ❑ Consistency in values, membership and policy outcomes which persist over time
- ❑ Consensus over policy preferences shared by community members
- ❑ Balance of power although not all members benefit equally

❖ **Ideal type non necessarily conform exactly to it**

Research Outline

- ❑ **In-depth interviews** with representatives of civil society, local administration, labour market, trade unions, politicians and experts, representing institutions which take actions on activities related to PPA investment.
- ❑ **Research Period:** November 2021 – February 2022 (on-going process)
- ❑ Interviews were conducted based on **research protocols** which included a large common part and a differentiated one according to interviewee's profile
- ❑ **Sample: (up to now) 10 interviews** were conducted based on the following distribution:
 - ❖ 3 interviews with **political/ local administration (POL)** representatives
 - ❖ 3 interviews with **employers & employees representatives (EMP)** in PPA
 - ❖ 3 interviews with **civil society/ local market representatives (SOC)**
 - ❖ 1 **expert/ journalist (EXP)**

Main actors of policy community



Limited number of participants - groups consciously excluded

Characteristic of Policy Community	Main Quotes
<p>Political actors (i.e. governments of the period) economic actors (i.e. COSCO) and State actors (e.g. TAIPED, General Secretaries) constitutes a policy community able to shape decision making...</p> <p>... as such all other groups (e.g. local administration, civil society, employers organizations) have limited or no power to influence decisions (e.g. labour issues, port activities with significant impact on the near by cities).</p>	<p>“As soon as COSCO bought PPA [2016] two thinks changed in the administrative board. Employees representatives were excluded, as well as, the participation of Piraeus Mayor”. (POL 1)</p> <p>“We have not managed to meet COSCO nor as a Labour Centre of Pireaus or as representatives of a civil society institution. They did not meet us. Actually they do not meet with anybody. They have chosen a completely different approach compering to the previous” (SOC 3).</p> <p>“In general COSCO is not interested in having any particular relations with society” (POL 2)</p> <p>“As citizens, we had no information about the new project in Peiraiki coastline...We were informed by the Vice-region although they funded the project. They were the only who asked for our involvement in negotiations” (SOC 3)</p> <p>“Although in 2018 we were negotiating for a new collective agreement, during summer vacations they created a friendly to COSCO trade union. They presented it as more representative and they signed a collective agreement which only mentioned the current labour conditions” (EMP 3)</p>

A conflictual character of all other actors and institutions

Characteristic of Policy Community	Main Quotes
<p>All other actors and institutions active in the area of the Port, such as civil society, local administration, market representatives and trade unions, were fragmented, with differentiated interests and views...</p> <p>...the mentioned condition changed partially after the privatization of PPA and the activities that were proposed (e.g. master plan)</p>	<p>“Cooperation with society was difficult. Many residents had a negative perception about dockworkers in Port [due to high wages]. That’s why some of them were against our efforts to privatization” (EMP 1)</p> <p>“During the previous years the image of society about PPA was a negative one. It was assumed as the big Piraeus organization but with a negative perception regarding its operation and its dockworkers. They thought that with the arrival of COSCO all those would end...After 2019 things changed” (POL 2)</p> <p>“With all the rest societal groups we don’t have the cooperation we should have. The intensity of the problems is so big, that we should be one and the same” (POL 3)</p> <p>“There is no cooperation between society and market. Market representatives most times were in favour of investment. This condition begins to change after the publication of the master plan” (SOC 2)</p> <p>“Last week there was a meeting of a parliamentary Committee. All actors and institutions were against the attitude of COSCO. This integration is not coincidental” (EMP 2)</p> <p>“Local actors are small players, but we should not ignore that they have managed to achieve some wins such as the blocking of pier 4” (POL 2)</p> <p>“As a Chamber we have supported several times both unions and local administration claims” (SOC 2)</p> <p>“Recently there is a contact between all groups. Not a coordinated block though” (SOC 3)</p> <p>“As unions we have started to cooperate more intensively. Especially with Ship Repair Unions. However, we are interested to create a more massive movement in Piraeus” (EMP 3)</p>

Frequent & high quality interaction between members of the community

Characteristic of Policy Community	Main Quotes
<p>Between the actors of the policy community there is a constant cooperation and interaction. This cooperation includes:</p> <ul style="list-style-type: none">❑ A framework of negotiation and solving problems❑ Adopting practices and procedures which favours the mutual benefits of the community❑ Promoting efficiently the policies adopted❑ Involving several representatives of the aforementioned actors	<p>“Under the SYRIZA government it was appointed as a General Secretary S. Sagias who was the responsible lawyer for compiling the convention between COSCO and the previous government. I disagreed with that choice although I am member of SYRIZA” (EMP 1)</p> <p>“Minister of Marine is not the most important actor. Major decisions comes from PM’s Office. Not necessarily the PM but his close associates. This actually happened with all the governments of the last years” (EMP 2)</p> <p>“Since 2008 all governments were in favour of the presence of COSCO in PPA” (SOC 2)</p> <p>“Chinese embassy several times tried to compromise differentiations. Some times COSCO was suspicious even towards their embassy” (SOC 2)</p> <p>“OLAF representatives have fined Greek state with hundreds of millions of euros from taxes avoidance mainly deriving from the operation of the Greek Custom House in Pireaus which operates under COSCO every day after noon and weekends. The fines refers to non authentic products” (POL 1, SOC 1, EXP 1).</p>

Consensus over policy preferences shared by community members

Characteristics of PC	Main Quotes
<p>A target policy preference over the creation of a monopoly in PPA and the promotion of related policies:</p> <ul style="list-style-type: none">❑ A target creation of a monopoly in PPA❑ A general tolerance towards activities where the framework wasn't respected (or it didn't exist)❑ The diminishing public auditing of port's operation❑ An adoption of a "friendly" to the investment legal framework	<p>"In all the rest countries ports are privatized under the landlord system, where a Port Authority assign port activities in different businesses. A competition does exist...In Greece they blamed the state monopoly but they created a private monopoly (EMP 1)</p> <p>"No private port exists in EU. Shareholders are state, local administration and other related institutions....The European model is operators to be many...I say yes to privatization but to many actors" (POL 1)</p> <p>"International public tender was proclaimed in a way that favoured the existing presence of COSCO. That's why although initially were 8 interest companies finally only COSCO submitted a proposal for buying PPA" (POL 1, SOC 3)</p> <p>"The all manipulation with PPA since 2015, was just a political decision and nothing else. I believe that the Greek parliament was misled" (POL 1)</p> <p>"During the period 2014-2015 we had created a movement that was against privatization and in favor of assigning specific activities, such as car terminal or container terminal" "I don't want COSCO to leave. I want to be clear on that. It's better than before" (EMP 2)</p> <p>"TAIPED was not interested in negotiating. It just wanted to proceed the privatization" (POL 2)</p> <p>"We weren't against privatization but against sailing port's authority" (SOC 2)</p> <p>"Selling of PPA can to an extent be justified. What cannot be justified is that in practice COSCO was left to do whatever it want in the Port"..."There was the Public Port Authority and the Regulatory Authority for Ports. The first was abolished and the second marginalized" (SOC 3)</p> <p>"I don't care to negotiate with COSCO. Government decides and not COSCO. Everything has to do with governmental decisions" (POL 3)</p>

All participants dispose resources

Characteristics of Policy Community	Main Quotes
<p>Members of policy community dispose a great number of resources (not only economic) in order to retain and reproduce their status such as:</p> <ul style="list-style-type: none">❑ An extended network of patronage❑ A privileged access to information and knowledge❑ An “instrumental” intervention of political actors in order to face problems between PPA activities and other groups (e.g. labour, Civil Society)❑ The authorization of Greek representatives of COSCO which hold an important role in several fields	<p>“In some cases the ministers intervened in order to solve problems between labour representatives of the port and the company” (EMP 2)</p> <p>“Central government transfer in local society and institutions China’s and COSCO’s opinions (POL 2)</p> <p>“...COSCO’s Greek representatives do not guide effectively the Chinese senior staff. I mean those representatives who hold key positions in several fields” (SOC 1)</p> <p>“COSCO’s Greek team in several cases has privileged access to several information, as for example, in the case of Environmental Impact Studies” (POL 2)</p> <p>“COSCO does not have any cooperation with representatives of civil society. I believe in that case that its Greek associates they hold an important responsibility in that case (SOC 3)</p> <p>“I believe in general that the Greek intervention is catastrophic. I have better cooperation with the Chinese representative” (POL 3)</p> <p>“A clientelistic network was created. A condition that didn’t bother COSCO since contributed to the marginalization of labour rights. This is related with a specific MP of ND”, “Promotions of laborers also becomes with clientelistic way” (EMP 3)</p> <p>“There always was a clientelism in PPA. Now there is a specific ND MP which acts as an office for job finding. In that case COSCO was really fast adjusted to the Greek reality” (POL 2)</p>

Prevalence of economic interests

Characteristics of Policy Community	Main Quotes
A prioritization of economic goals over other issues such as those related with environment, culture, local market and society	<p>“COSCO in general has a mentality of in-house, as for example, in creating new affiliate companies, instead of out sourcing activities to local companies which have great experience and expertise. Instead of taking port’s wealth to the city, they are trying to achieve the exact opposite” (SOC 2)</p> <p>“...They tried to intervene in all local actors activities, as for example in ship repair, suppliers and contractors. Even in dockworkers issues they created a union led by them...That’s why reactions are so intense. Because no group or actor of the local society see any profit.” (SOC 1)</p> <p>“One of our biggest mistakes was the fact that during the negotiations of 2015 and 2016 we didn’t include in the investment plan, as necessary, some cultural projects. Due to the existing conditions we thought that this was a luxury since the priorities were financial. That was one of our biggest mistakes!” (POL 2)</p> <p>“They are really hogs! From their profits they are not giving something back to the society” (SOC 1)</p>

Concluding Remarks

- ❑ Decision-making process and policy implementation in PPA is characterized by the existence of a **policy community** composed of political, economic and state actors.
- ❑ The **economic dimension of the investment prevails comparing to other issues** such as labour, environment, culture, transportation and societal issues in general.
- ❑ **All other institutions and actors**, such as local administration, civil society, trade unions and local market, have a **limited level of cooperation, different views and interests**.
- ❑ **The privatization of PPA in 2016** and the actions that followed, especially after 2018, met a **general opposition from civil society actors**. However, the cooperation and coordination of these actors remains weak.
- ❑ **The prevalence of the policy community is structured through the exploitation of a number of resources, beyond the economic ones** (e.g. influential actors from community's institutions, clientelism, privileged access to information)