Keeping Russia Out of Alexandroupolis

The Greek government’s abrupt cancellation of U.S.-backed bids to privatize the strategic port of Alexandroupolis raises concerns about possible Russian interference and threatens to undermine American, transatlantic, and broader interests in expanding the port’s capacity. Given the high potential of Alexandroupolis to boost European energy security, NATO collective defense, and global food supplies in the wake of Moscow’s brutal invasion of Ukraine, Washington must get clarity from Athens about the decision while making clear its continued emphasis on ensuring the port receives the investments needed to grow its operations without falling into Russian hands.

What Happened?

- On November 7, Greek news outlets reported that the Athens government is cancelling a tender for the sale of a two-thirds stake in the privatization of Alexandroupolis port, which is strategically located on the northern Aegean Sea adjacent to Turkey.

- Greece received bids for the stake in September from two ventures which included American companies, in the process excluding two Russian-linked competing bids.

  » At that time, U.S. Ambassador to Greece George Tsunis tweeted he was “thrilled to see [the two U.S. companies] Black Summit and Quintana Infrastructure and Development place bids on the strategic port of Alexandroupolis.”

- Although no explanation has been offered yet publicly, Greek officials told JINSA on November 7 that the tender was cancelled because the two submitted bids were unsatisfactory and not reflective of the value of Alexandroupolis, and that the port would remain publicly owned.

Why Is It Important?

- It is vital to U.S., transatlantic, and global security that Alexandroupolis port is privatized, and that the contract is awarded to an American company. The Greek government’s decision to cancel the bidding process, with no clear explanation as to why they did so and what next steps are, raises concerns about the future of this critical infrastructure project.
» Privatizing Alexandroupolis is a necessary step to attract investment for expanding the port as both a logistical and energy hub connecting the Eastern Mediterranean with southeastern Europe and the interior of the continent.

- Privatization also could provide an economic boon to Greece, whose growth projections of 5-6 percent for 2022 are expected to fall to 2 percent next year amid rising energy costs and inflation.

» Ensuring that the privatization contract is awarded to an American company would signal U.S. commitment to countering Russian and Chinese control of critical infrastructure throughout the wider region.

» Lack of clear, public communication from Athens about why it is canceling the tender could create perceptions of political interference from other bidders in the competitive bid process.

• As a comprehensive JINSA report explained in August, the importance of Alexandroupolis and broader U.S.-Greece strategic cooperation is rising rapidly in light of Russia’s invasion of Ukraine, Turkey’s unreliability as NATO’s southeastern anchor, and major ongoing natural discoveries in the Eastern Mediterranean.

» Europe’s urgent and ambitious U.S.-backed plans to reduce its dangerous dependence on Russian energy is boosting Greece’s value as an energy hub, particularly Alexandroupolis as a key node for distributing liquefied natural gas (LNG) imports from the Eastern Mediterranean throughout the Balkans, Italy, and elsewhere.

» The port also plays a burgeoning role in countering Russia’s military expansion in Ukraine and the Black Sea littoral by enhancing NATO power projection across southeastern Europe, especially in the strategic context of central Europe’s logistical bottlenecks and Turkey’s unreliable provision of access for the alliance.

» Given its long track record for exporting Greek grain products, Alexandroupolis also offers a ready outlet for Ukraine’s prodigious food production which, if it continues to be blocked via the Black Sea, could exacerbate insecurity in key markets across the Middle East, sub-Saharan Africa, and South Asia.
• Official U.S. backing for the American bidders earlier this year reversed a long-term trend, in which the conspicuous absences of competitive U.S. bids and signals of Washington’s support enabled Beijing and Moscow to secure major footholds in Greece, Israel, and other strategic chokepoints around the Eastern Mediterranean. U.S. involvement and support for Alexandroupolis also helped exclude bids from Greek entities with worrisome Russia ties.

» One competitor, the Greece-based Copelouzos Group, has such well-established ties with Russia’s state-owned Gazprom that then-U.S. Ambassador to Athens Charlies Pies wrote in 2007 of “growing concerns over Copelouzos’ activity that serves Russian interests and jeopardizes U.S. efforts to promote diversification of supply to the energy market of Greece and the surrounding region.”

» The other competitor is Ivan Savvidis, a Russian-Greek billionaire and former Russian State Duma deputy with ties to Putin and known widely as “the Russian tsar of Thessaloniki.” A Savvidis-owned investment company has majority control of Thessaloniki port – Greece’s largest by exports – and he also is bidding for two-thirds control of Greek’s Igoumenitsa port on the Ionian Sea.

• The tender’s cancellation raises logical concerns about pressure from the competing Russian-aligned bidders, which in turn reflects both Moscow’s longstanding malign influence in northern Greece and its increasingly acute self-interest in stymieing Alexandroupolis’ growth as an energy, defense, and food-export hub for Eastern Europe.

What Should the U.S. Do Next?

• Fundamentally, Washington must seek clarity from Athens about the decision, and devise a shared approach to guarantee that the port’s privatization contract stays out of Russian hands and avoid similar crises in the future.

» American officials should encourage Greece to consult with them, and the bidding companies, about any concerns before making a decision about the future of the tender.

• In tandem, American officials should underscore that transparency and reliability goes hand-in-hand with tangible U.S. commitments to continue deepening cooperation with Greece and other regional partners on energy, defense, and other shared interests.

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