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A Port within a City

Panoramic view of the Port of Piraeus (passenger piers). Source: Depositphotos.

Piraeus versus COSCO: A Conversation with Anthi Giannoulou and Anastasia Frantzeskaki

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Images of the Greek Port of Piraeus on Google Search depict the hardware of logistical capitalism in action, with freighters docked at piers and cranes piling containers and moving cargo. These images often omit, or place far in the background, the densely populated urban districts of the Piraeus Regional Unit within which the port is located. The impact of port operations transcends the walled boundaries of the Piraeus Port Authority (PPA) and is felt in every aspect of life in the adjacent urban area, which is home to half a million people. The symbiosis between the city of Piraeus and the port has always been complicated. Urban development, spatial and traffic planning, environmental conditions and the delimitation of green space, employment, social organisation, and local politics—all reveal the constant negotiation between human needs and the profit imperatives of logistical capitalism.

In 2008, the China Ocean Shipping Company (COSCO) won a tender for the operation of the PPA's container facilities (Pier 2 and construction of Pier 3) under a 35-year concession agreement (hereinafter, the '2008 deal'). This was the first step in the privatisation of the port and a milestone in a process of neoliberal transition that had started with the corporatisation of the PPA a few years earlier. In 2016, under strong pressure from its creditors, the Greek Government privatised 51 per cent of the PPA's stocks under public ownership through an open tender in which COSCO was the sole bidder with an offer of 280 million EUR (hereinafter, the '2016 deal'). This tender reflected the Chinese shipping giant's growing influence in the port since the 2008 deal. However, the privatisation was the result of bailout agreements that were imposed on successive Greek governments by the European Commission, the European Central Bank, and the International Monetary Fund (dubbed 'the Troika'). These draconian agreements stipulated profound austerity measures and committed Greece to extensive privatisations, including of the PPA. Locally, COSCO was assisted by the powerful Greek shipping elite and part of the political establishment, which helped the Chinese state-owned enterprise (SOE) to so entrench itself that no other competitor bothered to bid. In 2021, as stipulated in the 2016 deal, COSCO acquired a further 16 per cent stake of the PPA for 90 million EUR, bringing its share to 67 per cent.

Over the past decade, the real or imagined geopolitical ramifications of COSCO's gradual entry into Piraeus have been dominated by a resurgent 'China threat' narrative in both Europe and the United States (Rogelja and Tsimonis 2020). But as the case of Piraeus reveals, threat perceptions are created through discursive exaggerations that disregard the facts and usually distort more than explain reality. Importantly, this process of securitisation of Chinese economic activities is obsessively monothematic and imposes a tunnel vision that ignores important local developments and challenges. For years, international perceptions of the Chinese presence in Piraeus have been shaped by false alarmist warnings about COSCO turning the port into a military base for the People's Liberation Army Navy and acting as Trojan horse for the Chinese Communist Party in Greece and the European Union. However, for *Piraiotes* (citizens of Piraeus), COSCO's acquisition of the PPA has been a source of concern because of the increasingly negative social and environmental impacts of the port's operations. Workers, local communities, civil society, and even local businesses have mobilised to contain the many negative externalities caused by the port's new management.

Organised labour was the first to react to the PPA's neoliberal transformation—often expressed under the banner of fighting the 'Sinicisation of labour'—with a long sequence of mobilisations and strikes that pre-date the 2008 deal. COSCO's initial entry to the container terminals introduced segmentation of the labour force and two distinct work regimes in the port (Neilson 2019). While PPA employees still enjoyed relatively safe contracts and working conditions protected by collective bargaining agreements, the employees of COSCO's subsidiary, the Piraeus Container Terminal S.A. (PCT), faced a degree of deregulation and precarity not seen for decades in Greek and other European ports. It was only through grassroots mobilisation, strikes—often following fatal work accidents—and unionisation that certain conditions improved modestly over time, including the introduction of a collective bargaining agreement in 2022 (ENEDEP 2022a, 2022b).

The 2016 privatisation caused apprehension about the future of PPA contracts and working standards under COSCO, but it also encouraged synergies of resistance and collective action by the different unions active in the port, despite considerable fragmentation of organised labour along party affiliations. Such synergies have also been extended outside the port as the externalities of COSCO's operations cannot be contained in the area. Employment conditions have a direct effect on local households: air, noise, and sea pollution are immediately felt; increased truck and tourist bus traffic to and from the port chokes the already congested roads of Piraeus; and citizens try to defend every inch of remaining free urban space from being turned into a new profitable venture for COSCO.

As port-induced problems in the city increase, *Piraiotes* have found themselves fighting on two fronts. On the one hand, they have mobilised to exert pressure on COSCO to comply with local laws and make the port's operations more sustainable. On the other, they have struggled to attract the attention of Greek and EU authorities

and prompt them to enforce national and European legislation. There are many stories of resistance to the neoliberal transformation of the port and, by extension, of urban Piraeus, with significant cooperation between workers, citizens, unions, and civil society organisations. One case that stands out is the mobilisation and successful litigation against the expansion of the cruise ship terminal between 2016 and 2022, which is the focus of the following interview.

This complex case shows that COSCO's activities in Piraeus cannot be understood as simply those of a greedy investor whose profit-maximisation strategy is detrimental to local communities. Rather, we must approach them under the light of broader processes of socio-spatial transformation that, in the context of neoliberalism, are facilitated by those actors to whom one would turn for regulation and protection from the financial calculations of investors—namely, the European Union and the host state.

In many ways, the attempt to expand the PPA cruise terminal—a project with considerable repercussions for the environment, public health, and quality of life in Piraeus—has little to do with the Chinese origin and state ownership of COSCO and more with the many regulatory violations, gaps, blind-spots, and contradictions resulting from the neoliberal developmental paradigm that is prevalent in many European industries. The case also demonstrates the importance of forming synergies of resistance 'at the bottom', between local communities, unions, environmental nongovernmental organisations (NGOs), scientific bodies, and businesses, to expose the impact of externalities emanating from investment and force authorities to take regulatory responsibility.

In the following interview, we discuss the mobilisation and successful legal action against the planned expansion of the PPA cruise terminal with Anthi Giannoulou, the legal representative of the Piraeus Labour Centre (a labour watchdog organisation) and of more than 100 citizens who filed the lawsuit against COSCO in 2020 and 2021, and Dr Anastasia Frantzeskaki, a leader of the PPA labour union and an active member of the grassroots movement opposing the cruise ship terminal.

Konstantinos Tsimonis (KT): In March 2022, a decision by the Council of State, the supreme administrative court of Greece, cancelled COSCO's masterplan, indefinitely stopping the expansion of the cruise ship terminal. This was vindication of a longstanding struggle by locals. Why is a larger cruise ship terminal a problem for the citizens of Piraeus? What are the reasons for the civil society backlash?

Anthi Giannoulou (AG): The core problem is the operation of a busy port so close to a city, which creates an excessive burden on the surrounding areas. In the case of Piraeus, this burden is more pronounced for three reasons. First, Piraeus is very densely populated, green spaces are almost non-existent, and the port (even before COSCO arrived) served around 16 million passengers a year, making it one of the busiest in Europe and globally. Piraeus connects Athens and the Greek mainland with the Aegean Islands, not just

for tourism purposes but also for their supplies and the movement of their residents. There is considerable air pollution from the passenger and cargo vessels, as well as due to transport by car to and from the port, while the city's two main road arteries are severely congested. Piraeus is already a heavily polluted and congested 'cement city'.

There were rumours about the expansion of the cruise terminal for some time, but we only learnt details about those plans in 2018, despite the fact that they had been initially approved in 2011 [by the socialist PASOK government] without any prior public consultation. The PPA had even secured EU funding for approximately 120 million EUR. The plans involved reclaiming 140 acres [60 hectares] of land—an area approximately half the size of the Piraeus peninsula—in front of its coastline and next to urban neighbourhoods. The new terminal would host six more cruise ships, in addition to the existing two, which roughly translates into one million extra passengers per year. These huge vessels use mazut oil, a low-quality heavy fuel, and when docking they need to keep their engines running, emitting the equivalent CO₂ of 100,000 cars in 24 hours. [A recent study shows the detrimental effects for the environment and public health from cruise ships (Lloret et al. 2021).] And all this next to a densely populated neighbourhood with many schools and playgrounds.

In addition, one needs to factor in the impact from transferring one extra million passengers from the already congested roads of Piraeus to the tourist sites (the Acropolis, Ancient Agora, etcetera) in downtown Athens and back to the port, which would involve moving approximately 25,000 passengers a day during the peak cruise season. No traffic planning can remedy this situation unless entire parts of the city are demolished to make way for roads.

The other major environmental and public health hazard comes from the materials that would be used for land reclamation. In 2013, the Minister of Environment [in the conservative New Democracy and socialist PASOK coalition government] issued an environmental permit for the project, which despite its many legal and technical problems, stipulated that the material (debris) used for land reclamation will come from quarries and other land sources, and must be free of 'hazardous substances'. The seabed in the proposed new terminal area is steep and deep and, according to a rough estimate, the clean debris for landfill alone would cost more than 200 million EUR, which skyrocketed the estimated budget of the project.

In 2018, two years after the PPA's acquisition by COSCO, a new decision by the Minister of the Environment [under the leftist SYRIZA and populist right ANEL coalition government] stipulated that land reclamation in Piraeus can include material from dredging—that is, excavations from the sea in other areas of the port where the COSCO-controlled PPA planned to construct new and deeper docks for cargo vessels. This material would be put in a box caisson foundation. However, the excavation material is highly toxic, since for decades, the marine environment of the Piraeus port has been severely polluted by urban and industrial waste. Over time, that material settled on the seabed and was covered by sand.

The estimated amount of material for landfill is between 700,000 and 1 million tonnes, with the cost of ‘cleaning’ it depending on the level of toxicity; the total could go even higher than that for the debris from quarries. We were, therefore, worried that the toxic material would be brought to the surface and then used for land reclamation without any processing since the cost is prohibitive and oversight non-existent. What is more, the highly toxic leftovers from dredging were planned to be disposed of in fishing waters in the nearby Saronic Gulf.

KT: How did COSCO manage to get permits for such a project?

AG: There was no information available about all these plans and no public consultation, which is a violation of European and national law. After all, in Greece, we are champions in noncompliance with EU regulations relating to the environment.

In 2018, we started using extrajudicial notice procedures [that is, a formal legal compliance warning before a lawsuit] to formally request access to the permissions and licences issued, but the relevant ministries and authorities were ignoring us. That year, COSCO submitted its masterplan for the PPA to the Port Planning and Development Committee (PPDC) of the Ministry of Shipping. The masterplan included the expanded cruise terminal, as well as hotels and shopping centres to be built on the reclaimed land.

COSCO wanted to construct the new terminal based on the acceptance of the masterplan by the ministry, but without an approved Strategic Environmental Impact Assessment (SEIA), in contravention of what is stipulated by the law. Various shortcuts were suggested, including the legally dubious argument that a 2006 SEIA of the PPA for the port was sufficient, despite being out of date and not including the new projects concerning the cruise terminal. Essentially, the PPA started the process of implementing this project by exploiting grey areas and sometimes by blatantly violating European directives, which were facilitated by the Ministry of the Environment, which was eager to accept ‘creative’ and ‘inventive’ interpretations of Greek and EU legislation. When COSCO took over management of the PPA, it inherited the project and substantial EU funding, and continued in the same direction of evading legal procedures and requirements while attempting to give some semblance of legality to the terminal project to move forward with its construction.

KT: Was there no EU oversight on how its funds were used? How could the European Union fund the construction of a massive project without proper environmental assessments being in place?

Anastasia Frantzeskaki (AF): COSCO keeps the project alive for one and only one reason: because the PPA has obtained 120 million EUR from the European Union for the development of the terminal. This is free money for them. COSCO claims to have already spent approximately 29 million EUR, probably to finance other construction.

In any case, the profits from the cruise terminal would never be sufficient to finance the project. In a very good year, the PPA could make just 7 million EUR in turnover from cruises, during the seven-month tourist season. Also, the cruise industry is very sensitive to political developments in a highly volatile region; indeed, during the Arab Spring and the Covid-19 pandemic it took a major hit, when other operations in the port did not stop. So, without the EU funding, the cruise terminal is of no major commercial interest to COSCO.

AG: The European Commission passed the funds and the supervision responsibility to the authorities of the Region of Attica and has not interfered in the process since. In fact, it announced that the change of ownership of the port does not affect this funding, which stays with the PPA. The European Investment Bank (EIB) was designated financial consultant of the commission for this project and has provided COSCO with an additional loan of 100 million EUR for the PPA's development. Although the EIB is a competent authority to exercise environmental oversight on a project like this that is funded by the EU, it has not done so.

In November 2019, before the Council of State decision, I filed a complaint with the European Investment Bank regarding the absence of environmental impact assessments on various parts of the project. The EIB replied with a year's delay and essentially reproduced the arguments of the PPA, which shows that it relied on local authorities for its information. As far I know, the EIB has been criticised for the poor environmental oversight of many projects that it finances.

KT: How did civil society in Piraeus mobilise and what alliances and sources of support did you find? How did local opposition to COSCO grow?

AG: When we first found out about the planned expansion of the cruise terminal and started realising the seriousness of the situation, a few of us mobilised to inform the public and the civil society of Piraeus. We would go to the farmers' markets and talk to one person at a time. It took a lot of effort and around two years to spread information and mobilise people, especially citizens from the neighbourhoods directly affected.

The mobilisation effort and the legal battle were spearheaded by the Labour Centre of Piraeus, along with grassroots groups of citizens with the help of different collectives and unions. Due to the very complex and multidimensional nature of the problem, we acquired new technical knowledge with the valuable help of environmental NGOs. For example, the Archipelagos Institute of Marine Conservation and the Panhellenic Association of Public Sector Ichthyologists helped us assess the hazards emanating from the use and disposal of dredging material for land reclamation. In the summer of 2020, the Piraeus Bar Association also publicly recognised that there are many problems and legal issues with COSCO's plans that render them not viable.

As time passed, opposition to COSCO also spread to local businesses that felt threatened from the company's plans for expansion into other areas of local economic activity. At first, the business community was very supportive of the privatisation of the port, because they hoped that COSCO would create new jobs but, instead, they eventually found their businesses under threat. For example, COSCO is threatening the interests of a vibrant ship-repair business community in Piraeus. COSCO intends to create a new regime in the shipyards, placing itself as the main contractor undertaking the repairs and the existing shipyards as its subcontractors, based on a 'register of contractors' that COSCO would tailor-make. It also replaced the PPA registry of suppliers, removing companies that were doing business with the port for decades and introducing others. So, although at the central level there is cross-party support for COSCO, the company's intention to expand its business activities into other areas has angered almost everyone in the city of Piraeus.

AF: Greek shipowners acted as the bridge that brought COSCO to Piraeus and remain supportive because they benefit from increased cargo traffic to and from Piraeus and from their connections with the Chinese market overall. Their continuing support is evident by the positive coverage that COSCO continues to enjoy in the media (TV stations, newspapers) that are owned by the Greek shipping elite. But, overall, they remain indifferent towards local issues concerning the port's expansion and the impact on local communities.

There is evidence of dissatisfaction in the wider shipping industry with COSCO. In 2020, for the first time, the Hellenic Chamber of Shipping [the official advisory body to the Greek Government on shipping affairs that represents not only cargo/container shipowners but also the entire sector] came out clearly against COSCO, accusing it of price management and having increased docking costs in Piraeus.

KT: How did we get to the March 2022 decision? And what are the next challenges?

AG: According to a controversial 2018 decision by the government-controlled PPDC, the construction of the terminal could go ahead while the use and disposal of dredging material would be decided as part of a future SEIA. Based on that decision, in April 2020 [under the conservative New Democracy government] and during the very restrictive first pandemic lockdown, Prime Minister Kyriakos Mitsotakis inaugurated the cruise terminal construction.

In the ensuing few days, tugboats and crane barges appeared and began digging in the outer side of the port. We immediately sent extrajudicial notices requesting copies of the permits but received no response. Eventually we found out that a construction permit was issued in 2019, without anyone informing the public of its existence.

We also contacted the Hellenic Centre for Marine Research, which is an official advisory body of the government, and asked them if they agreed with the use and disposal of dredging material. They replied that its disposal in the sea should not take place under any circumstances, because it is a toxic bomb, full of arsenic, cadmium, heavy metals, etcetera.

Armed with evidence of the illegality of the project and the dire environmental impact of dredging in this case, we filed the annulment petition against the 2018 decision on the basis of incomplete environmental licensing of the terminal expansion. In July 2020, the President of the Fifth Division of the Council of State issued a temporary injunction and ordered the excavation and dumping of dredged material at sea to cease.

COSCO continued to lobby the government but also the civil service, where it has many contacts, to find ways to overcome this injunction, and indeed it managed to resume the construction of the terminal without openly engaging in dredging activities. There were unconfirmed reports that dumping of dredged material in the Saronic Gulf continued, with barges turning off their transmitters as they left the area of dredging. We remained alert and continued our legal action against the inventive machinations of the authorities and COSCO.

Eventually the decision issued in March 2022 ruled that there can be no construction without a complete masterplan for the port that includes the SEIA and the environmental impact assessments for all individual projects. Since then, COSCO and the Greek Government have continued to look for ways around this decision, but it is very difficult for the construction to continue without proper environmental licensing. And, of course, for such an environmentally damaging project, it is not clear how they can obtain permits, not only for dredging but also for other aspects, such as impact on traffic in the city. The Bar Association of Piraeus, other collectives, and even local governments from the various municipalities of Piraeus have all taken legal action against COSCO's various plans. Piraeus remains vigilant. ●