GREECE WON'T CUT PRICE IN FRAPORT AIRPORT DEAL: PRIVATIZATION CHIEF

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Greece will not cut the price of a deal with Germany's Fraport to lease some of its airports , the head of the country's privatization agency told a newspaper on Monday, despite reports that the German firm was seeking better terms.

The government chose the airport management group and its Greek partner, energy firm Copelouzos, last year as the preferred bidder to operate 14 regional airports in tourist destinations - one of the biggest privatizations since a debt crisis took hold at the end of 2009.

Fraport has agreed to pay a lump sum of EUR 1.2 billion (US$1.35 billion) and annual rental fees of about EUR 23 million for the 40-year lease of airports in popular tourist locations, including Corfu and Mykonos. It is also expected to invest a total of EUR 1.4 billion over the period.

"We are not discussing any reduction in the price," the head of privatization agency HRADF, Stergios Pitsiorlas, told Efimerida Ton Syntakton newspaper, adding that the deal with Fraport "will be signed as it is".

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Senior Fraport executives visited some of the airport sites last week and the paper quoted unnamed sources as saying the German company was seeking to secure a lower price for the deal, which would be the first major privatization completed under the left-wing Syriza government.

Asked about the report, a person familiar with Fraport's thinking told Reuters in Frankfurt it was "obvious that the deteriorating economic situation in Greece should be reflected in the price".

The Fraport executives also met on Saturday with officials of Greece's civil aviation trade union, which opposes the privatization, the head of the union told Reuters.

"We explained to them that the deal is not profitable either for the Greek state or for them," Vassilis Alevizopoulos said.

The union opposed the lease because Fraport would have to raise ticket charges and landing and parking fees, making the airports less attractive, Alevizopoulos said.

He added that the union planned to take legal action against the deal with EU competition authorities and Greece's highest administrative court.

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