



The time for privatisations and investments has come

As the perspectives of the Greek economy are emerging, there is space to attract serious investments in the country. This is now the motto of the Greek government for the next two years. Deputy Minister of Economy and Development Stergios Pitsiorlas in a discussion with Business File explains the reasons

Business File reports

Having legislated, without additional effort in the Parliament, the heavy measures on pension cuts and tax reforms for the period 2019-2020, the Greek Government seems eager to put back the difficult times and create a more optimistic “saga” for the last two years before the elections.

The field though for growth is not clear yet, as the DSA (Debt Sustainability Analysis) and the debt relief are still pending, and the ECB has not turned on the green light for the inclusion of Greek bonds to QE.

Nevertheless, the Greek PM A. Tsipras insists that his government will focus

now on privatisations and foreign investments. The country is rich in natural and human resources and thanks to its geographical position can attract foreign investments, mainly in the sector of infrastructures, for the benefit of the country as well as European development projects.

Deputy Minister of Economy and Development Stergios Pitsiorlas, in a detailed discussion with *Business File*, in two phases, before and after the visit in China for the OBOR Summit insists that “now, as the perspectives and the potentialities of the Greek economy are emerging, there is space to attract serious investments in the country. These perspectives are strong enough to overpass the present problems of over taxation.”

He explains that “The aim of the government is to replace the old and counterproductive model of growth with a new one, free from the weakness of the past, on the basis of major and urgent structural and sectorial changes.

Priority is in infrastructures

A key feature of this new model of growth is the shift from a closed economy towards an economy based on strategic

CRCEG

Founded in 1953, China Railway Construction Engineering Group (CRCEG) is a wholly owned enterprise of China Railway Group Limited (CREC) – a Fortune Global 500 company and one of the World’s 500 most influential brands. With the two national top-grade qualifications for the general contracting of both housing construction and railway projects (only 7 enterprises in China possessing these two top-grade certificates), it is a large and modern state-owned enterprise engaged in survey and design, real estate development, engineering construction, equipment installation, decoration, roads, bridges and tunnels construction, steel structure engineering, machinery manufacturing, material trade, etc. It has 22 subsidiaries and branches, and 8,560 employees, including more than 6,000 professional and technical staff. CRCEG has made great development in many fields. As for railway construction, it has totally contracted more than 100 railway stations so far, with each one of them being an architectural masterpiece, such as the Beijing South Railway Station. In the early 2000s, the company restructured and listed with China Railway Group Limited.

OBOR

“One Belt-One Road” Summit, May 2017

The “One Belt-One Road” Chinese project is one of the largest of its kind, both in terms of cost and sheer size. It has been dubbed “connecting China to the world”. The state-backed project reportedly cost an estimated 1 trillion USD.

China’s President, Xi Jinping, announced the project in 2013, which would create railways, roads and pipelines from the country to various regions of Asia, Middle East, Europe and N. Africa, thus establishing a significant link. While its aim is to improve infrastructure, it will be seen by some as a way of increasing Chinese economic presence in Asia worldwide. However, China sees the OBOR project as beneficial for all.

Vital projects include a proposed 3,000km high-speed rail line from southwest China to Singapore as well as a land route from the Xinjiang region to Pakistan, where a port city is to be created.

The first major summit took place on May 14th-15th and brought together many officials from the UN, the World Bank and International Monetary Fund. Leading figures from a vast number of EU countries attended, including Greek Prime Minister, Alexis Tsipras and his Italian counterpart.

While there appears to be a general consensus that improving connectivity is of benefit given the lack of infrastructure across Asia, response has been mixed. OBOR being mutually beneficial for China and the EU is dependent on several factors, which are being discussed under the EU-China Connectivity Platform.

investments in productive industries as well as the export of goods and services...

Mr Pitsiorlas seems determined that “the top priority is the sector of infrastructures, in all aspects. The time has come for significant investments which will boost the economy and rise employment.”

“Up to now, there is a number of significant examples of serious investments in Greek ports, airports and national motorways. There is a strong interest for foreign investments in infrastructures, due to the geographical position of the country. In my opinion, this interest will accelerate in the near future, i.e. the Egnaia motorway as well as the digital networks and the logistic centres.”

Talking about sectors of interest for investments, the Deputy Minister easily names tourism:

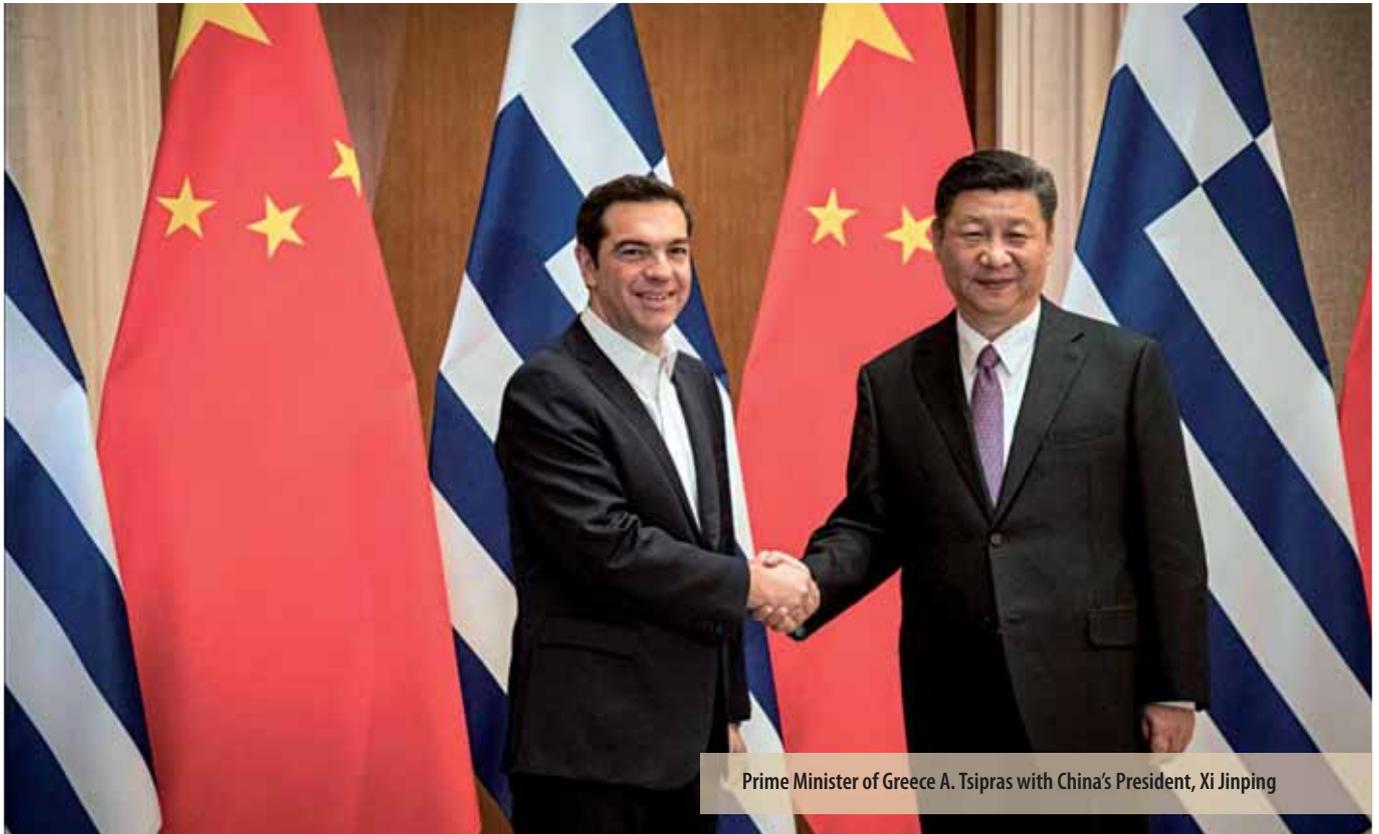
“As we are talking, the implementation of specific programmes is going on, in accelerated speed”, he says...

The third sector of interest is the agriculture industry, particularly the promising processing units.



Stergios Pitsiorlas, Deputy Minister of Economy and Development

Last but not least, the government pays great attention to research and innovation. There is a complete programme with coordinated moves going on with concrete results.



Prime Minister of Greece A. Tsipras with China's President, Xi Jinping

Shenhua Group

China Shenhua is a world-leading coal-based integrated energy company. Its main business includes production and sales of coal, railway and port transportation of coal-related materials, as well as power generation and sales. China Shenhua, with the largest coal reserves, is the largest coal supplier and vendor in China. The Company's coal business has become the model of large-scale, high-efficient, and safe production mode in China's coal industry. Shenhua Group carries out significant research, development, demonstration, and commercialisation of new technologies. The focus of this research was throughout the entire energy life cycle chain, including environmental improvements of coal-mines as well as the initiation of a series of major projects, including heavy-haul railway technology.

The Greek infrastructure group Cope-louzos has signed a deal with the Chinese group Shenhua for the upgrade of power plants Greece and other countries.

THE PPC saga

Another controversial issue is the recent agreement with the creditors to sell 40% of **PPC**.

Nevertheless, Mr Pitsiorlas seems convincing that the energy sector in Greece "can unveil many opportunities for the Greek economy:

"In the energy sector Greece has many advantages in comparison to other countries. These are the geographical position of the country, the climate conditions and the natural resources.

Unfortunately, during the past years, politically criminal mistakes, inability to realise and catch the developments in the energy sector, has prevented the formation of a serious and credible national energy plan.

The government is determined to pass over this gap. The target is to take advantage of the **renewable sources**, which represent a natural advantage of the country and to take advantage of national sources to promote modern power units. In this general context we

are going to face and solve the problems of today's PPC" he says.

According to Mr Pitsiorlas, there is an extra concern for joining together many different and unconnected energy systems, in various Greek islands. The project is in its very early steps and the main idea is to use the energy from renewable sources on various unhabited islets, mainly wind farms to interconnect number of neighbouring islands.

From Beijing to Athens

The recent participation of A. Tsipras to the Chinese Summit for the OBOR

"Greece and China agreed to work together on major sectors in order to further strengthen the strategic relationship and cooperation between the two countries"

boosted the Greek government's optimism for the future investment in the country.

Minister Pitsiorlas explains: "The One Belt-One Road strategic plan is a genius conception of China's President Xi Jinping for a multipolar world. This strategic plan creates a particular space for Greece to show its possibilities and upgrade its own role in the worldwide developments. Greece, as a member state of the hard core of the European Union, can take initiatives in order to search for convocations on development targets both of Europe and China's OBOR, contrary to the ideas of protectionism..."

Prime Minister A. Tsipras visited (for the second time in 10 months) Beijing for the inauguration of the One Road-One Belt Chinese Initiative and Mr Pitsiorlas signed a three year Action Plan 2017-2019.

"The aim of this Action Plan is to boost bilateral economic cooperation in major sectors in Greece and the combination of the One Belt-One Road Chinese Initiative with the Greek growth strategic plans. Greece and China agreed to work



Skaramangas and other shipyards

Talking about infrastructures, there is a rising interest to bring back to life the main Greek shipyards, closed down during the economic crisis period but mainly by wrong decisions, bad management and scandals not fully clarified. The shipyards of Skaramangas, Eleusis, and Syros are waiting for investments. It is well known that Minister Pitsiorlas had intensive talks since last March with the European Commission in order to find a way out specifically for Skaramangas.

In Mr Pitsiorlas words, this sector is of major importance: "Greece has a great tradition, serious infrastructures and extremely skillful human resources in the sectors of shipbuilding and ship repairs.

It is of high priority for the government to fully reconstruct this strategic sector of the Greek economy. The target is to make the shipyards functional again, based on new, healthy and secure framework, attractive to investors. Now I can say that in the very near future there are going to be immediate and impressive results. Concrete results and solutions for the main Greek shipyards will emerge soon and the open wounds after so many years will close..."

HNA Group

HNA Group was founded in 1993. In the past 20 years, it grew during China's reform and opening up and has developed from a local aviation transportation operator to a conglomerate encompassing core divisions of aviation, hospitality, tourism, real estate, retail, finance, logistics, shipbuilding and eco-tech. Its business outreach has expanded from Hainan Island to the globe. Its total assets exceed RMB one trillion.

The group has undergone great diversification, entering multiple industries such as tourism and logistics. It has also significantly expanded its involvement with both national and international companies. HNA Group has spent more than \$3 billion on foreign acquisitions. It intends to be one of the top 50 companies in the world by 2030.

In 2016, HNA Group was reported to reach an agreement with Ingram Micro Inc, a California-based technology distributor for \$6 billion, in the largest Chinese takeover of a US information technology company.

together on major sectors in order to further strengthen the strategic relationship and cooperation between the two countries. They are ready to promote in common state and private companies of both countries to determine the common ground for investments in Greece. The high priorities sectors of interest in the Action Plan are the infrastructures, energy and telecommunications..."

In Beijing, Greek and Chinese companies have already signed agreement of cooperation:

- The Kopelouzos Company and the Shenhua Group have signed an

agreement of cooperation in the energy field estimated in 3 billion euros.

- FORTHNET and ZTE with the support of Shanghai Congbao Business Consulting and KaiXinRong Group signed an agreement in telecommunication up to 500 million euros.

There is a high Chinese interest for investments in the sectors of Greek railways and constructions (China Railway Construction Engineering Group and China State Construction Engineering are among them), as well as in the sector of tourism and real estate.

