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Hellenic Foundation for  
Research & Innovation



**S O C I N V E S T**  
Sociology of FDI politics in Greece



# Struggling over the heart of the city: local movements and trade unions and the privatization of the port of Piraeus

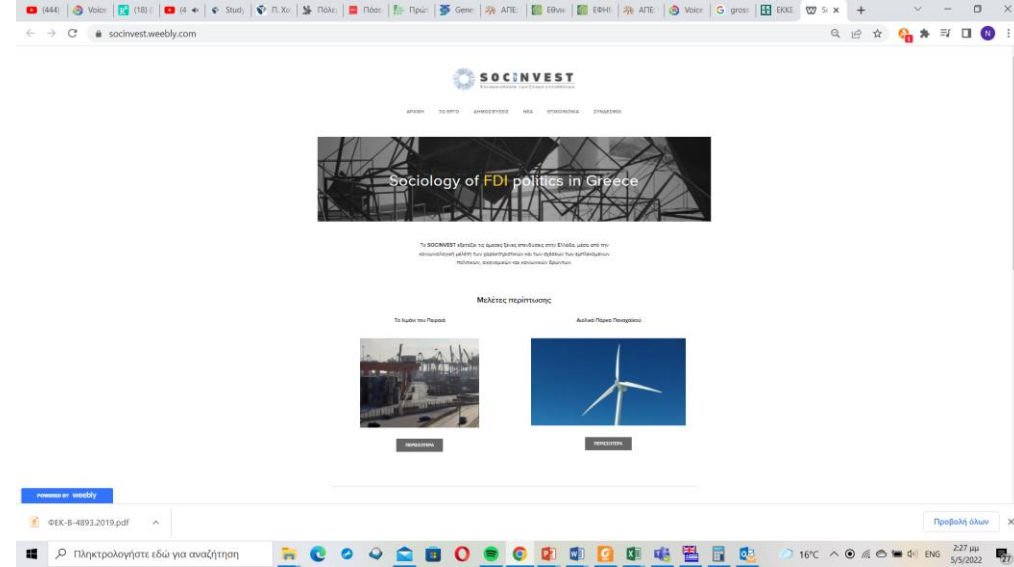
Gerasimos Karoulas, Nicos Souliotis, Margarita Komninou & Alex Afouxenidis

Panel no 10. Everyday infrastructural negotiations: Ordinary people and exceptional struggles in the Southern cities context

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# The project

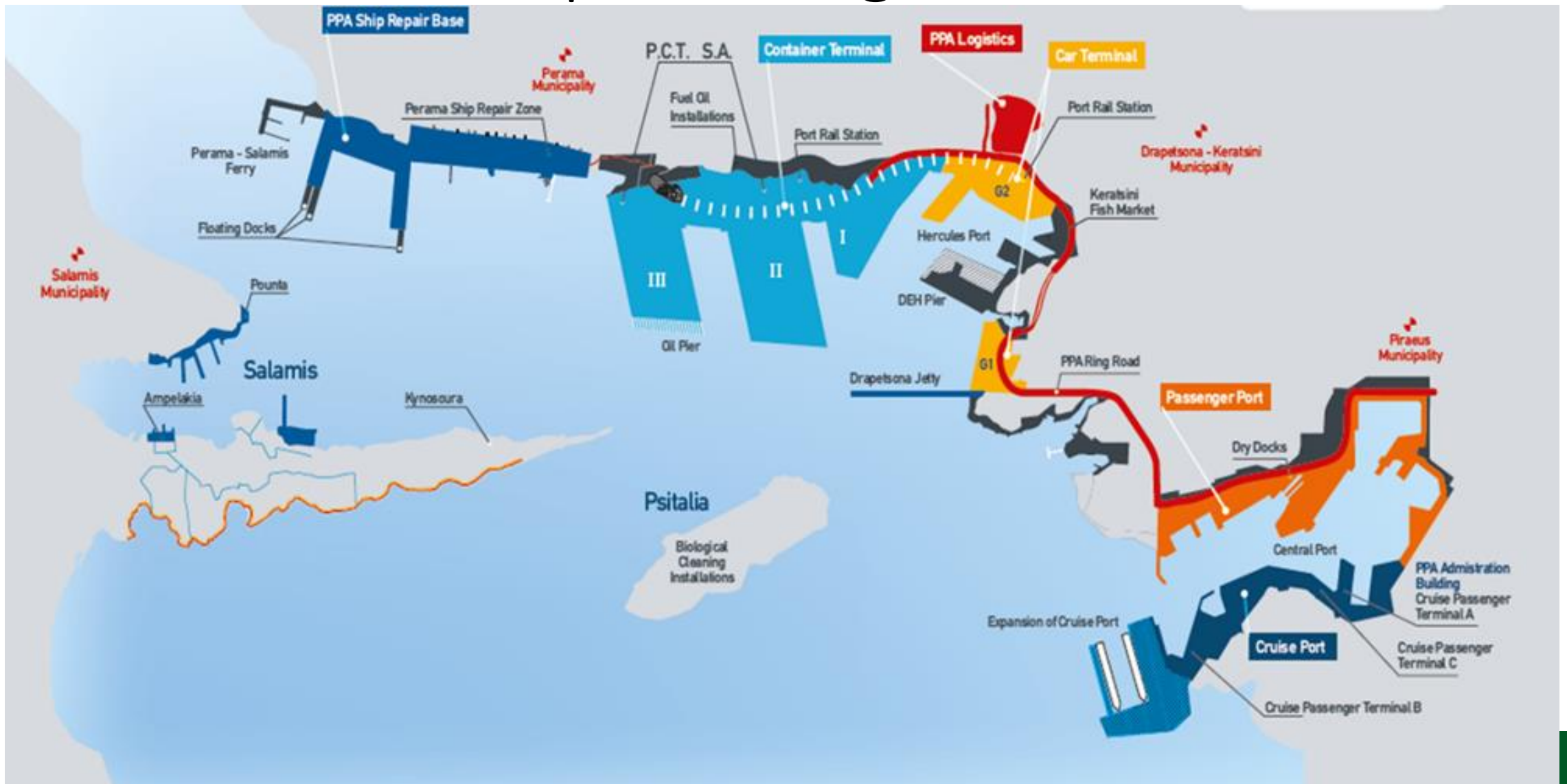
- “Sociology of FDI politics in Greece” (SOCINVEST)
- Research team: Nicos Souliotis (PI), Gerasimos Karoulas, Margarita Komninou, Alex Afouxenidis
- Host institution: National Centre for Social Research
- Funding: Hellenic Foundation for Research & Innovation (Grant number: 3211)
- Duration: 15/1/2020-14/1/2023
- Research on:
  - Policies: a. Law of Strategic Investment, b. creation of the Hellenic Corporation of Assets and Participation
  - Particular investment projects: a. Privatization of the Piraeus Port, b. Wind farm at Panachaiko mountain (Patras)
- Data:
  - Two biographical datasets of politicians with socio-professional trajectory, managers and other key persons concerning policies (N=287) and one database on senior staff of wind energy companies (N=120) (sources: organizations’ sites, LinkedIn)
  - 46 semi-structured interviews with investors, politicians, managers, civil society organizations, local movements (out of which 15 concern the privatization of the port of Piraeus)
  - various secondary sources (national statistics, legislation, corporate reports, press...)
- More: <https://socinvest.weebly.com/>



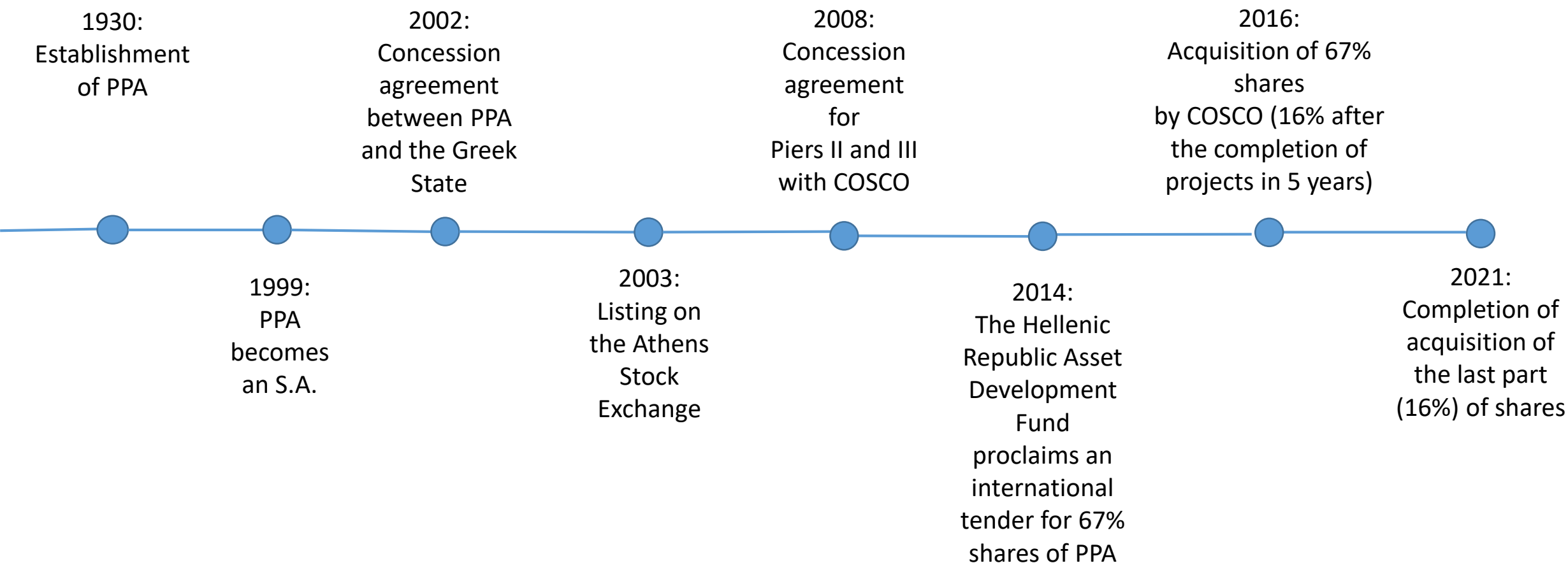
# The case 1

- A top-priority FDI which started in 2008 (concession of two piers in the container terminal) and took its actual form in 2016 (sale of the 67% of the Piraeus Port Authority-PPA)
- A milestone for
  - Greece, since it concerns the largest port of the country
  - COSCO, since it represents its largest investment project overseas
- The privatization of PPA became a priority in the framework of crisis management and the policies agreed by the Greek governments and the lending institutions (i.e. IMF, ECB, EC, EP)
- According to the dominant discourse (Yu Zenggang, chairman of the board of directors, PPA) COSCO's investment brings multiple positive effects:
  - in 2021 the port reached the 26<sup>th</sup> position globally - with more than 7 million TEUs - from the 93th position in 2010
  - investments of 600 million euros
  - around 3,000 new jobs
  - 1,4 billion euros in taxes, import duties and social insurance contributions
- At the same time, the investment has been a contentious process, provoking the reactions of political parties and different social and economic groups

# The case 2: the port at a glance



# The case 3: some milestones



# The case 4: COSCO at a glance

- COSCO Shipping Corporate Limited (COSCO) is diversified into seven clusters: shipping (it controls over 600 commercial vessels), logistics, finance, equipment manufacturing (mainly shipbuilding), shipping services, social services and information services
- A publically listed company (Hong Kong and Shanghai Stock Exchanges), but also a state-owned company (extended state support, appointment of top managers by the communist party etc.)
- Cross-shareholding with other Chinese state-owned companies (*keiretsu*-like structure, protection from take overs)
- One of the around 50 national champions of the Chinese economy
- World no 2 in terms of number of vessels and shipping and no 8 in terms of sales turnover (2014)
- It controls over 46 port terminals (2016)
- Total employment of over 130,000 people across the world (highly segmented: around 30,000 are “staff” and 100,000 workers on fixed-term contracts or as ‘self-employed’ contractors)

(Zheng and Smith 2017)



# Questions

- An investment with multiple impact on economic, urban, environmental, labour relations, as well as geopolitical level
- Approaching sociologically a FDI that led to the creation of a private monopoly
- Emphasis on the *coordination* between politicians and investors
- Analysis in terms of *process* (Abbott, Elias), a preliminary scheme:
  - a. Defining a common ground between the domestic political world and the investors
  - b. Expanding the investment (the dynamic of the investment)
  - c. The (difficult) embeddedness of the private monopoly
- A “glocal” process (Swyngedouw)

# Defining a common ground between the domestic political world and the investor 1

The privatization of the port of Piraeus as a strategy providing dual rewards (“hinge”, Abbott) to the investor and the domestic political world

## COSCO

- State strategy: One belt, one road (FDI and exports)
- Firm-level strategies:
- As a response to the 1998 financial crisis in South East Asia: from a regional to a global player
- Increase revenue and productivity to face European and Japanese competition
- Trends in the transport industry: integration in transportation and logistics, entry of shipping companies in terminal construction and management, just-in-time business model

## Greek governments

- Privatizations program since the mid-1990s
- Long-term incapacity of the Greek economy to attract FDI, need for foreign capital
- The privatization of the Piraeus port as part of a broader strategic economic alliance with China
- Geopolitical strategy to render Greece a transportation and energy hub (Azerbaijani and Russian gas)

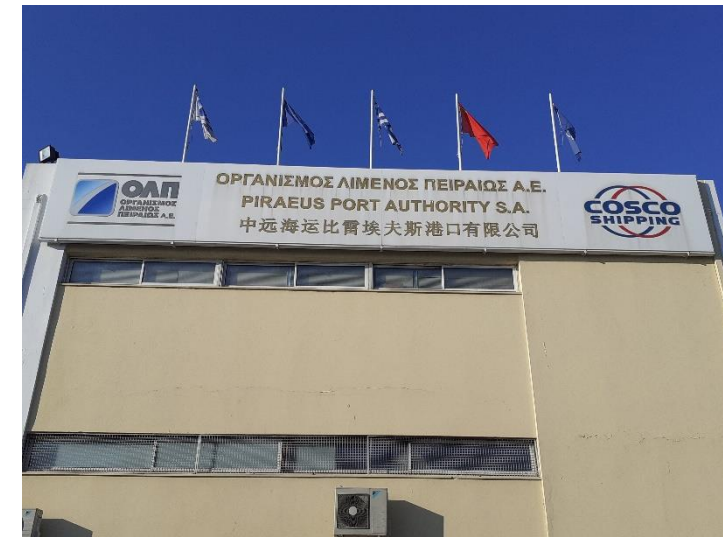


# Defining a common ground between the domestic political world and the investor 2

- The initial 2008 agreement resulted from an interaction between:
  - On the one side, the Chinese government and the COSCO top managers (the latter are appointed by the communist party, conduct long careers within the company and have often studied in western universities)
  - On the other side, the Greek political leadership, backed by the technocrats and technopols (politicians with technocratic resources) of 'economic' ministries and by ship-owners
- The interaction between the two sides presupposes a **common knowledge on what brings growth in a globalized economy** (exports, FDI, privatizations). This common knowledge is a part of what Dezalay and Garth (2011) call a **global market of state expertise**
- In the case of the port of Piraeus, the interaction of politicians and investors **produces a developmental discourse** which emphasizes the positive effects of the privatization on the local and the national economy: increase of port's productivity (TEUs), investments in infrastructures, new jobs, increase of tax revenue...

# Expanding the investment

- From the concession of the two piers to the sale of the 67% of PPA
- The motives are not obvious:
  - COSCO had never made, till then, an investment of this scale in a port overseas (besides COSCO specializes in container shipping)
  - Greece diverged from the dominant European model of port privatization which consists of conceding concrete port functions and not the majority of port authorities to investors
- How can we explain this ‘limit-case’?
- Crisis conjuncture:
  - the bailout programs induced pressures for increasing revenues from privatizations, creation of new privatization agencies and change of the privatization ‘field’ (the privatization program is now controlled by managers coming from large private companies)
- Dynamic of the interaction between COSCO and Greek governments:
  - COSCO and Greece hold homologous ‘limit’-positions in the European context, COSCO being a challenger in European markets and Greece being far behind its European counterparts in attracting FDI
  - This dynamic creates for both sides a disposition to “increase the bet” beyond the common practices



# The (difficult) embeddedness of the investment or defying the private monopoly

- While, during the first years of the privatization, the developmental discourse was dominant, different social groups were adopting distinct stances towards the investment, projecting their particular interests and expectations onto the developmental consensus:
  - Local commerce were expecting benefits from the development of the cruise
  - Old workers maintained previous labour conditions
  - New workers were recruited through operational agencies and were remaining ununionized
  - Local MPs recreated clientelistic networks (mediating the recruitment of new workers to COSCO's subsidiary which manages piers II and III)
  - But also:
    - small businesses of the ship repair zone struggle against the perspective of a COSCO-controlled shipyard in Piraeus
    - a movement of middle class residents struggle against the construction of new cruise pier which would be build in front of their neighborhood
- When the effects of the private monopoly become evident, groups that are on the losing side tend to coalesce
- Groups which were positive, start to change their stance following the frustration of their expectations (for instance, local commerce and hotels face the perspective of the creation of a COSCO shopping mall and a five-stars hotel within the port)
- COSCO's stance towards local groups is determined by a. the intra-company relations between Chinese and Greek managers, between the subsidiaries and parent firm and the communist party, b. lack of negotiation culture in the European context, learning process, c. constraints put by the competition in the shipping and logistics sectors



# Concluding remarks: how ordinary people negotiate the privatization of the port of Piraeus?

- The port of Piraeus is tied to the city and a part of the city (spatially, economically, symbolically)
- “Ordinary” people (local movements, trade unions) face the dominant developmental discourse and the effects of the private monopoly
- “Ordinary” people are concerned with local issues, but are involved in a global process. Asymmetry of resources, lack of information, the investor remains relatively opaque
- The stance of the investor is not defined merely by exploitation strategies, but also by organizational constraints stemming from the structure of the company and the (global) market competition