UNFOLDING THE BLACK SEA ECONOMIC COOPERATION
VIEWS FROM THE REGION

JULY 2007
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PREFACE

What have been the main policy concerns of the countries of the Black Sea region when joining a regional structure such as the Black Sea Economic Cooperation (BSEC)? This is the main question that this edited volume of the Xenophon Paper series deals with.

As the Organisation of the BSEC has reached its fifteenth Anniversary it is of value to identify common stands along with diversified views on the priorities of Black Sea cooperation as seen by experts coming from within the region. In devising a future strategy for the BSEC, in particular, but also in assessing the prospects of regional cooperation in any area of the world it is imperative to identify the main concerns of the local players and stakeholders.

The International Centre for Black Sea Studies (ICBSS), being the think tank of the Organisation of the BSEC, launched a series of publications with a view to celebrate the occasion of the 15th Anniversary of the BSEC and more important to open a window to the needs, priorities and concerns of the regional states. The publication at hand is the third one on the occasion of BSEC at Fifteen following the Black Sea Economic Cooperation: Fifteen Years of Regional Activity, 1992-2007 Views by Foreign Ministers and Heads of BSEC Institutions (2007) and The BSEC At Fifteen: Key Documents, 1992-2007 (2007).

The views expressed herein by experts in their personal capacity disclose both the variety of angles from which the regional countries approach multilateral cooperation in the area and the common denominator upon which the Black Sea regionalism is taking shape.

We hope that this publication is to be proven useful not only to the research community but also to the policy-makers both in the Black Sea region and beyond.

Dimitrios Triantaphyllou
Athens, July 2007
INTRODUCTION

Panagiota Manoli

This Xenophon Paper titled “Unfolding the Black Sea Economic Cooperation: Views from the Region” is the product of collective work and reflection by researchers from the Black Sea region.

The Black Sea is often cited as the cradle of civilisations, a bridge between East and West, a land rich in cultural diversity. Most literature focuses on the historical and cultural elements of the Black Sea countries while current international relations writings mostly refer to the ‘frozen’ conflicts that represent the greatest challenge to the future development of the region.

This publication looks towards another direction by focusing on the possibilities of ‘cooperation’ and region building. It thus represents an effort to cast some light on the efforts to enhance intra-regional links and forge a new regional structure: the Black Sea Economic Cooperation (BSEC).

The BSEC’s mission according to its Charter is ‘to promote a lasting and closer cooperation among the states of the BSEC region’. \(^1\) Though a post Cold War structure, the BSEC has roots in the early 1990s, i.e. prior to the disintegration of the Soviet Union. The idea belonged originally to the Turkish ambassador to the United States Sukru Elekdag, who announced this project for the first time during a panel discussion organised in Istanbul in January 1990.\(^2\)

The convergence of the ideology between the Turkish and Russian leadership in 1991 set the grounds for the emergence of the BSEC as an initiative. The creation of a tool to facilitate economic interaction around the Black Sea along the lines of economic and political liberalism was advocated by both sides. The idea was soon embraced by all littoral states and states beyond the Black Sea that shared economic and political interests (Albania, Armenia, Azerbaijan, Bulgaria, Georgia, Greece, Moldova, Romania and Ukraine). Especially in the 1990s the high degree of diversity – in terms of the level of economic development, market size, population, etc. – of the then eleven member states (Serbia joined later in 2004) of the BSEC undermined the common identity of the new structure.


\(^2\) On the conceptualisation of the BSEC see Manoli, Panagiota (2004), The formation of the Black Sea Economic Cooperation: A Case Study of Subregionalism, PhD dissertation, University of Warwick.
Nevertheless, its members shared the common vision of regional cooperation as ‘a part of the integration process in Europe, based on human rights and fundamental freedoms, prosperity through economic liberty, social justice, and equal security and stability, which is open for interaction with other countries, regional initiatives and international organisations and financial institutions’. As broad as that common vision might seem, its power to inspire should not be underestimated. For almost half of the participating states (i.e. for the Newly Independent States and for the, until then, self-isolated Albania) it was above all a historic first in their appearance on the international scene. For all newly emerged states in the eastern part of Europe - and their neighbours alike - application of the CSCE principles and norms in their interstate affairs and adherence to economic and political liberty was a priority. Regional cooperation might have served partly declaratory purposes especially in the 1990s but it soon came to address real needs related to opening links of interaction and solving problems of economic development and transition.

The BSEC is officially defined as a ‘regional economic organisation’ placing trade and economy – related activities as the priority issues on its agenda hence, its Working Groups have focused on fields like trade, finance, SMEs, agriculture, transport, etc. However, the BSEC has not developed into a trade bloc, or a Free Trade Agreement (despite initial efforts) nor have its members taken trade related commitments. The BSEC agreement does not provide for any trade related preference for countries within the Group. Despite the rhetoric on the economic character of regionalism – which might be partly attributed to the early influence of Ozal’s ideas on liberal foreign policy – the BSEC developed primarily as a foreign policy tool to serve the strategic priority of the political elites in the newly independent states; their ‘return to Europe’.

A powerful force driving regionalism in all parts of Europe has been the European Union. EU integration acted as a powerful force, a dominant model in intraregional affairs. The BSEC represented an effort to transplant the functional approach of building political stability through economic cooperation. This is reflected not only in the nature of the main working groups of the organisation but even more in its official documents. The founding members stressed thus in the preamble of the Charter ‘...the desire of their countries and peoples for constructive and fruitful collaboration in wide ranging fields of economic activity with the aim of turning the BSEC Region into one of peace, stability and prosperity’ (para. 11).

After the first formative years of the BSEC there was a strong request by the participating states that the agenda of the organisation moved beyond the level of ‘discussion’ and

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‘exchange of views’ into concrete projects in key sectors of trade, infrastructure, organised crime etc. Despite the real need to move ahead with economic cooperation, hard security problems and military conflicts among Black Sea states undermined any substantive progress in the field of regional economic projects. For several countries (e.g. Azerbaijan) solving security problems with their neighbours was a necessary condition for speeding economic cooperation. As a consequence a ‘project’ based cooperation within the BSEC framework though much advocated never took off. Bilateral relations under a security prism have significantly conditioned the attitude of all member states vis-à-vis the BSEC.

Throughout time, the discussion over the applicability of a functional approach that could lead to a ‘spill over’ effect from economic to political cooperation in the Black Sea region has been kept alive in the BSEC framework. How can regional cooperation advance in the absence of political stability and security? Should or could an economic organisation like the BSEC branch out to security matters?

Broadly speaking there are three types of motivations in forging regional arrangements: geopolitical interests, political economy considerations and domestic rooted interests. Articles included in the publication at hand support the case that the BSEC is a case where geopolitical interests of the founding states have prevailed. Geopolitical considerations and broader security concerns have conditioned the membership of the BSEC. Above all the BSEC remains, fifteen years since its establishment, an intergovernmental structure, a forum of state-to-state bargaining with the political elites setting the regional agenda. Despite efforts, the involvement of non-state actors (at a range of political, economic and social spheres) has remained weak if non-existing. Though the motives behind participation in the BSEC can be described as ‘classic’ (i.e. geopolitical interests), the grounds for actual cooperation have been economic. Thus, the BSEC as a regional body has been the result of geo-strategic considerations to which an economic dimension was added.

The BSEC is a product of the profound international and domestic ruptures that emerged with the end of the Cold War. However, the organisation should not be simply pictured as a product of and response to systemic changes in Europe. The importance of external, systemic influences on the BSEC’s evolution notwithstanding, it is instrumental to adopt also an ‘inside-out’ analysis, casting light on the evolving agenda of the participating states.

Since the BSEC is an elite driven process (i.e. driven mainly by the political elites of the local states and not by the civil community including the business sector) we deemed it necessary to explore the agenda and interests of the member states. This is the endeavour undertaken by the authors collaborating in this edited volume.
ARMENIA IN THE BLACK SEA REGION: 
16 YEAR-OLD VARIABLE GEOMETRY WITH REMAINING LOCAL CONSTANTS

Styopa Safaryan

“At the crossroads of Europe and Asia, Armenia has demonstrated, throughout the passing centuries and at the price of collective sacrifice, its devotion toward its European heritage. With its newly gained independence and after being distanced from it for such a long time, Armenia yet again receives the opportunity to return home, to the European home. Truly, one of the first steps of our newly independent country has been its membership application, dated October 9, 1991, to the Council of Europe.”

Excerpt from a speech by Armenia’s first Minister of Foreign Affairs, Raffi K. Hovannisian, during a meeting of the Council of Europe on 10 September 1992 in Istanbul.

Longing for Armenia’s homecoming to Europe: The Black Sea region as a window of rapprochement

Armenia’s de jure emancipation from the chains of the Soviet Empire through the 21st September 1991 referendum on independence, signified a re-emerged statehood that had been lost and re-conquered in the aftermath of the empires’ colonial policies throughout its history. Inspired by this regained sovereignty and the window of opportunity to implement policies befitting a newly independent country, paralleled with accession to various international organisations – the United Nations, the Organisation for Security and Cooperation in Europe (OSCE), and the Council of Europe – Armenia declared the adoption of the European model of democracy and the return to the European family as its twin strategic goals. Such an objective implied setting Armenia’s continual Europeanisation and democratisation as a foundation for building firm statehood, developing a free market economy, and pursuing its sovereign goals. The objective

1 The views expressed herein are personal and they do not necessarily reflect the opinion of any institution.
would also ensure its integration with countries pursuing similar interests in an attempt to expand and deepen collaboration across the region. In the meantime, the transformation of a Soviet-Caucasus Armenian identity to a European or sub-European one would lead to Armenia’s future entrance into the European family. As Armenia lies at the crossroads of two continents, enhancing its European identity would open a new geographical window uniting the European continent with Asia.

Armenia’s strategic vision in the early 1990’s attached special significance to the Black Sea region as a key geographic bridge restoring Armenia’s former political, economic, and cultural ties with Europe. This was especially so since all Black Sea basin countries had stated in the early 1990’s (Turkey much earlier) their future goal of identification with the Western and European democracies. Against this background, Armenia’s aspiration of coming home to Europe was stimulated due to the synergy of two key factors:

1) The dualism of Armenian identity: The geography of Armenian kingdoms leading up to their fall had included a considerable part of present-day Anatolia, as well as the shores of the Black Sea and the Mediterranean (the Kingdom of Cilicia) basins. Cultural exchange and economic trade with the Greek, Roman, and Byzantine civilisations, especially with the latter, influenced Armenia. At the turn of the 20th century, and in spite of the great territorial and human toll of the Armenian Genocide, the Armenian people were able to preserve their identity and existence. During times of lost statehood, they were pushed toward the Caucasian frontier of the vast and predominantly Armenian-populated historic Haik (Armenian Plateau) wherein they found the first Armenian Republic in 1918. Meanwhile, as a consequence of the final geopolitical ‘architecture’ of the Bolshevik and Young Turk governments, Armenia’s Black Sea geography changed exclusively to a Caucasian one. Accordingly, the Soviet Transcaucasus component was also added to the Armenian identity during the more than 70 years of Soviet rule that followed. These components became the reason for a dual identity: a Black Sea identity in historic geography, and a Caucasus identity in modern-day geography. All that remained of the Black Sea and the Mediterranean basins were the rich Armenian cultural legacy left behind and the recollections of those Armenian people who, having been deprived of their homeland and subjected to genocide, emigrated to present-day Armenia and numerous other countries in Europe and elsewhere. At the time when Armenia re-established its independence, the European and Black Sea component of the forgotten identity and the desire to communicate with the legacy of its predecessors – which was silenced behind the Soviet iron curtain and thus strengthened the external political vector of Europe-oriented Armenia – naturally surfaced.

2) The asymmetry of de-colonisation and security challenges: The demands before the USSR’s metropolitan centres – the Moscow and Baku axis – for de-colonisation and self-determination, brought serious security challenges to Armenia and Mountainous
Karabakh. Armenia, one of the smallest dissident republics of the former Soviet Union, was one of the first to form an agenda toward independence from the Union of Soviet Socialist Republics (USSR). During the final phase of the collapse of the USSR, Armenia refused to take part in the referendum for the latter’s preservation. Armenia thus proved in practice, and at a high price, the ineptness of the Soviet Empire and its administrative system in protecting human and peoples’ rights. Since 1988, in response to their demand for self-determination, ‘Armenian heretics’ of the USSR living in Soviet Azerbaijan, Mountainous Karabakh, Northern Caucasus, and Central Asia were subjected to pogroms and deportations organised on a state level. The Kremlin-Soviet Azerbaijan joint police and semi-military operations and repressions continued until the end of 1991. Thereafter, newly-independent Azerbaijan’s large-scale military attacks against Mountainous Karabakh and Armenia entered the conflict into a military phase. After the closure of Armenia’s window toward the East following the Karabakh conflict, the country now looked more in the direction of the Black Sea region as a bridge to the outside world (another access was Iran) and in the direction of the civilisation whose part it once was. Such security challenges were further obligating Armenia to distance itself from the Soviet empire and to turn toward Europe and the West, wherein rights, self-determination and sovereignty are respected and protected values. Besides, the Western World was the greatest supporter of the Soviet republics in their fight for de-colonisation.

Thus, the history of the Armenian people, its past and present geography, and the modern-day challenges of independent statehood and security played a substantial role in defining Armenia’s strategic vision in the early 1990’s. These interests were interwoven into the country’s foreign and domestic policies because: a) a considerable part of the history of the Armenian people is outside its present-day Caucasus geography; it can be found in the Black Sea basin and, as is the case in numerous ancient nations, history is likewise an essential political resource and benchmark for the Armenian people; b) the objectives toward the consolidation of sovereignty and statehood, and steady political and economic development, were common interests for those countries of the Black Sea basin which were emancipated from the communist disease and that declared final de-colonisation and European integration as a priority; c) security challenges compelled Armenia to make additional efforts toward peace and security, collaboration and good neighbourly relations in the huge Black Sea basin, and toward economic cooperation, which is beneficial for them. Apparently, the integral vectors of these three sets of interests were passing through the Black Sea basin en route to Europe, where solidarity with those European countries seeking similar interests had vital importance.

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Between optimism and pessimism: Armenia’s coherent, but non-pursued objectives

Turkey’s recognition of Armenia’s independence in 1991, the opening of the Armenian-Turkish border on the one hand, and the traditional solidarity and friendship with Georgia along with the common goal of immediate liberation from the Soviet Empire on the other hand, brought about hopes in Armenia that the Black Sea bridge connecting the country to Europe would function permanently and that collaboration would reach maximum capacity. The objectives and principles set out in the founding documents (e.g. the Istanbul Declaration and Bosphorus Statement — of the Istanbul Summit on Black Sea Economic Cooperation (BSEC) signed on 25 June 1992, by the heads of states and governments of 11 countries — Armenia, Albania, Azerbaijan, Bulgaria, Georgia, Greece, Moldova, Romania, Russia, Turkey and Ukraine) brought optimism concerning Armenia’s pursued objectives. The BSEC was seen as an attempt to institutionalise the region bridging Europe and Asia.

Specifically in the Istanbul Declaration and the Bosphorus Statement, the signing countries were “taking into account the profound and rapid changes in Europe and the determination of the peoples of the continent to shape a new era of peace and security on the basis of the principles laid down in the Helsinki Final Act and follow up CSCE documents, particularly in the Charter of Paris for a new Europe”. The second point in the Declaration recognised “that a prosperous and united Europe will evolve on shared values such as democracy based on human rights and fundamental freedoms, prosperity through economic liberty and social justice, and equal security for all countries”. Subsequently, all countries – including Armenia – which had launched the Black Sea Economic Cooperation were, on the one hand, anticipating the expansion of New Europe and the dissemination of its value system toward this region, and “taking into consideration the potential of the Participating States and the opportunities for enhancing the mutually advantageous economic cooperation arising from their geographic proximity and from the reform process and structural adjustments” on the other.

The 25 June 1992, Bosphorus Statement stated that, “With a shared vision of the future and through mutual cooperation, the Heads of State and Government looked forward to the transformation of the Black Sea into a region of peace, freedom, stability and prosperity. They stressed that in the building of the new architecture of Europe, their countries and peoples had an important and creative contribution to make and that the Black Sea Economic Cooperation constituted an effort that would facilitate the processes and structures of European integration”.

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As such, Europe-Black Sea Region relations assumed a ‘two-way traffic’, and the positions fixed in the founding documents of the BSEC were consistent with those interests that Armenia sought in the Black Sea region. Accordingly, moving in relation to Europe, calling upon countries comprising the Black Sea economic cooperation (including Armenia) to:

- Be conscious of the importance of environmental problems of the Black Sea for the well-being of their peoples, and recognizing that it is vital to ensure the environmental sustainability of their economic development.
- Confirm the intention of developing economic cooperation as a contribution to the CSCE process, to the establishment of a Europe-wide economic area, as well as to the achievement of a higher degree of integration of the Participating States into the world economy.
- Share the common objectives to achieve the further development and diversification of both bilateral and multilateral cooperation among them – as well as with other interested countries—to foster their economic, technological and social progress, and to encourage free enterprise.
- Agree that their economic cooperation will be developed in a manner not contravening their obligations and not preventing the promotion of the relations of the Participating States with third parties, including international organisations such as the European Union, and the cooperation within the regional initiative.
- Aim to ensure that the Black Sea becomes a sea of peace, stability and prosperity, striving to promote friendly and good-neighbourly relations.
- Declare that the economic cooperation among the Participating States will be developed on the basis of the principles of the Helsinki Final Act and the decisions in the subsequent CSCE documents, as well as the other universally-recognised principles of international law.
- Agree that economic cooperation will be promoted gradually and, while determining the priorities in this process, they will take into account the specific economic conditions, interests, and concerns of the countries involved, particularly the problems of the countries in transition to a market economy.
- Affirm that economic cooperation among their countries is open for the participation of other interested States recognizing the provisions of the Declaration; in regard to projects of common interests, individual countries and their economic and financial institutions, enterprises, and firms, as well as regional and international economic and financial institutions, could be involved in their realisations.
- Decide to develop comprehensive multilateral and bilateral Black Sea economic cooperation covering various fields of activity.
- Cooperate in economic terms, including trade and industry, and to make the best use of the scientific, technological, and environmental opportunities.
Affirming their determination to make the best use of all possibilities and opportunities for expanding and multiplying their cooperation in the fields of economics (e.g. trade and industrial cooperation, science and technology, and of the environment) the Participating States declared that they would thereafter take concrete steps in this process by identifying, developing, and carrying out with, *inter alia*, the participation of their competent organisations, enterprises, and firms, projects of common interest, in the following areas:
- transport and communications (including their infrastructure)
- informatics
- exchange of economic and commercial information (including statistics)
- standardisation and certification of products
- energy
- mining and processing of mineral raw materials
- tourism
- agriculture and agro-industries
- veterinary and sanitary protection
- health care and pharmaceutics
- science and technology

Since the BSEC was still being formed from 1992 until 1999 (or, its founding documents – i.e. the *Bucharest Declaration* of 30 June 1995, high-level meeting of BSEC countries; the October 1996 *Moscow Declaration* of the heads of states and governments of BSEC countries; the *Declaration* of the Yalta Summit on 5 June 1998; and the Declaration of the Istanbul Summit on 17 November 1999 - were being submitted), and its institutional bodies were being established, the areas for cooperation were being determined, and projects being prepared (in terms of real and tangible results), the organisation could not meet the huge expectations of newly independent Armenia after it regained its independence in the early 1990s. The primary reason behind this frustration was the fact that the prospect for economic cooperation between the BSEC and Armenia’s neighbouring countries became captive to unresolved political and historical problems and regional turbulences. Consequently, the “prosperity, peace and security through economic cooperation” formula could not bring forth huge success and, in the case of some bilateral relations among participating countries, no success at all.

Months after the *Istanbul Declaration* and the *Bosphorus Statement* was signed in the summer of 1992, the challenges facing Armenia’s security reached their pinnacle. The country’s entire eastern boundary-zone became involved in the undeclared war of Azerbaijan and, as of fall 1992, more than 45 percent of Mountainous Karabakh was captured by the Azeri armed forces.4 Thereafter, effective defence of the Armenian side in the conflict zone, and the subsequent

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counter-offensive, brought about new territorial and political realities in favour of the Armenian side. As a sign of solidarity with Azerbaijan, however, Turkey then closed its borders with Armenia. To this day, Turkey refuses to establish diplomatic ties with Armenia. It continues to impose a blockade - running counter to international norms, including BSEC principles - against Armenia. In view of international law, this is a form of undeclared war. Turkey also conditions the reopening of the Armenian-Turkish border and normalisation of relations on the reversal, by Armenia, of post-war realities, including Karabakh's return to Azerbaijan and the carrying out of the Azeri-Turkish demands. Turkey's other precondition for Armenia is for the latter to stop its campaign for the international recognition of the Armenian Genocide. Azerbaijan similarly continued to condition cooperation with Armenia, in any domain, on the officially-formulated argument of 'cooperation after the regulation of the conflict'.

In Georgia up until the mid-1990s, the conflicts in Abkhazia and Northern Ossetia, the overall territorial crisis, Tbilisi's lack of control of the entire country, and Georgia's essentially becoming a 'failed' state, gave little hope for effective regional cooperation. Also, throughout the BSEC's establishment and motivation into a complete regional organisation, a considerable number of countries and people—from the Balkans to the Caucasus—who had been liberated from the empirical 'plague' of 20th Century communism, took the path toward decolonisation, independent statehood, and the difficult but rewarding process of democratisation. Naturally, under such regional conditions, Armenia and other countries that were pulled into this war could not think about cooperation in the areas stipulated by the BSEC founding documents. Instead, economic cooperation was to be restrained by emerging security issues. As such, Armenia's cooperation with its two immediate neighbours - Turkey and Azerbaijan - could not be realised in many domains (e.g. trade and economic development; banking and finance; communication; energy; transport; agriculture and agricultural industry; healthcare and pharmacy; environment protection; tourism; science and technology; exchange of statistical data and economic information; cooperation among duty-imposing (customs) and other border authorities; human relations; and the fight against organised crime, narcotics, trade in illegal arms and radioactive material, all acts of terrorism, and illegal immigration - which, in 1999, had undergone a major revision pursuant to the BSEC Charter 5) for the basic reason that many of those domains required unbroken communication and close collaboration among authorities. As such, Armenia-Turkish and Armenia-Azeri relations did not enjoy the necessary level of trust and collaboration.6

6 Armenia's ambassador to the BSEC is the only diplomatic representative of Armenia in the territory of Turkey.
Low regional cooperation isolating Armenia

Such realities in the region - precisely, those constants that still hamper cooperation, on the one hand, and the political agenda of Armenia’s newly formed government in 1998, on the other - further influenced Armenia’s role in the BSEC and, in general, the importance Armenia placed on that organisation. This was true when, despite its slow formation process, the BSEC transformed in 1999 from a project-developing to a project-implementing organisation. Meanwhile, the strategic importance of the region - including the Caucasus - grew for the West, and the EU’s role and involvement likewise increased.

Parallel to these factors, the other issue which had an impact on Armenia’s overall involvement within the framework of the BSEC was the fact that in EU-BSEC interaction projects - proposed by the BSEC and complying with the EU’s regional interests - disproportionate importance was placed on cooperation, policy fields, and sectoral objectives stipulated by the fundamental documents in which synergy was to be attained with the EU. Those spheres that were of vital importance for European expansion, those in which it had carried out numerous projects since the early 1990s, were specifically emphasised. These spheres included the development of infrastructure (including transport, energy, and telecommunications), commercial and economic activities (including cross-border cooperation and, especially, trade facilitation and the creation of favourable conditions for investments, environmental protection and sustainable development), cooperation in combating organised crime and providing emergency assistance, in institutional and social sectors, and in the domain of science and technology. While the BSEC sought synergy with the EU in the aforesaid domains, it unexpectedly experienced a hierarchy of sectoral objectives which in practice excluded Armenia.

In the sphere of transport, the EU developed and supported a number of multilateral infrastructure programs for a wider Eurasia that centred on the Black Sea. As a consequence of the unresolved conflict with Azerbaijan, Armenia lost the chance to become a part of the Transport Corridor Europe-Caucasus-Asia (TRACECA). The project was launched in 1993 to connect the eight former Soviet republics. Across and around the Black Sea, the EU pursued the objective of developing transport alternatives between the East and the West, seeking out international investments to that end. It is worth mentioning that regional transport routes and infrastructure became an increased area of focus for the EU in 1997 when, following the European Conference of Transport Ministers, the Black Sea region was selected as one of four Pan-European Transport Areas. In the meantime, Armenia - as the Armenia-Georgia link - joined TRACECA.

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The other huge transport and infrastructure project, which Armenia was again left out of, was Interstate Oil and Gas Transport (INOGATE)—launched in 1995. This project consolidated substantial technical assistance and provided some investments for hydrocarbon infrastructure in the expanded Black Sea region. Even though Armenia, together with other countries, signed the Umbrella Agreement of the 1999 summit, this agreement could not offer great opportunities for Armenia because of the latter’s geographical location and political stance. One of the BSEC’s most important decisions which secured synergy with the EU in the energy sector was adopted on 19 September 2003 in Baku, by the Baku Declaration on Energy Cooperation in the BSEC Region. Prior to this, however, the BSEC Economic Agenda, approved during the April 2001 Moscow Council of the Ministers of Foreign Affairs of BSEC countries, and as confirmed by other relevant resolutions by foreign ministers, had stressed the need to set priorities and objectives in the energy sector. The Baku Declaration specifically underlined “the significance of energy in further developing the cooperation and integration processes in the Black Sea region,” and the “role of energy in the sustainable development of the BSEC Member States.” The Declaration noted “the importance of national energy networks in enhancing the vital bridging role of the Black Sea region between Europe and Asia,” and an agreement was reached “to work closer together towards inter-state co-operation with respect to improving and interconnecting their oil and gas pipeline networks and linking them in particular to the Trans-European energy networks.” The very same Declaration also agreed - without more - to consider the “conflicts as the major impediment for development of both bilateral and multilateral cooperation in the region” and, with that, established the reasons that would exclude Armenia from those projects in the future. It was stressed that “cooperation at all times shall be based on the respect and adherence to the principles and norms of international law” - principles and norms which prohibit the blockade of another country. What is more, according to Article 7 of the Istanbul Declaration, “their economic cooperation will develop in a manner that does not conflict with the obligations they have taken on, and without preventing the promotion of the participating countries’ relations with third sides and the cooperation within the circles of regional initiatives.” However, instead of instilling optimism, the consequences of this cooperation brought forth more problems and concerns for an Armenia without energy conduits.

Taking advantage of the vital importance that energy and transport routes had for Europe and the West, as well as of the ‘Great Game’ that had begun in the region, Turkey and Azerbaijan, under the name of cooperation and diversification of EU energy infrastructures, excluded Armenia from the Baku-Ceyhan oil pipeline and the Baku-Erzrum gas pipeline. These projects that bypassed Armenia further isolated the country, and this is still the silent

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objective of the official policies of Turkey and Azerbaijan. The only remaining possibility for Armenia in the energy sector, therefore, was cooperation in energy production. Consequently, in April 1998, the *Memorandum on the Cooperation of the Black Sea Economic Cooperation Participating States in the Field of Electric Power Industry* was signed in Yerevan. This memorandum expressed the intention toward “evaluation of the region’s countries’ electricity demand and their export potential...elaborating of principles and terms for the establishment of the regional wholesale electricity and power market...evaluation of the electricity exchange expediency, taking into account differences in energy performance characteristics and generating capacities’ structures in the power system...coordination of principles for electricity sale and purchase tariffs; formation on the basis of mutual profitability (and) elaboration of standards and power systems’ performance reliability characteristics and the management principles, as the basis for creation of the BSEC Interconnected Power System in the future”.

In the energy sector, the Azeri and Turkish policy (despite the lack of relations, Armenia still sells electrical energy to the latter) of intensifying Armenia’s blockade created a small window with Russia, which is interested in maintaining its influence in the region. In terms of Armenia’s cooperation with the BSEC countries in this sector, it must be stressed that since 2003, the country has increased cooperation only with Russia, causing extreme dependence on that country. As a result of the multi-phased “Property for Debt” deal to pay Armenia’s debt to Russia, more than 80 percent of Armenia’s energy units were handed over to the Russian Gazprom Company. Gazprom controls, *inter alia*, Armenia’s power grids, the financial management of the country’s nuclear power plant, numerous hydroelectric power stations, the 5th energy bloc of the Hrazdan Thermoelectric Plant. Politically, this has resulted in fragmentation of Armenia’s foreign policy. Armenia gradually moved away from a strictly European direction, even though eventual integration remains an underlying priority of the country’s foreign agenda, particularly when considering political attitude in the Kremlin. The current mood in the Kremlin manifested itself not only in the form of Moscow’s sudden movements and innuendos concerning the gradual deepening of Armenia’s Euro-Atlantic integration, but also through roadblocks placed by it against the construction of the Iran-Armenia-Europe gasline. In the end, only the smaller Iran-Armenia gasline was built.

A subsequent step again isolating Armenia in transport communications is the post-2007 construction of the Kars-Akhalkalaki railway by Turkey, Georgia, and Azerbaijan. This project pursues the goal of putting an end to the political significance of the already-existing Kars-Giumri-Nakhijevan railroad. The West has always hoped that this railroad will operate again when the Armenia-Turkey border is opened, Armenian-Turkish relations

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are normalised, and the Karabakh conflict is resolved. All attempts toward these ends have been fruitless thus far. In the face of diametrically opposing views with respect to these matters in Armenia, Turkish and Azerbaijani approaches have remained the same. Moreover, their positions have further toughened over the years, as their isolation policy against Armenia has become more adjusted, united and coordinated.

With regard to environmental protection and sustainable development, the priority issues were the protection of the Black Sea (or of rivers running toward it), the regulation of fishing, and projects that a landlocked Armenia could either have little or no part in. Environmental issues that could have also been common to Armenia - protection and restoration of forests, prevention of industrial waste, combating desertification, usage of environmentally-safe minerals, etc. - were deemed less important in comparison, and continue to be a matter of sole concern for Armenia or, at best, for EU-Armenia cooperation. All this notwithstanding, Armenia has signed onto such important documents as the Declaration on Water and Water Related Ecosystem in the Wider Black Sea Region.11

Within the framework of commercial and economic activities, and specifically trade facilitation and favourable conditions for investments, the pace of Armenia’s cooperation differs depending on the domains. In line with international assessments, Armenia’s economic legislation is one of the most liberal and, in theory, it allows for many opportunities especially for imports and foreign investments. However, corruption, inadequate tariff and customs policies, and the quasi-democratic political system still remain problems. In the end, Armenia’s main economic partners are the EU, including BSEC member countries.

Even despite the absence of diplomatic ties among Armenia, Turkey, and Azerbaijan, there is some intermediary trade - via Georgian territory - among these countries. Turkish and, to a lesser degree, Azeri goods still enter the Armenian market, and vice versa. Understandably, though, this poses limitations, since intermediary trade affects the price, and consequently the volume, of imported and exported goods. In contrast with Armenian-Azeri relations, there is an Armenian-Turkish Business Council and several joint business ventures functioning within the framework of Armenia-Turkey dealings. Since, however, the Armenian-Turkish border is formally closed, Armenia cannot talk about cross-border cooperation. Human relations, very much insufficient, naturally have room for improvement.

The tourism industry, on the other hand, which has registered considerable growth in recent years, is in better condition. Even though more and more Armenian tourists now vacation at Mediterranean and Black Sea countries including Turkey, there is greater

number of foreign tourists who also visit Armenia. The new administration in Georgia which came to power through the ‘Rose Revolution’, became alluring for Armenian businessmen too. President Sakhashvili soon spoke in favour of encouraging and protecting Armenian investments in the Georgian shores of the Black Sea. In a matter of two years, this statement considerably increased the volume of Armenian investments in Georgia, and the number of Armenian tourists visiting Georgia.

Again, the absence of diplomatic ties and Armenia’s closed borders with its immediate neighbours (specifically with Turkey) all stand in the way of cooperation in matters such as combating illegal immigration and organised crime (including the clandestine trade of narcotics, weapons, and radioactive material), border patrol, providing emergency assistance, and institutional and social sectors. Thousands of Armenians emigrate to Turkey, unprotected and primarily on an illegal basis, in search of temporary work. Armenia, along with other Caucasus countries and former Soviet states, is a source of human trafficking. Turkey is considered a final destination for this crime, with thousands of Armenians again falling victim to human trade in that country. The absence of formal relations will never make it possible to wage battle against such transgressions. The situation bars not only the opportunity to provide and exchange accurate information, but also the chance to resolve problems adequately and jointly as stipulated by the Regional Centre for Combating Trans-border Crime, founded in 1999 for the countries of the western Black Sea basin.

The academic collaboration among the universities of BSEC member countries - including Armenia - started out in 1997 by the initiative of the Black Sea University Network. The university network comprises over fifty universities, including Yerevan State University. The BSEC Standing Academic Committee was established in 1998 with the aim of benefiting academic cooperation and providing assistance to joint scientific projects. Numerous Armenian scientific and research centres were likewise included — though not to the extent of the scientific institutions of other BSEC countries — in a number of multilateral projects. It is also worth mentioning the establishment of the Council of Presidents of the National Science Academies and the Commission of National Coordinators of BSEC Member Countries. The decision to that effect was reached during the sixth meeting of the Council of Ministers of Foreign Affairs, which was held in Kyiv, on 25 April 2002. There is, however, a more intensive collaboration among the NGOs and research centres of the BSEC countries within the framework of both BSEC and non-BSEC initiatives and other approved networks. One very important event, in terms of the BSEC initiatives, is the establishment in 2006 of the network initiated by the International Centre for Black Sea Studies. The Armenian Centre for National and International Studies is also a member of this network.

The imperative of a BSEC reform: More inclusiveness, leverage, and EU involvement

As described above, despite Armenia’s participation in all institutions — intergovernmental and non-governmental — founded within the BSEC circles, the country’s complete participation and involvement in the BSEC and non-BSEC initiatives is still inadequate and problematic in a region which is the only route for Armenia coming home to Europe. This is primarily caused by the reality that throughout the more than sixteen years of its independence, Armenia’s security issues have somewhat diverted and deformed its domestic and external policy vectors and have affected Armenia taking initiative in the region and within the BSEC parameters. This has been caused, to a great extent, by the facts that:

- The BSEC is an exclusively economic cooperation organisation, with limited economic domain and jurisdiction, and has no legal right to adopt and enforce strictly political decisions. If confronted by serious political and security — even economic — issues, as demonstrated by the experiences of Armenia and Georgia, BSEC countries cannot place their hopes on the prospect of resolving the given issue, or receiving assistance, within the framework of the organisation. This is the case especially when one of these disputes involves a powerful BSEC country (e.g. Russia) which has freed itself from the imperial disease, or Turkey, with which a number of BSEC countries have problems. Consequently, small countries that face such matters place greater importance on organisations other than the BSEC to resolve these types of problems or provide relevant assistance.

- Even though the BSEC is the region’s most inclusive organisation, its members also include those countries which have the most serious of problems and disagreements with one another. Where complementing and contending regional and international organisations — OSCE, EU, CIS, NATO, Collective Security Treaty Organisation (CSTO), the GUAM pact (signed among Georgia, Ukraine, Azerbaijan, and Moldova), the Community for Democratic Choice (CDC), etc. — converge, the BSEC, owing to its aforesaid distinctiveness, serves more as a platform and venue for individual countries - or organisations - to undertake regional initiatives rooted in self interest and the resolving of personal problems. In the end, the BSEC mostly becomes an object than a subject, and cooperation develops asymmetrically and disproportionately. The most successful BSEC territories are those where the conflict of interests is at minimum, whereas the synergy of efforts and initiatives is at maximum.

- Under these conditions, the BSEC does not possess a leverage policy and the necessary levers that would have inhibited the attempts to create, under the pretext of cooperation, asymmetry and imbalance against third countries. The BSEC must at least be able to support, by other avenues and assistance programs, those countries that have found themselves under unfavourable
conditions. The absence of such mechanisms and levers has pushed Armenia, in its long-term goal of full integration with Europe, to diverge from its vector of interest between Brussels and Moscow.

- In reality, BSEC countries strictly differ in their political and value systems as they put aside their nominal loyalty to democratic values. The heterogeneous nature of these political systems, which are the foundation of economy, put deep limitations on economic cooperation and integration. What is more, the political systems of several countries—Turkey and Russia, first and foremost—were only momentarily emancipated from imperial ambitions. They today again express envy toward, and take abrupt steps against the loss of their traditional hegemonic stance and the inclusion of new players. They are also not indifferent to the challenges introduced by other rebuilding countries and players in terms of regional competition. At the same time, the different value-oriented and geopolitical courses of BSEC countries and their societies obstruct the formation of the structure of a united regional identity.

- The incapability of BSEC countries to resolve regional security issues on their own, calls for further EU involvement, as well as expansion and enrooting of its value system. This can heal the wounds and the convoluted problems of the past and present. The EU must encourage those countries - including Armenia - which pursue the European ideal. The EU must ensure this commitment of deepening regional cooperation pursuant to the EU-Armenia Individual Action Plan signed in 2006 within the framework of the European Neighbourhood Policy, assisting in the raising of the sovereignty and the consolidation of the security guarantees of Armenia, and other extremely-dependent countries. The EU-BSEC synergy programs could have vital importance in terms of real regional transformation.

- The BSEC’s agenda must include common sectoral objectives - but without hierarchy and special treatment - for all member states. The BSEC must be guided by the individual needs of precise countries and must propose plans and implement them in relation with those needs. The organisation must also see to it that the member countries defend the objectives and principles which it has set out. The resolution of political matters that stand in the way of developing unresolved regional relations, and ruling-out preconditions, is extremely important in terms of raising the efficiency of BSEC actions. In this sense, the EU’s potential and capability is substantial.

By way of summary rather than a conclusion, following the Cold War, the Black Sea Basin (including other former socialist regions, which throughout centuries have become the stage for constant clash and rivalry among empires and states) is being subjected—sometimes with dramatic and irreversible developments—to the civilisational, (military-) political, economic, and cultural value transformation which has taken on the name ‘Europeanisation’. In contrast with the early 1990s, the Black Sea basin of today is already semi-European, geographically and geopolitically. Aside from being the next step in the enlargement of
the European family and in the European integration, Romania’s and Bulgaria’s EU accession in January 2007 contained another message: Europe is persistently moving toward the East and the South without concealing its intention of achieving complete Europeanisation of the basin, and the strategic ideals of nearly all countries in the region are coherent to this intention. This notwithstanding, the most important present-day question is: Can the entire Black Sea region become European?

The Black Sea Basin has truly transformed into a region where the European mixes with the non-European world and neighbourhood, and where unresolved historical and contemporary civilisational and politico-military challenges continue to be at play. Europeanisation has really become a challenge for the non-European part of the region which, in turn, has come to represent today the greatest challenge for an expanded Europe. While the BSEC must transform itself effectively on the one hand, the EU must also review its Synergy and Action Plans in the wider Black Sea basin.¹³ This dynamic interplay must attempt to overcome the remaining geometrical constants—namely, the challenges for the political and economic cooperation among the countries—that have become a staple of the BSEC’s present-day agenda in lieu of its comprehensive transformation. The new horizons for economic cooperation, and the new boundaries of the expanded Europe, lie beyond this.

AZERBAIJAN AND THE WIDER BLACK SEA AREA: NEW PROSPECTS AND FUTURE CHALLENGES

Elkhan Nuriyev

The tragic events of 11 September 2001 changed the philosophy of security relations and affected international processes. The emergence of a completely new security environment in Eurasia prompted significant shifts in the foreign policy strategies of the member states of the Organisation of the Black Sea Economic Cooperation (BSEC). The post-September 11th developments on the global scene have forced these countries to revise the list of traditional threats to regional stability and to seek new answers to upcoming challenges. In this manner, regional cooperation has become a vital element for the Black Sea countries that are building up efficient national security systems. The task of determining the BSEC member states’ political stance in the changing geopolitical conditions and the problem of identifying their roles in developing future cooperation within the wider Black Sea area have acquired special importance. Much of what happens in this increasingly strategic region presents an even greater interest to international organisations, especially for the European Union (EU) and the North Atlantic Treaty Organisation (NATO). But Europe views this part of the world as a specific peripheral zone causing economic troubles and problematic migration. Despite their own difficulties the BSEC states are grappling now with the fact that they want the EU to be actively involved in the region’s development. The Black Sea countries are joining the European integration processes, thus contributing to the emergence of a new European security architecture.

In this context, the wider Black Sea region is becoming Europe’s major transport and energy corridor. A resource-rich country at the centre of the historic Silk Road, Azerbaijan is located at a strategic crossroad between East and West. An oil producer for decades, post-Soviet Azerbaijan has emerged as a key transit country for Caspian oil destined for European markets. However, the lack of a resolution to the Nagorno-Karabakh conflict remains the most serious threat to domestic stability and national security in Azerbaijan. How does Azerbaijan define its interests in the Black Sea area in political, economic and security terms? What are the main pillars of Azeri policy towards the BSEC? This chapter will examine the most important and relevant factors affecting the development of the country in the wider Black Sea region. The focus of the following discussion falls on some dilemmas and security challenges Azerbaijan is currently facing in this rapidly changing region.
Why Azerbaijan matters

Sixteen years after the collapse of the Soviet Union, Azerbaijan continues to adjust to the responsibilities of an independent state. Being a secular Muslim country with the largest population in the entire South Caucasus, Azerbaijan has close contacts with the Islamic world, but at the same time is influenced by neighbouring Christian nations oriented towards Western culture. Such an advantageous position at the junction of West and East has always allowed Azerbaijan to cultivate a synthesis of values from both cultures. However, given the complexity of the geopolitical environment and the lack of political experience to effectively cope with new challenges, it is unlikely that Azerbaijan will be successful in exploiting its economic advantages and achieving its strategic goals without strong support from the international community. Since gaining independence, Azerbaijan has received solid political and economic backing from most of the world and within international organisations, as this young aspiring democracy strives to restore its territorial integrity and consolidate its national sovereignty.

Indeed, even despite the myriad of problems, Azerbaijan matters due to three major factors that make this post-Soviet country a special case. These are Azerbaijan’s energy resources, conflict resolution over Nagorno-Karabakh, and the country’s integration into the European community. It is the combination of the aforementioned issues that has placed Azerbaijan at the core of international relations.

Caspian Pipeline Politics. Azerbaijan occupies a strategic location in the South Caucasus and the country’s resource-providing role in the pipeline game has regional implications for Europe in terms of energy security. The coming years will bring considerable oil revenues into Azerbaijan’s economy since this Caucasian state is re-emerging as a pivotal Caspian oil supplier. The newly inaugurated Baku-Tbilisi-Ceyhan (BTC) pipeline has turned Azerbaijan into one of the world’s fastest-growing economies with a GDP over 26 percent last year. This pipeline has contributed significantly to the process of integration within the Black Sea-Caspian basin and also serves as a good example of successful regional cooperation among three member states of the BSEC – Azerbaijan, Georgia and Turkey. In fact, BTC links Azerbaijan to Western Europe and gives the country control over its own destiny by providing strategic options apart from Russia. At this point, the obvious European interests in the wider Black Sea-Caspian region are aimed at preserving stability in European energy markets and preventing the

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monopolisation of oil supplies by any one powerful country. BTC will drastically increase the mutual interdependence between the EU and Azerbaijan by adding roughly a million barrels of oil a day to the European marketplace. By the end of 2006, the BTC project pumped approximately 400,000 barrels per day of crude to the Mediterranean. In the same year, some 10 million tons of Azeri oil was transported via the BTC route and around 1.2 million tons of crude was exported via the Russian port of Novorossiysk on the Black Sea to Europe.2

Another important pipeline, known as Baku-Tbilisi-Erzurum (BTE) runs parallel with BTC and is intended to carry natural gas from Azerbaijan’s Shah Deniz field3 to Georgia and then to Turkey, where it will be connected to the Turkish gas network through which Azerbaijan can deliver natural gas all over Europe. The country’s natural gas production from the Shah Deniz field will increase dramatically in the next few years. The ongoing development of the Shah Deniz field is expected to make Azerbaijan self-sufficient in natural gas and will result in substantial export revenues. The scale of the Shah Deniz project shows that Azerbaijan is firmly positioned to become a major gas exporter in the Black Sea-Caspian basin. Recently, Azerbaijan signed a purchase deal with Georgia on buying gas. Turkey is also committed to purchasing Azeri natural gas. Baku is currently conducting negotiations with Greece as well, and talks may possibly be extended further to the Balkans and even to Central European countries, which also have a serious market for gas.

Accordingly, due to the presence of the BTC and BTE, Azerbaijan has emerged as a crucial linchpin of the Black Sea-Caspian region’s security. In the coming years, Azerbaijan will play an increasing role in providing a constant supply of oil and gas to European markets. This means that Azerbaijan will remain a major regional player not only in Caspian pipeline politics4 but also in East-West trade relations. If and when the conflict in Nagorno-Karabakh is resolved in a peaceful way, Azerbaijan could possibly even be at the very centre of European energy politics.

Armenian-Azeri Conflict over Nagorno-Karabakh. The eighteen-year-long and to date unresolved Armenian-Azeri conflict remains the most disturbing issue for the Azeri nation who demands Armenian forces be withdrawn from occupied Azeri territories and internally displaced persons returned to their homes. Yet, the delay of a solution to the

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4 For a comprehensive analysis on this issue, see Nuriyev, Elkhan (2007), The South Caucasus at the Crossroads: Conflicts, Caspian Oil and Great Power Politics, LIT Verlag, Germany.
conflict represents a serious threat to regional security and prevents the wider Black Sea-Caspian region from fulfilling its promise. Besides, the protracted conflict has a strong impact on how Azerbaijan formulates its foreign policy and especially how Baku views its relations with other BSEC member states. This factor will affect Azerbaijan’s regional approach to integration in the wider Black Sea area. Moreover, the territorial dispute compels Europe to regard the conflict-ridden neighbours as a source of instability and potential danger. Perhaps most noteworthy, the BSEC could contribute to creating a better climate for a peaceful settlement of the Armenian-Azeri conflict which undermines the huge economic potential of the Black Sea-Caspian basin and impedes the two countries developing a closer partnership with the Euro-Atlantic structures.

Still, many in Baku and Yerevan hope for a breakthrough in the peace process. However, with citizens in Armenia and Azerbaijan highly sensitive to the terms of any future peace agreement, relations between the two neighbouring countries remain strained. If there is no final political settlement in the near future, a renewed war may occur especially under the pretext of retribution for attacks on its own soil. The regional implications of renewed warfare are immense, as several powerful players, most notably the BSEC’s key members – Russia and Turkey, are tied militarily to the two small states. The lack of progress in finding the way to a real, lasting solution to this territorial conflict is a worrying and destabilizing factor, which continues to seriously impact on European security. Hence, a peaceful resolution of the Armenian-Azeri conflict requires much greater efforts of the international community and depends on how successfully EU institutions develop multilateral cooperation with European security organisations and create new opportunities for enhancing a constructive dialogue and promoting potential through their more active participation in the Armenian-Azeri peace process.

Integration into European Structures. One of the main foreign policy priorities of Azerbaijan includes partnership and cooperation with the EU. For Azerbaijan, the EU is one of the most important global players on the international scene. The EU offers this post-Soviet nation a broad spectrum of opportunities for progressive integration within the European market. By exploiting Caspian hydrocarbon resources, Azerbaijan has built its own bridge to Europe and the ruling authorities have often reaffirmed their country’s general orientation towards European integration. Today Azerbaijan is seen as a reliable energy partner of Europe and the EU is trying to build a sustained relationship with this South Caucasian country. A broad energy accord signed with the EU reflects the growing

5 Over half a million internally displaced persons (IDPs) from Nagorno-Karabakh and surrounding districts currently occupied by Armenian forces have become a strong-pro war electorate, nearly 84 percent of whom call for the use of force to reach a final settlement according to a 2004 opinion poll. See Freizer, Sabine (2005), ‘A Last Chance for Peace?’ in Broers, Laurence (ed.) Accord: An International Review of Peace Initiatives, Issue 17, Conciliation Resources, London.
significance of Azerbaijan as a key petroleum supplier to Europe as well as a vital transit
country for Caspian natural resources. In one of his recent interviews, EU High
Representative for Common Foreign and Security Policy (CFSP) Javier Solana specifically
pointed out the importance of the treaty on energy partnership aimed at enhancing
Azerbaijan’s cooperation with the EU at a strategic level. In effect, energy security has
gained a prominent place on the EU agenda and is most likely to determine the EU’s
relations with Azerbaijan in the coming years. Recently, Baku and Brussels started to
discuss the role and presence of Azerbaijan in EU-supported projects related to energy
security, the implementation of which is scheduled to begin at the end of 2007. This
factor promotes proximity between the EU and Azerbaijan, mainly emphasising how
firmly both sides are committed to the development of energy cooperation.

Furthermore, the European Neighbourhood Policy (ENP) has given new impetus to
the wide-ranging relationship between the two sides. In turn, the ENP Action Plan
specifying concrete steps forward is viewed as an important tool in terms of Azerbaijan’s
further integration into the European community. Even though the individual cooperation
plan contains some generalisations, this new political document could serve as a road
map for accomplishing broader and more effective reforms in the country. In other words,
the very demanding task of implementing the Action Plan will require Azerbaijan to make
a lot of efforts in order to attain European political and economic standards. What is
therefore certain is that Azerbaijan’s future interaction with the EU will depend on Azeris
themselves and most notably on the citizens’ strong determination to reform their country
and make it a truly viable democracy.

Foreign policy strategy in the BSEC region

Recognition of being an integral part of a wider and closely interlinked Black Sea-Caspian
region has enabled the ruling elite in Baku to pursue a balanced interest-based policy
in foreign relations with major regional powers. Azerbaijan cultivates good relations

6 Following their meeting in EU headquarters in early November 2006, Azeri President Ilham Aliyev and European
Commission President Jose Manuel Barroso signed a Memorandum of Understanding on a strategic energy
partnership between the EU and Azerbaijan. For details, see RFR/RL Newsline, 7 November 2006.
7 From the interview with EU High Representative for CFSP Javier Solana, Trend, Baku, November 13, 2006;
also see Zerkalo, 13 November 2006.
February 2007).
10 For details on this document, see ’ENP Action Plan for Azerbaijan,’ EU Cooperation Council, Brussels, 14
November 2006; available online at http://ec.europa. eu/comm/external_relations/azerbaidjan/intro/index.htm
11 The results of opinion polls, recently conducted by a Baku-based online website Day.az have shown that 34.9
with Russia, Turkey, Iran, the United States and the EU, thus trying to address the interests of near and distant powerful actors. From a geopolitical standpoint, only through such a balanced diplomatic stance, has Azerbaijan been able to guarantee national security and good economic prospects. This small Caucasian state has always been able to play a more independent role because of Caspian oil riches and a very experienced political leadership. But Russia and Iran still regard Azerbaijan’s endeavours to expand cooperation with Euro-Atlantic structures as a potent challenge. Iran’s aggressive stance against Azerbaijan in the Caspian basin in 2001 solidified Azeri-Turkish relations and linked the two BSEC member countries even closer. Besides, Azerbaijan’s strong support of the anti-terrorism campaign has significantly extended security ties with the United States, thus deepening US strategic interests in the entire region. The strengthening of US-Azeri security relationships has also cleared the way for wide-ranging cooperation with other Western democracies, and especially the EU member states such as Germany, Great Britain, France, and Italy.

For Azerbaijan, national interests have begun to take on a more pronounced role in the country’s strategy for developing bilateral and multilateral ties. Being a member of the BSEC since 1992, Azerbaijan has contributed significantly toward promoting the building of a permanent and extensive institutional framework for cooperation that covers all levels of governance including intergovernmental, parliamentary, business and financial bodies. Azerbaijan’s participation in the BSEC is aimed at protecting its strategic interests in the wider Black Sea area and moving forward in accomplishing measures for closer integration into the European Community. The ruling elite in Baku is keen to see the BSEC as an efficient regional structure where their country could develop multilateral partnership mechanisms with key Black Sea states, particularly Turkey, Russia, Greece, Ukraine, and Georgia. Other priorities focus on ensuring further security of energy supplies, including diversification of oil and gas export routes from the broader Caspian basin and Black Sea region to the European markets. By materialising energy transport projects, Azerbaijan seeks to reinforce the role and presence of the BSEC in Eurasia.

percent of 1714 respondents in total have supported a balanced foreign policy for the country, while 22.1 percent have expressed their support for a policy directed toward Europe, 14.6 percent voted for policy toward the CIS, 12.6 for policy toward Turkey, 12.1 for policy toward the U.S. and only 3.7 for policy toward Iran. Further details on this issue are available in the Poll Archive in Russian language at the website – http://www.day.az (accessed: on 8 November 2006).

In July 2001, tensions between Baku and Tehran reached their peak because of the regular violation of Azerbaijan’s air space by Iranian jet fighters and Iranian naval forces’ attacks on an Azeri oil exploration ship in the Caspian Sea. See RFE/RL Newsline, 26 July 2001.

Baku views Turkey’s presence as a factor of stability and security in the region, and strongly welcomes Turkish military involvement in the reformation of the Azeri army in accordance with NATO standards.
Paradoxically, Azerbaijan assumed the BSEC’s chairmanship for a six month period both in 2003 and 2004. This was a time when Azeri authorities demonstrated their strong intention to underpin coordination and cooperation among the countries of the BSEC region. At that important juncture, Azerbaijan hosted a number of ministerial meetings and organised several conferences of groups of experts in the field of energy, transport, tourism and education. Besides, for the first time in the BSEC’s history, the number of member states increased to twelve upon the accession of Serbia and Montenegro in April 2004 during the chairmanship of Azerbaijan. In the same period, the activities of the Project Development Fund, one of the most significant achievements of the BSEC, were expanded via holding the two meetings of the Administrative Committee of the Fund. Coincidently, an Azeri official was elected as deputy Secretary General of the BSEC Permanent International Secretariat.

Quite evidently, Azerbaijan attaches great importance to further expanding relations with this regional economic organisation. In effect, the level of the country’s engagement in the BSEC’s functioning remains active and the authorities are advocating the development of a constructive relationship with the member states. Most notably, Azerbaijan continues to play a certain role in the fulfilment of economic projects within the wider Black Sea-Caspian region. The country also benefits from the practical activities implemented by sector-specific Working Groups of the BSEC. Likewise, in recent years Azeri delegates have actively participated in the regular discussions held in the BSEC Parliamentary Assembly’s plenary sessions during which local officials are acquiring plenty of experience in dealing with regional integration processes in a multilateral format. However, Azerbaijan is firmly interested in creating new financial mechanisms in order to step up the organisation’s activity. If this happens, more economic projects initiated by the BSEC could be implemented in the near future. Baku seems to be ready to provide any assistance in improving the BSEC structure and creating a financial mechanism in conformity with modern standards.

**Energy security and BSEC-EU interaction**

With the accession of Bulgaria and Romania to the EU in early 2007, the European bloc has placed a special focus on the BSEC region and now has an immediate concern in the stability and security of this dynamic part of the world. In this new geo-strategic reality, the wider Black Sea area acquires an ever-increasing economic and political importance, taking into account military tensions in the Middle East where the Western democracies are currently facing a serious quandary over Iran’s nuclear program. For

14 The first six month period of chairmanship lasted from April through October 2003. By request of the BSEC member states, the chairmanship of Azerbaijan was extended for another six months from early November 2003 until late April 2004.
this reason, the EU is keen to forge closer links with the BSEC member states, mainly aiming to strengthen much needed energy ties and bolster security cooperation in the entire vicinity. As a result, the EU is in the process of devising a new policy strategy for the wider Black Sea zone based on a regional approach that seeks to promote tangible cooperation in a variety of spheres, certainly considered as EU priorities. Most importantly, enhancing energy partnership among the BSEC member states has become a major component of BSEC-EU interaction. Energy cooperation has been a top priority of the BSEC ever since its foundation in 1992. As a major transit route bringing oil and gas resources to Europe from Russia, Azerbaijan and Central Asia, the Black Sea-Caspian basin offers enormous strategic benefits to the European community.

Today the EU seeks alternative energy supplies that could satisfy Europe’s growing consumption. More precisely, the EU strongly supports the multiplicity of both suppliers and transport pipelines as a means of diversifying its supply of energy resources and lowering energy prices. Accordingly, the EU seeks to enhance its relations with Central Asian states in order to establish a long energy corridor, which could bring Eastern Caspian hydrocarbon resources to Western Europe via Azerbaijan, Georgia, Turkey and Southeastern Europe. In this regard, Azerbaijan is an ideal location from which to influence economic and political trends not only in Central Asia but also in the Middle East. This post-Soviet country provides a unique transit corridor for Caspian energy supplies to the EU where some member states are increasingly dependent on Russian gas. Given that the majority of European countries’ natural gas demand is expected to increase significantly in the near future, the prospective alternative way could be a Trans-Caspian pipeline which will carry natural gas to Azerbaijan, Georgia, Turkey and then to Central Europe.\footnote{More importantly, the materialisation of a Trans-Caspian gas pipeline will help diversify supplies and restrain prices, thus ensuring Europe’s energy security and protecting the EU from Russian monopoly. According to some regional analysts, it is not obligatory that the Trans-Caspian gas pipeline will go in the direction of Turkey, as the line could be extended over the seabed of the Black Sea to Ukraine and then natural gas could be supplied onto European markets. For details, see Echo newspaper, Baku, 29 March 2006 and Zerkalo newspaper, Baku, 3 May 2006.} Certainly, the supply of Trans-Caspian natural gas through Azerbaijan to European consumers could also create a competitive market of multiple options for delivery routes, which serves the long-term interests of the EU.

In practice, Azerbaijan has already taken a lead in developing the East-West energy and transportation corridor, the most ambitious initiative in the Black Sea-Caspian basin to date. Yet again, it is a regional approach that determined Azerbaijan’s strong push for transnational energy projects and active participation in the BSEC’s institutionalisation. Major export pipelines such as BTC and BTE have underscored not only the closer
relationship between Azerbaijan, Georgia and Turkey but also have highlighted increased EU involvement in the wider Black Sea area. All of these factors are necessary elements of any successful EU strategy for the BSEC region. Given today’s debate on the future of the BSEC, the success of the Azeri-Georgian-Turkish alliance in building reliable partnership with Greece and Ukraine and in advancing European strategic interests in the BSEC region is quite notable. Through regional bilateral interaction and multilateral cooperation among the BSEC member states, this organisation has a role to play in promoting the establishment of a common Eurasian economic space.

Conclusions

The BSEC has developed into a full-fledged regional economic organisation possessing a broad and comprehensive institutional basis. Although the member states cultivated a spirit of cooperation in the Black Sea area, this organisation lacks effectiveness in decision-making, visibility and coordination with other institutions and among its related bodies. Truly, the BSEC has been passing through a critical process. The absence of monitoring mechanism within the BSEC constitutes a major obstacle in implementing many projects in various fields of cooperation. From a geopolitical standpoint, the future of the BSEC region holds promise in the context of its greater participation in creating a wider model of European security and cooperation. Seen from Azerbaijan, the BSEC’s possible future contribution to regional integration and to the European security system will require closer attention paid to political interaction between the BSEC member states and to their growing involvement in the substantial regional issues such as conflict resolution, illegal migration, antiterrorist efforts, combating organised crime, etc. Hence, in addition to economic cooperation, the members of the BSEC should also be involved in dealing with political problems. This means that decision-making mechanisms should be changed through necessary reforms.

Currently, the EU is searching for a new regional dimension in the wider Black Sea area. The member states of the BSEC have clearly expressed political will to cooperate with EU institutions on a regular basis for the achievement of declared goals. However, the BSEC needs a new vision of how to respond to existing and future challenges in an ever-changing world. It is a fresh perspective that may help the Black Sea countries restructure this international regional organisation. Many in Azerbaijan believe that a new reformed agenda will turn the BSEC into a credible partner for the EU in the entire region and on the international scene. The way forward requires a clear revised strategy, which will give a new impulse for strengthening stability and security in the BSEC region within the framework of a united Europe.
THE BLACK SEA COOPERATION:
AN OUTLOOK FROM BULGARIA

Marin Lessenski

On 11 April 2007, the European Commission announced a long-awaited document outlining the European Union’s own approach to the Black Sea region. The document entitled ‘Black Sea Synergy - a New Regional Cooperation Initiative’ includes a long list of priority issues for the EU in its operations in the region. In detailing the mechanisms for carrying out its policies, the European Union (EU) has singled out the Organisation of the Black Sea Economic Cooperation (BSEC) as its primary partner. This has been a major achievement of the BSEC, which has been struggling to attract the EU’s attention and resources for the benefit of the region. The success has been attributed in large part to the contribution of the three BSEC member states (Bulgaria, Greece and Romania) which are also EU member states.¹ In fact, it was Greece, which has been systematically promoting the idea to co-opt the EU and go even beyond that by asking the EU to develop a comprehensive Black Sea approach.² Bulgaria and Romania backed seriously the Greek efforts, even in their EU pre-accession status. On its part, Bulgaria started to prepare its own ‘Black Sea strategy’, identifying national interests and consolidating various policy inputs in order to highlight the Black Sea region’s significance to the country as well as outline Bulgaria’s policy approaches on specific issues.

The BSEC featured prominently in these plans. Bulgaria is a founding member of this organisation, established in 1992 as a scheme for cooperation of eleven states around the Black Sea. Bulgaria welcomed the institutionalisation of the initiative in 1998 in Yalta into a full-fledged regional organisation. The broad participation in the BSEC, which incorporates several of Bulgaria’s immediate and important neighbours such as Greece, Romania and Turkey (also founding members) and Serbia (member of the BSEC since 2004), has broadened the potential of the organisation. Bulgaria also acknowledges the importance of the BSEC in covering a wide range of policy issues – from economy and trade (the primary goals of the BSEC) to transport, energy and education. Bulgaria

¹ Please, refer to ‘New co-operation initiative of the European Union for the Black Sea region under the framework of the European Neighborhood Policy was presented today’ released by the European Commission representation in Bulgaria. Available at http://www.evropa.bg/en/del/info-pad/events.html?date=2007-05-09&eventid=2984.

² Greece was given a mandate by the BSEC Council (Chisinau, 28 October 2005) to attract the EU, which resulted in the document ‘Towards a Regional Dimension in the Wider Black Sea Area’ which was presented at the meeting of the Working Party on Eastern Europe and Central Asia (COEST) in Brussels (25 January 2006).
has furthermore been a keen supporter of updating the BSEC agenda in order to keep the organisation relevant in an ever changing world. In that regard, the BSEC’s decisions to add a security dimension (in the soft sense) to its portfolio was a necessary and welcome step. Thus, the BSEC could address a wide array of interests and concerns, pertinent to the problems of the Black Sea (organised crime, environmental hazards, etc.) as well as be relevant to the enhancement of its assets (trade, development, major bridge for transiting goods and energy resources between Asia and Europe).

Bulgaria’s attitude and policies within the BSEC, though part of the broader Black Sea policy of Bulgaria in recent years, has been dominated by other policy concerns such as achieving membership in North Atlantic Treaty Organisation (NATO) and the European Union, energy security issues, etc.

**Bulgaria’s regional policies**

Bulgaria has two priorities in its regional foreign policy. The first priority is the Balkans, where Bulgaria maintains a traditional interest. Developments in the western part of the peninsula throughout the 1990s have been of special concern to Bulgaria because of the fear of a potential spill-over. Additionally, the Western Balkans exemplifies the vital geographic link between Bulgaria and important trade and political partners in Western Europe.

The Black Sea region represents Bulgaria’s second most important regional priority. The region has not until recently been an area of particularly active involvement which applies as much to Bulgaria as to other western countries. The reasons for Bulgaria’s own relative lack of attention stemmed from the country’s primary preoccupation with domestic reform and the two critical foreign policy goals of joining the European Union and the NATO. In geopolitical terms, throughout the 1990s, the country lied in the ‘grey zone’ of insecurity of Central and Eastern Europe. The EU and the United States (US) were then deeply engaged with the post-Yugoslav break up, and the eastern shores of the Black Sea seemed at the time distant. Despite the fact that the country was a member of the Black Sea Economic Cooperation since its establishment in 1992, there was only an occasional interest to potential energy infrastructure projects such as the AMBO³ and the Bourgas - Alexandroupolis oil pipelines or the Transport Corridor Europe-Caucasus-Asia (TRACECA) infrastructure initiative. Though conceived as early as the mid-1990s, these initiatives never materialised as they lacked not only financial support but, more importantly, they were never set within a broader policy strategy. In fact, projects of such scale in an unstable region require a political rationale before any funding could be expected.

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³ Albania-Macedonia (Former Yugoslav Republic of Macedonia)-Bulgaria Oil-pipeline.
A series of other events gave further impetus for a Black Sea policy. Georgia and Ukraine underwent their ‘velvet’ revolutions in 2003 and 2004 respectively and their stated goal of joining the Western democratic community of nations changed the regional environment substantially. At the same time, the US ‘Global War on Terror’ redefined completely the strategic context of the Black Sea area – with the Afghan campaign and especially later with the Iraq campaign. The US and its allies needed a strategic corridor of friendly states, linking their bases in Western Europe with those in Central Asia and the Middle East. A number of Black Sea nations – Bulgaria, Romania, Georgia and Azerbaijan – became part of the US political and military strategy. Thus, the Black Sea’s significance grew immensely been treated as a bridgehead to the Wider Middle East.

The European Union was not quick to engage with the region, although it was already present through the enlargement perspective of Bulgaria and Romania, the partnership with Russia, Turkey’s candidacy and later on through the European Neighbourhood Policy (ENP). But these were different sets of policies for the region - a regional approach as such did not exist. Gradually, the EU developed a deeper interest, recognising the potential of the region for energy transit, and through the insistence of member states – primarily the newcomers of Central Europe and the Baltics – focused more actively on an eastern dimension of its external relations. Still, the EU is hesitant to engage more deeply in fully understanding the grave problems the region has to deal with and reluctant as well as to take on the complications with Russia, which is uneasy with outside interference so close to its borders.

**Bulgaria’s stakes in the Black Sea region**

Bulgaria is a littoral state of the Black Sea that in devising its policy approach towards the region must consider an economic and trade dimension, a political and security dimension and finally, an environmental and human perspective.

Domestically, the Black Sea region hosts two of the most powerful local economies – Burgas and Varna, with Varna competing already with the economy of the capital Sofia on a number of fields. The most attractive part of Bulgaria’s Black Sea area is a booming tourist industry. Tourism, together with the fishing industry, makes the issue of environmental protection of the Black Sea a key issue for the country.

The country is physically and economically connected with the rest of the region and the world through the major ports of Varna and Burgas (with 60% of international trade carried out through these ports), which means that the safety of the sea lanes is vital for the country. Burgas and Varna also have airports, which serve growing international traffic. Five of the ten trans-European transport corridors (TENs) pass through Bulgaria.
and four of them are with regional – Black Sea – significance. According to a recent decision of the BSEC, the Black Sea littoral states will be connected by a highway ring.

In terms of energy production, Bulgaria is a major exporter of electricity, generated in the nuclear power plant of Kozloduy and several other power plants. Bulgaria also is a transit country and operator of natural gas distribution from Russia further westwards. Burgas hosts one of the largest oil refineries in the region. There are several pending projects that will elevate further the country’s place in the Black Sea area as major East-West corridor of energy transfers. In the electricity generation sector, the government went on with the building of a second nuclear power plant ‘Belene’. In oil transit, two projected pipelines are to cross Bulgaria in the future, one from north to south, the Burgas-Alexandroupolis pipeline and the other from east to west, the AMBO oil-pipeline running from the port of Burgas to Vlora in Albania. In the gas transit sector, another two major projects are planned. The first one is the Nabucco project, included in the EU’s energy diversification plans, which is expected to transfer gas from Iran and the Caspian to Central Europe. The second major initiative was announced just in the beginning of May 2007 with no further details released, other than that it will be a major project with Gazprom for multiplying the volumes of transited gas through manifold increase in the capacity of the Black Sea’s transit and distribution system.

Bulgaria’s role and interdependence with the Black Sea is high and is continuing to grow. That is why the country also has stakes in security – in the Black Sea itself and in the adjacent area. Trade and energy issues demand that the context is even wider. There is growing understanding of the significance of a security complex of three seas – the Eastern Mediterranean, the Black and the Caspian Seas. The security concerns of Bulgaria can thus be roughly prioritised in the following order. First of all, comes the safety of the sea lanes for trade and energy deliveries in the above mentioned security complex. Second, is the issue of energy security, which means safety and guaranteed deliveries at an accessible price. Related to energy security is ensuring the security of critical infrastructure, such as ports, airports, refineries, oil and pipelines. Third, is the threat to security from organised crime as the Black Sea hosts the drug routes from Afghanistan to Europe and the routes of the organised crime rings from the former Soviet Union. The frozen conflicts are recognised as a major source of instability within a given state or as a generator of inter-state tension. Separatist republics are zones out

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of international control, so they may easily breed organised crime activities. Environmental security in the Black Sea area also features high on the agenda, as the waters of the Black Sea have been contaminated by the inflowing major European rivers and littoral industrial activity.

The multiplicity of interests and security concerns and their geographic scope demand that these security issues are addressed within a multilateral and collective context. A number of regional and sub-regional organisations emerged with diverse rationales of establishment, membership and tasks. Some of them have been created to address problems of the Balkan region, but by virtue of their membership they also include Black Sea countries and address – to some extent at least – Black Sea issues. A good example is the Process of Cooperation in Southeastern Europe, which provides a forum for heads of states and governments, ministries and parliaments as a mechanism for political dialogue and consultation. The Stability Pact for Southeastern Europe has been set as a separate body by the international community to address specific issues of Southeastern Europe around three thematic tables – democracy, economy and security. After a period of existence under the aegis (but not part of) the European Union, the Stability Pact will be given regional ownership and will be transformed into a regional agency, dubbed the Regional Co-operation Council, within the Process of Cooperation in Southeastern Europe.

There are also ‘specialised’ regional organisations, which are less focused on thematic, sectoral issues. These initiatives are dealing predominantly with ‘soft’ security issues and addressing non-traditional challenges and threats (border and coast protection, organised crime, environmental hazards), or performing non-traditional operations such as search and rescue or humanitarian missions.

The SECI Centre is an outcome of the Southeast European Cooperation Initiative (SECI), devoted to regional cooperation in fighting transborder organised crime. The Centre addresses the traffic of drugs and human beings, financial and economic crime, with Bulgaria, Moldova, Romania and Turkey being members. Other Black Sea countries – Azerbaijan, Georgia and Ukraine have an observer status.

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7 According to the official Bulgarian position there are enough regional organisations in the Black Sea and there is no need of creating new ones, but rather improving the performance of existing ones. Please, refer to the speech of Bulgaria’s Minister of Foreign Affairs Ivaylo Kalfin at the inauguration of the Black Sea Forum, available at http://www.blackseaforum.org/Docs/Speech_KALFIN.pdf.
9 More information is available at the SECI Center web-site at http://www.seccenter.org/.
The Southeast Europe Defence Ministerials (SEDM), as the title indicates, is the process of defence cooperation under the aegis of the ministers of defence from Southeast Europe. The countries of the western shore of the Black Sea – including Greece – are represented. From the eastern Black Sea shore, Ukraine, Moldova and Georgia are also members. SEDM has produced several results such as the International Peacekeeping Forces for Southeastern Europe (SEEBRIG), the engineering corps (ETF), and the simulation network for Southeast Europe (SEESIMNET). The SEEBRIG has already been deployed as part of the ISAF in Afghanistan.

In 2002, a document was signed by the Black Sea littoral states Bulgaria, Georgia, Romania, Russia and Turkey on Measures for Confidence Building and Maritime security to establish cooperation of national naval forces as a separate initiative. The agreement provides for annual confidence building exercises (CANEs) of the participating navies.

The Black Sea Initiative (BSI), established in 2004 by Bulgaria, Moldova, Romania, Turkey and Ukraine, is focused on the safety of critical infrastructure, namely of ports and terminals. It was subsequently decided that the BSI would benefit from closer cooperation with other regional organisations such as the Black Sea Naval Cooperation Task Group (BLACKSEAFOR) and the BSEC and their security concerns and tasks, especially in the area of security management in ports and harbours.

The BLACKSEAFOR has been established as an initiative for cooperation and interoperability between naval forces of the Black Sea littoral states. The political goals of the initiative aim at contributing to better understanding, good neighbourly relations and mutual confidence of the participating countries. The main tasks of the BLACKSEAFOR are defined as search and rescue operations, humanitarian operations, mine-clearing, environmental operations and others, as specified by the countries. It is formed by Black Sea states but includes a provision for third countries sharing its goals to join. It focused on operations on the Black Sea only, but if the members decide, it may operate outside of the Black Sea. The reach of the BLACKSEAFOR has been enhanced since 2005 to make it more appropriate to address new security threats – namely terrorism and weapons of mass destruction.10

The Black Sea International Coordination and Information Centre in Burgas was established in 2003. Its main aim is to facilitate the cooperation of the border and coast guard agencies of the Black Sea countries. Thus, the Centre provides cooperation in controlling of maritime traffic and monitoring the high risk zones, the exchange of information regarding the use of operative forces and the means of monitoring territorial waters by the border and coastguard agencies, providing guidelines to the forces (patrol boats or aircrafts) participating in such operations.

10 More information is available at the BLACKSEAFOR web-site at http://www.blackseafor.org/.
The interest of Bulgaria in the Black Sea area was projected also into the agenda of Bulgaria’s chairmanship of the Organisation for Security and Cooperation in Europe (OSCE) in 2004. The period coincided with the political turmoil during the presidential elections in Ukraine and the OSCE had to respond adequately to the challenge of contested elections. While the events in Ukraine have been a surprise, the OSCE chairmanship had to deal with long-term issues such as the frozen conflicts in Transnistria, Abkhazia, South Ossetia and Nagorno Karabakh, appointing Zhelyu Zhelev, a former Bulgarian president, as a Special Envoy of the OSCE Chairman-in-Office for the South Caucasus conflicts.

Bulgaria has also joined the Black Sea Forum initiative, established by Romania in 2006 and is looking to cooperation along the lines and possibilities offered by it.

Bulgaria has been a member of the oldest regional Black Sea ‘proper’ organisation of the BSEC since its very establishment in 1992. The BSEC started as a Turkish initiative and very soon it attracted the littoral countries and beyond (such as Greece, Moldova and Azerbaijan), because it was recognised that they belong economically and politically to the region. Greece is even a host to two of BSEC’s most important structures – the Black Sea Trade and Development Bank and the International Centre for Black Sea Studies. The Balkan countries, namely Albania (one of the founding members) and Serbia and Montenegro (in 2004) also joined ranks. Bulgaria has been a diligent, but not very enthusiastic member as all those years the country was busy with its domestic reform agenda, the goals of attaining NATO and the EU membership, and in the foreign policy domain, it has been preoccupied with the consequent crisis in neighbouring former-Yugoslav republics. In addition, the BSEC was not performing at its best, bedevilled in problems ranging from the lack of institutional and financial resources that could enhance regional cooperation, to the lack of coherent regional identity. However, the organisation was keeping its agenda up-to-date. Besides its economic and social agenda, it decided in 2002 to turn to today’s security challenges through the creation of a special working group. As a result of that work, the BSEC identified measures to tackle soft-security challenges such as international terrorism, organised crime, drugs and arms trafficking, money laundering as well as operations in humanitarian assistance and disaster relief. Bulgaria has been supportive of Greece’s drive (following the BSEC Council Declaration in Chisinau in 2005) to attract the attention and involvement of the European Union. In 2007, the engagement of the EU with the BSEC became a fact, as stated in European Commission’s document Black Sea Synergy. For the BSEC, this is certainly a major breakthrough.

**The EU and NATO context of Bulgaria’s policy-making**

The whole context of Bulgaria’s Black Sea policy changed following the enlargement of the European Union and NATO eastwards. Even before Bulgaria’s accession, and as the membership dates were approaching, Bulgaria and its partners were given the opportunity to consider and plan in a more coherent way the implications of EU’s and
NATO’s reach at the Black Sea shores. These two bodies – the EU and NATO - are the primary organisations through which Bulgaria’s interests and security concerns are being addressed. Bulgaria’s interaction with the EU and the NATO is a two-way process, in which the policies of these organisations are being brought into the national policy-making of Bulgaria and vice versa – Bulgaria’s policy agenda has been reflected into the agenda of the two organisations.

In 2004, Bulgaria became a full-fledged member of NATO. It wasn’t long before the Bulgarian embassy in Tbilisi was selected to be NATO’s contact point for the South Caucasus. This was a symbolic move by which a country that just recently joined the North Atlantic Alliance is helping advance NATO’s policy in the region. For that matter, a pro-NATO political course is often misunderstood or misinterpreted outside of Central and Eastern Europe, the Black Sea included, as NATO somehow being juxtaposed to the European Union. Just the opposite, NATO and the EU reforms have been perceived in the Central European transition countries as the two sides of the same coin, namely pro-democratic and pro-market reforms. Thus, NATO and EU accession reforms were part of a single reform package and the reforming countries of the Black Sea sought to emulate this example – at least to the extent possible, as NATO and the EU had already changed their policies of enlargement.

However, Bulgaria’s policy within NATO came at a price, as reflected to strained relations with two of its Black Sea neighbours – Turkey and Russia as any policy towards the Black Sea region is bound to face those two regional superpowers. Both Russia and Turkey are ‘status quo’ powers, which dislike any outside interference in the Black Sea region as, according to them, it might destroy the delicately balanced situation and relationships.

In the case of Turkey, the cause was NATO’s plan to extend the naval anti-terrorist operation ‘Active Endeavour’ from the Mediterranean to the Black Sea basin. Bulgaria and Romania, the two other NATO members in the region, opted in favour of NATO’s intentions. Turkey vehemently opposed, citing the Montreux convention of 1936 stipulating that Turkey regulates the passage of the Bosphorus and stay of navy vessels in the Black Sea. In order to defy NATO’s plans, Turkey has launched its own operation ‘Black Sea Harmony’ saying that any Black Sea country might join its national initiative. NATO withdrew its plans anyway as, apparently, the US did not want to antagonise unnecessarily its pivotal ally, but for quite some time the relations between NATO’s Black Sea members were definitely strained, which was reflected in their regional policies.

While the issue with Turkey was somewhat a ‘family’ quarrel within NATO’s institutional framework, the issue with Russia was much more complicated. The Black Sea states are Russia’s immediate neighbourhood – it’s ‘near abroad’ – and Moscow opposes any outside involvement not only in the Black Sea basin, but in the neighbouring states,
which are perceived as falling in its own sphere of influence at least for the last couple hundred years. Quite naturally, Bulgaria’s defence cooperation with Georgia became an issue of open criticism by the Russian authorities. Not so open were the critiques against the established New Group of Friends of Georgia and the support to the Georgia – Ukraine – Azerbaijan – Moldova (GUAM) grouping.

Nevertheless, Bulgaria remained a supporter of NATO’s policy in the region, which was officially started with the communiqué of the Istanbul Summit and it was institutionalised through programs such as the Individual Partnership Action Plans (IPAP), the Defence Institutions Building Program (PAP-DIB)\(^{11}\) and the anti-terrorist action plan (PAP-T)\(^{12}\) within the Partnership for Peace Program. Bulgaria has been supportive to the desire of Ukraine and later on of Georgia to pursue an Intensified Dialogue (ID) with NATO for continuation of the reforms far ahead. The implementation of the IDs might be, as these countries hope, a step towards the Membership Action Plans for joining NATO.

Related to NATO’s policy is Bulgaria’s defence cooperation with the United States, which culminated in signing a special agreement in 2006.\(^{13}\) This defence cooperation agreement of Bulgaria (and Romania) with the US provided for the establishment of joint-use military facilities as officially dubbed, which the US military will use – including on the shores of the Black Sea.

At first sight of the two major Western institutions – the EU and NATO – the latter seemed very active in the Black Sea region, especially with the IPAP and ID programs and the ever more intensely discussed prospect of Ukraine and Georgia joining the North Atlantic Alliance together with the Adriatic Group countries.

The EU on its part was hesitant to engage more resolutely in the region as a whole. Of course, it has been indirectly present with at least several sets of policies. Firstly, the EU accessed the Black Sea through enlargement, as Bulgaria and Romania became members in 2007. Turkey is a candidate country (with all the uncertainties down the road). The geographic presence of two EU member states – or three when Greece is also included as a key member of the BSEC - and one candidate country provide the EU with new stakes and mechanisms for operations in the region – including the funding for member countries, the pre-accession funds with the regional and cross-border cooperation (CBC) funds instrumental for regional cooperation.


\(^{12}\) Basic information available at http://www.nato.int/docu/basicxt/b040623be.htm.

Secondly, there is the ENP mechanism to be listed. Five of the countries in the region are members (Moldova, Ukraine, Georgia, Azerbaijan and Armenia) and will be able to benefit from 2007 from a new, streamlined instrument for funding and technical assistance – the European Neighbourhood and Partnership Instrument (ENPI).\textsuperscript{14}

Thirdly, there is the special partnership with Russia, which is currently regulated through the Partnership and Cooperation Agreement (PCA), in force from 1997, and the ‘four spaces’ concept of 2003-2004.\textsuperscript{15} The PCA is due to expire at the end of the 2007 and the two sides have been mulling over a new treaty to regulate their relations. Due to the strained relations between Russia and EU-members (first Poland and now Lithuania and Estonia) the start of negotiations over a new treaty is indefinitely withdrawn. In that regard, the Black Sea policies will also be dependent on the wider context of EU-Russia relations outside the region.

For the most part of the 1990s and the early 2000s, the EU carried out its policy only through its external relations policy and the TACIS program for technical aid. It was only in 2003 when the Union came out with the European Neighbourhood Policy as a more special initiative - which however was not earmarked for the Black Sea region especially – but was designed to encompass all the immediate neighbours of the Union to the south and to the east. That meant that it lumped together countries as distant from each other as Tunisia and Moldova. From the very beginning, there were two exceptions. First, Russia was not part of this new European Neighbourhood Program because its calibre and specifics did not fit into the ENP design – Russia is too much of a special case to fit in the ENP. Second, the three South Caucasus countries in the first draft of the document were mentioned in the footnotes and just afterwards were included as full-fledged subjects of the ENP – with the understanding that the initiative was not complete without them and that with the accession of Bulgaria and Romania the boundaries of the Union would shift eastwards.

In addition to the ENP concept, the Union developed and implemented specialised instruments for involvement in the region. These were conceived within the umbrella of the Common Foreign and Security Policy of the EU and as such there were missions, resembling, but at the same time different from the military and police missions designed and carried out in the Balkans. For Georgia, the Union came out with a ‘Justice and Home Affairs’ (JHA) mission with the aim of institution building in the judicial system in the country, a timely and a well-targeted initiative as state-building is essential for Georgia which prior to Saakashvili was on the brink of becoming a failed state. For Moldova, the EU launched a Border Monitoring Mission (BMA) in order to limit illegal trade as it is

\textsuperscript{14} The ENP concept and related documents are available at http://ec.europa.eu/world/ enp/index_en.htm.
\textsuperscript{15} Official information is available at http://ec.europa.eu/external_relations/russia/summit_11_04/m04_268.htm.
not only hurting the neighbouring economies, but it is also linked to alleged illegal arms trafficking through the Transnistrian republic which is a major supplier of illegal weapons. As for the future of EU involvement, Javier Solana in a discussion with President Saakashvili did not rule out sending an EU peace-keeping mission in Georgia, which has been a longstanding request of Georgia, not accepted by the EU so far.16

All these policies deal in one way or another with several Black Sea issues. These policies are however shaped on a bilateral basis as a Black Sea policy of the EU does not exist. With the growing geopolitical significance of the region – including the transit of energy resources – and the upcoming membership of Bulgaria and Romania, the EU started to prepare a regional policy approach. This has been immensely facilitated by the political weight of Germany chairing the EU in the first half of 2007, as Germany is definitely interested in developing an ‘eastern policy’ of the Union. The stakes, interest and involvement of Bulgaria made it one of the countries that gave impetus to the development of an EU policy devoted especially to the region. On 11 April 2007 the European Commission announced its Black Sea Synergy document that would guide and inform EU’s policies towards the region.

The document contains issues all across the board, with thirteen topics to work on: democracy, human rights and good governance, managing movement and improving security – in regard to organised crime and illegal migration; frozen conflicts; energy and the possibility for a new legal framework between the EU and the ENP countries; transport; environment; maritime policy; fisheries; trade; research and education networks; science and technology; employment and social affairs; regional development.

The EU will not earmark special funds for its Black Sea policy, but rather streamline the existing ones currently available through the membership and pre-accession funds, the ENPI and the European financial institutions.

The EU singles out the BSEC, in which it wants to invest as a major mechanism for regional cooperation. It will seek also an observer status within the organisation.

Overall, the Black Sea synergy is a very welcome document because it shifts the political attention – and resources – of an important international player. The EU’s declared intention to work with the BSEC is also very welcome and this will address deficits of the organisation. How it will work in practice remains to be seen, as the smaller countries

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in the Black Sea area perceive the BSEC as too much dominated by the interests of the regional superpowers, namely Russia and Turkey.

On the more technical side of the EU involvement, the EU will be present in the Black Sea area with all its three pillars: the first, with fisheries and environmental protection, maritime safety; second, defence, including naval forces involvement; and third, with external borders and various justice and home affairs issues.

In the European Security and Defence Policy (ESDP) context, the Black Sea is represented by three of its members – the multinational HELBROK battle group, consisting of forces from Bulgaria, Cyprus, Greece and Romania. The EU itself is also deliberating on the naval implications of the ESDP as it has predominantly a maritime external border – in the Baltic and Mediterranean seas, the Atlantic Ocean and now in the Black Sea. One cannot rule out the establishment in the future of a naval force similar to the Euromarfor\textsuperscript{17} of the Western Mediterranean EU member states.

There will be at least three EU agencies involved – the European Maritime Agency (2003), the European Fisheries Agency (2005) and another new structure, the European Agency for the Management of Operational Cooperation at the External Borders of the Member States (FRONTEX).

**The domestic transformation factor**

A discussion of regional cooperation cannot sideline a deeper look into the domestic developments as these very much inform and influence foreign policy. What we are witnessing is a dynamic transformation of the countries in the region - political, economic and institutional. These changes however do not take place simultaneously – Georgia is the country with the most visible political transformation, while Azerbaijan’s immense economic growth has not been accompanied by political change. Only Bulgaria and Romania on the western shores of the Black Sea, demonstrated that through well-designed and all-embracing reforms employing the European and the Euro-Atlantic matrix, all three processes can be sustained - stability of the liberal-democratic political system, accompanied by a robust institution-building and solid economic growth.

On the eastern shores of the Black Sea the countries are still making their way on the complex path of transition and strategic choice. Ukraine has been the country where the dilemmas are more visible. It has been torn between West and East, between reform and status quo and the dramatic turns after the Orange Revolution demonstrate the difficulty of making a choice.

\textsuperscript{17} Information available at http://www.mde.es//contenido.jsp?id Nodo=4066&&&keyword =&auditoria=F.
Bulgaria is all too familiar with those dilemmas, which qualifies the country as a model of both negative and positive experience for its eastern neighbours. After the fall of Todor Zhivkov in 1989 the country did not wake up with a clear plan on what to do next. Political liberalisation was soon followed by economic liberalisation and the swift flourishing of a multiparty system, but this did not mean that there was a long-term set of intertwined political, institutional and economic reforms. The strategic choice was not clear either. In the realm of European integration, despite the fact that a Europe Agreement was signed in 1993, serious political will was lacking to undertake the necessary reforms for joining the EU. In the area of security, Bulgaria long deliberated its strategic choice, leaving it ‘free floating’. The Warsaw Pact was long gone and the country seemed for a while in ‘a splendid isolation’. Bulgaria witnessed then the ongoing conflicts of the former Yugoslavia but did not attempt to seek integration into NATO, which would have logically provided a security umbrella in the volatile Balkans. The armed forces reforms initiated during this period were more of a reaction to the weakness of the economy to sustain a large army and were thus neither well-planned nor implemented properly, resulting in more harm than good. Concerning the economy and institution building, a series of weak governments were not able to deliver any results, which ultimately led to the severe crisis of 1996 - financial, social and political. In 1997, a new government came to power with the mandate to finally start reforms and make up for seven lost years. It was also clear that there were no piece-meal solutions this time. Bulgaria set two firm foreign policy goals – membership in NATO and the EU – that informed and guided its internal reform agenda. Accession into the EU and NATO became part and parcel of the same reform package for all Central and Eastern European states, Bulgaria included. The late start of reforms in Bulgaria had a historic chance to exploit the window of opportunity opened by the EU’s and NATO’s decision to push forward with enlargement. Thus, Bulgaria in tandem with Romania had to catch up quickly to join both NATO in 2004 and recently in 2007 – the EU, their integration being officially part of the same fifth wave of EU enlargement together with the rest of Central European states and the Baltic countries.

The lesson learnt by Bulgaria and the other new members of the EU and NATO was that reforms constitute a two-way process. On the one hand, there has to be a political will in the host country to carry out reforms. On the other hand, these reforms can be best implemented if aided by a supportive institutional network – in this case of NATO and the EU.

The picture described above is of course simplified for analytical purposes. This cannot become a call for a ‘grand strategy’ of democratisation and integration into the Western institutions. It suffices to say that any country wishing to take this road is welcome and should be supported. These agendas cannot and should not be imposed from the

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outside. There are various factors that have to be taken into account in the discourse of domestic developments.

First, the formula ‘Well-being=NATO+EU Reforms’ may sound a propaganda piece like Lenin’s ‘Socialism=Soviet Power + Electrification’, but the similarity is only apparent and misleading. NATO and the EU are not rigid structures, they are dynamic systems and their evolvement is very complex. The reforms associated with accession into these organisations are nothing like the ‘reforms’, to which the socialist countries have been used in the past, following then solely guidelines from the Kremlin. Nowadays, there should be enough innate reform will in societies and political groups alike to voluntarily concede to devising and following either EU or NATO reforms.

Second, neither the EU nor NATO is wide open to those seeking a greater engagement with them. On the contrary, both organisations are criticised as being unwilling to get deeply involved in the Black Sea affairs. In a similar vein, both NATO’s policies and more recently the EU’s ENP have been viewed as substitutes in order to prevent membership requests by the countries in the region.

Third and foremost, it is not immediately clear that the ‘European’ or ‘Euro-Atlantic’ model of political, economic and social development is the dominant one in this part of the world. Russia has been offering its alternative model, accompanied by artificial integration initiatives of the Commonwealth of Independent States (CIS). It constantly refuses to deliver though, but Moscow still continues to offer a rival political and economic model, augmented by Putin’s policies. In a global perspective, the recent trend is being called the ‘Beijing consensus’\(^{19}\) as an alternative to the transatlantic model. In the ‘Beijing consensus’ economic liberalisation and growth does not necessarily grow hand-in-hand with liberal democracy. President Putin’s consolidation of power and his policy of ‘bringing the state back’ have reached immense proportions and have indeed curbed many of the rights taken for granted in a democratic society. Russia is not an authoritarian state yet it is not a typical liberal democracy either. The term coined for Russia’s political and constitutional set up is ‘sovereign democracy’, whereby a strong centre and state control co-exists with some democratic practices, left mainly for legitimising purposes. There is a plethora of reasons cited for introducing such a system - protecting a disintegrating state from separatism, failing institutions, national security reasons, punishing the oligarchs, etc. In this sense, many countries in the region may be tempted to follow this model as it seems to offer immediate solutions to exactly the same problems. The slow formation of a new political culture might also be attributed to the attractiveness of alternatives to liberal democracy.

\(^{19}\) For a discussion on the concept see Joshua Cooper Ramo (2004), *The Beijing Consensus*, Foreign Policy Center.
The domestic political doctrine may be accompanied by a corresponding foreign policy doctrine. For example, Russia’s ‘sovereign democracy’ concept is often backed by rising ‘Eurasianism’, coming to signify the location the country is occupying not only geographically, but also the specific place within the political concepts ‘West’ and ‘East’. It is not only in political discourse, as a large portion of the Russian population does not see itself as European.20 Thus, Russia is a case of its own.

In Turkey, the Eurasian mood is also gaining ground. Both the Islamist and the secularists, for different reasons, are increasingly attracted to the idea. The Islamists, quite naturally, have used their traditional ties in the neighbouring Islamic states to renew Turkey’s interest in the adjacent region. The secularists, annoyed by what they see as the EU’s lack of fair treatment have been disenchanted with ‘Europe’ and might opt for ‘Eurasia’ instead. The Eurasian option, the thinking goes, will put Turkey in the centre of the region and not on Europe’s periphery, thus restoring Turkish pride and rightful influence. Azerbaijan too, has a very keen sense of its border identity between Europe and the Muslim/Turkic part of Asia. Deeply ingrained in Armenia’s thinking are the country’s roots and ties in Asia Minor and the Middle East. Therefore, the issue of identity is very important in regional affairs. In contrast, the mythology of ‘return to Europe’ in Central and Eastern Europe have served as a strong mobilising mechanism of the society and as a ‘soft power’ instrument, serving the EU.

All that said, it is evident that regional cooperation in the Black Sea will witness decision-making on the basis of variable coalitions. The most obvious ones are those based on economic and energy interests. At the same time, there will be coalitions on institutional basis, consisting of states that belong to different international structures which have a supremacy over their national policies or/and impose a certain ‘socialisation’ on their member states. Thirdly, there will be ‘value’ based organisations or coalitions, such as the Community of Democratic Choice.

Conclusion

Bulgaria’s input into the BSEC will come not only as a regional Black Sea country, but as a NATO and EU member. From Bulgaria’s vantage point, the Black Sea’s significance will grow exponentially in the years to come. The first factor is the implementation of a number of energy infrastructure projects, which for Bulgaria are the two oil pipelines of Burgas-Alexandroupoli and Burgas-Vlora and the two gas transit projects of Nabucco and the southstream project of Gazprom. Although each of the two aforementioned pairs of projects has been considered as mutually exclusive, the implementation of all four cannot be ruled out. Just a few months ago, any one of these was deemed unlikely

to start, but now all are taking off the ground. Furthermore, Bulgaria has reiterated its interest in the east-west No 8 Trans-European transport corridor from Burgas to Albania and further to Italy – a section of the broader TRACECA corridor from China and Central Asia to Europe.

The second and third factors bearing an impact on the region’s growing significance for Bulgaria are in the form of commitments, responsibilities and opportunities that Bulgaria has institutionally engaged within the EU and NATO respectively. For that matter, it is clear that there is no ‘EU+NATO membership package’ and the countries in the region will pursue separate tracks just as the policies of NATO and the EU will be country specific. In that case, Bulgaria has a role to play in making sure there are no clashing agendas between NATO and the EU. Bulgaria will work further towards adapting and coordinating their policies.

When dealing with the Black Sea region, Bulgaria should also face the Russian factor. Bulgaria has to learn how to accommodate its intensive energy cooperation with Russia with the moral responsibility to help reforms in Georgia – and face the complications thereof.

The development of cooperation in the Black Sea context will also depend on the broader context of a web of relations, which albeit external for the region, will have serious repercussions here. These are the bilateral relations of EU-Russia, NATO-Russia, EU-Turkey and Russia-Turkey as well as the relations of all these with the current superpower - the United States - which already has political, economic and military presence in the area.

For Bulgaria, the biggest novelties will ensue from its EU membership status. Bulgaria will be an active participant in the ENP process and should cooperate with its fellow members of Greece and Romania to tap the EU’s political determination which is laid out in the Black Sea Synergy document.

Another potential direction for the BSEC that Bulgaria might offer – a subject of future debate and work - may be towards developing further inter-regional cooperation between east and west – with the Caspian and Central Asian region to the east and the Danube River region to the west.
BLACK SEA ECONOMIC COOPERATION:
A GEORGIAN PERSPECTIVE

Joseph Chakhvashvili

The Black Sea Economic Cooperation (BSEC) was one of few initiatives in the post Soviet period that aimed at seizing the moment and uniting the states of the entire Black Sea region under a common regional umbrella, with the purpose of promoting mutually beneficial goals. In the early 1990s, the BSEC was a revolutionary initiative as it aimed to nest together two different groups of countries: on the one hand, countries which already enjoyed market economy and had more or less developed trade and investment infrastructure such as Turkey and Greece; on the other hand, the rest of the Black Sea countries, previously part of the Warsaw Pact, with economies built on a principle of central planning. Before the 1990s, the efforts of the latter focused on diverting trade away from non-communist countries, including their own immediate neighbours in the region.

Georgia’s views vis-à-vis regional cooperation in the Black Sea area

Georgia considers regional cooperation as one of its foreign policy priorities. In this regard, particular importance is given by Georgia to the development of cooperation in the Black Sea region through the BSEC.

The Black Sea is a truly interesting but complicated region. With its many natural resources and diverse cultures, it is nevertheless characterised by different levels of development and competing national interests of the littoral and neighbouring states. The successful development of the region depends very much on the political will, the degree of coherence in the national interests of the countries and the sustainability of timely and constructive policies.

The BSEC was created as an economic organisation, aimed at developing economic relations between its member states for the promotion of progressive development in the region and rapprochement with international and European structures. Given these goals, Georgia has supported the BSEC process from the very beginning. As a union of the Black Sea countries, the BSEC has great economic potential, the development of which is very important for the future advancement of the member states. Cooperation in certain specific fields through the BSEC has been a strong kinetic force for the economic development of the Black Sea countries.

1 This paper and the data included herein are based on information provided by the Georgian Ministry of Foreign Affairs as well as on consultations and private interviews with various Georgian experts.
Trade and economic relations of Georgia develop mainly with its neighbouring countries. Georgia therefore attaches particular importance to all efforts directed at the development of economic relations in the Black Sea region. Trade figures with the countries of the region clearly demonstrate the importance of the BSEC Organisation for Georgia. In 2006 exports to BSEC member states amounted to $505.3 million, while in the same year total exports were $993.1 million. Imports from the Black Sea region amounted to $1,956.5 million, as total imports were $3,681.2 million.

Enhancing stability and security in the Black Sea region, developing trade and economic relations among the BSEC member states, promoting the welfare of the peoples of the Black Sea countries, all belong to Georgia’s national interests. Georgia’s current strategy for realising these interests very much depends on underlying and interdependent components - the restoration of its territorial integrity, strengthening recent democratic gains and ensuring their irreversibility, integration into the Euro-Atlantic and European structures and ensuring guarantees for economic and energy security. Participation in the Organisation of the BSEC could facilitate the achievement of these goals through economic cooperation.

A reinforced democratisation process at both national and regional levels lies within the national interest of Georgia. Georgia strives to create an advantageous environment in the region and welcomes the ongoing integration of Black Sea countries into the European Union (EU) on the grounds that the future of BSEC countries lies with a more secure and stable Black Sea region. Maintaining peace and security in the region as well as achieving peaceful resolution of existing conflicts is of vital importance. Economic cooperation in bilateral and multilateral format and the implementation of significant projects will greatly contribute to strengthening the regional security system.

Since 25 June 1992, Georgia is one of the founders of the BSEC and accordingly, a participant in the main processes taking place within the Organisation, having contributed to the formation of the BSEC and its transformation into a full-fledged international organisation. During the 15 years of the BSEC’s existence, many important BSEC events have taken place in Georgia, including meetings of the Council of Ministers of Foreign Affairs, the Committee of Senior Officials, various working groups and meetings of the BSEC related bodies. The Agreement establishing the Black Sea Trade and Development Bank (BSTDB) was also signed in Tbilisi in 1994. The BSTDB has become the main financial pillar of the Organisation having implemented many important projects in its member states.

Relations between the BSEC and the EU have been given particular attention and it was in Tbilisi in 1999 that the document titled BSEC-EU Platform for Cooperation was adopted, constituting the first BSEC document with concrete proposals on a more structured partnership with the EU.
Georgia has demonstrated a constructive approach towards any pending issues in the region and has supported the development of cooperation in various spheres of activities. It has thus liberalised foreign economic activities with the BSEC member states by significantly reducing non-tariff barriers for imports as well as tariff rates. Another measure has been the improvement of the conditions for cargo shipments through its territory. In this regard, there are no transit fees for vehicles while visa procedures have been simplified significantly. Free Trade Agreements as well as Bilateral Agreements on visa free entrance for up to three months have been signed by Georgia with a number of BSEC member states. All these measures reflect Georgia’s active efforts for the development of trade and economic relations, but the overall effect will be more visible only when other member states reciprocate with the necessary steps for liberalising further the access to their markets as well.

Particularly the activities carried out during the Chairmanship of Georgia in the BSEC should be underlined. Georgia has actively supported the development of cooperation in the field of transport, energy, trade, small and medium-size enterprises, fighting organised crime, strengthening of the mechanisms of good governance and institutional renewal and others. It has contributed, in particular, to the development of a relatively new sphere of interaction for the BSEC, namely, cooperation in emergency situations.

Georgia also promoted and continues to support parliamentary cooperation on the one hand, and the development of relations between the private sectors of BSEC member states on the other hand.

The BSEC: An institutional expression of Black Sea regionalism

On 25 June 1992, the Heads of States and Governments of the eleven Black Sea countries: Republic of Albania, Republic of Armenia, Republic of Azerbaijan, Republic of Bulgaria, Georgia, Hellenic Republic, Republic of Moldova, Romania, the Russian Federation, Republic of Turkey and Ukraine (Serbia joined the Organisation in 2004) considering the profound changes taking place in Europe, established the Black Sea Economic Cooperation (BSEC) by adopting the Bosphorus Statement and signing the Istanbul Declaration.

The idea of the BSEC was based on the decisions of the Helsinki Final Act, the Documents of the Organisation for Security and Cooperation in Europe (OSCE) and the general principles of International Law. The main goals and objectives of the BSEC were the economic development and stability of the region, the welfare of the people of its member states and the promotion of democratic processes in the Black Sea area.

Arguably, the prevalence of a ‘zero-sum’ approach in the pursuit of diverse and often conflicting national interests in the Black Sea region has deeply affected overall regional
development. Nevertheless, during its fifteen years of activity, the BSEC presented itself as a viable institution, which initiated many important directions of cooperation and contributed to the progressive development of the region. The BSEC has managed to raise its role in regional affairs and transform itself from a regional initiative into a regional economic organisation.

It should be underlined that during the last fifteen years, specialised structures and institutions, vital for the proper functioning of the Organisation, have been created:

- The Permanent International Secretariat residing in Istanbul and conducting the bulk of everyday activities related to the successful functioning of the Organisation;
- Several Working Groups encompassing different spheres of interaction like trade and economy, energy, transport, small and medium size enterprises, tourism, agriculture, banking and finance, customs, environmental protection, science and technology, education, healthcare and pharmaceuticals, emergency situations, fighting organised crime, institutional renewal and good governance, communications, organisational matters and others;
- The Black Sea Trade and Development Bank (BSTDB), the main financial pillar of the Organisation residing in Thessaloniki and aiming at the facilitation of transition processes in the member states, speeding up the economic development of the BSEC countries and the region as a whole, financing the regional projects and programs, expanding the trade and business relations between the member states, etc. The Bank is successfully functioning and has already realised a number of important projects in its member states contributing to their economic development.
- The International Centre for Black Sea Studies (ICBSS) residing in Athens is the think-tank of the Organisation. The ICBSS aims at conducting result oriented academic, scientific and technological research within the BSEC frame. The main objectives of the ICBSS are to seek ways for the development of international economic relations in the Black Sea area and to define the priority spheres of multilateral cooperation. Through scientific research and by organizing fora and seminars, the ICBSS looks into meaningful cooperation, presents recommendations on solving urgent problems and issues, facilitates the exchange of views between scientists, politicians, diplomats, government institutions, entrepreneurs and private sector representatives. The particular role of the ICBSS in developing BSEC-EU relations has been highly appreciated and appraised.
- The Parliamentary Assembly of the Organisation of the Black Sea Economic Cooperation (PABSEC) residing in Istanbul is intended at developing relations among the legislative organs – i.e. the Parliaments of the BSEC member states. The PABSEC provides legislative support to the Organisation’s activities, by submitting recommendations on several issues of cooperation.
- The Business Council of the Organisation of the Black Sea Economic Cooperation (BSEC BC) residing in Istanbul, aims at developing relations between the private
sectors of the BSEC member states and raising the Black Sea region’s role in European and international economic affairs.

- The Project Development Fund (PDF) was created by the Organisation to facilitate the realisation of concrete regional economic projects through financing their feasibility studies. The PDF is active and has financed important projects in various fields of cooperation. Furthermore close interaction of the PDF with the Black Sea Trade and Development Bank (BSTDB) will give a strong impetus for the attraction of financial resources from European and other financial institutions in terms of putting various projects into operation.²

- The BSEC Coordination Centre for the Exchange of Statistical Data and Economic Information residing in Ankara undertakes efforts for the collection, coordination and distribution of statistics and economic information. The Centre has issued several publications on trade relations among the BSEC countries. Such information is necessary for a better understanding of the economic situation in the Region.

Increasingly many states have become interested in what takes places in the Black Sea regional context, which is reflected notably in the rising demands for observer status in the BSEC. Austria, the Czech Republic, France, Germany, Italy, Poland, United States of America, Slovakia, Belarus, Croatia, Egypt, Israel and Tunisia are all observers in the organisation. Observer Status has also been granted to some regional institutions, such as the International Black Sea Club, the Energy Charter Secretariat, or the Commission on the Protection of the Black Sea Against Pollution.

Sectoral Dialogue Partnership status has been also granted to a number of professional associations: the Black Sea International Shipowners Association (BISNA), the Black and Azov Seas Ports Association (BASPA), the Union of Road Transport Association in the BSEC Region (BSEC-URTA), the Black Sea Region Association of Shipbuilders and Shiprepairers (BRASS), the Regional Commonwealth in the Field of Communications (RCC), and the International Network for SMEs (INSME).

The Organisation has achieved significant consensus among its member states regarding its core regional agenda. In this respect the BSEC Economic Agenda for the Future, adopted in 2001 represented a comprehensive document defining the main priority spheres of cooperation.³ On the success side of the BSEC, we should include the following multilateral Agreements which have been signed within the BSEC framework:

- Agreement among the Governments of the BSEC Participating States on Cooperation in Combating Crime, in Particular in its Organised Forms (Kerkyra, 2 October 1998);

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² For a list of ongoing or completed projects, see http://www.bsec-organization.org/admin/Nurdan% 1March07.pdf.
● Additional Protocol to the Agreement among the Governments of the BSEC Participating States on Cooperation in Combating Crime, in Particular in its Organised Forms (Kyiv, 15 March 2002);

● Additional Protocol on Combating Terrorism to the Agreement among the Governments of the BSEC Participating States on Cooperation in Combating Crime, in Particular in its Organised Forms (Athens, 3 December 2004);

● Agreement among the Governments of the BSEC Participating States on Collaboration in Emergency Assistance and Emergency Response to Natural and Man-Made Disasters (Sochi, 15 April 1998);

● Additional Protocol to the Agreement among the Governments of the BSEC Participating States on Collaboration in Emergency Assistance and Emergency Response to Natural and Man-Made Disasters (Kyiv, 20 October 2005).

Two important Memoranda of Understanding were prepared and adopted in April 2007, one on the ‘Coordinated Development of the Black Sea Ring Highway’ and another on the ‘Development of Motorways of the Sea in the BSEC Region’. These Memoranda are practical results in terms of implementing important regional projects.

In terms of the interaction of the BSEC with other international structures, of particular importance has been the advancement of its relations with the EU. In this regard, the document on ‘BSEC-EU Interaction: The BSEC Approach’ was prepared and adopted in February 2007.4 That document was timely, as the EU displayed increased interest for the BSEC following the accession of Bulgaria and Romania which extended the EU borders to the Black Sea region.

Furthermore, the BSEC has successfully developed relations with the following international and regional organisations and structures:

● The United Nations – the BSEC has the status of observer in the UN General Assembly;

● The United Nations Economic Commission for Europe (UN/ECE) - Cooperation Agreement in the fields of environment, transport and SMEs;

● The United Nations Development Programme (UNDP) - BSEC-UNDP joint Project and Black Sea Trade and Investment Promotion Programme;

● The United Nations Environmental Programme (UNEP) - Agreement on Cooperation between the BSEC and UNEP;

● The United Nations Industrial Development Organisation (UNIDO) - Relationship Agreement on cooperation in the fields of investment promotion, energy, SMEs, human resources development, industrial statistics and environment;

● The Food and Agriculture Organisation (FAO) of the United Nations - Project on

Institutional Strengthening to Facilitate Intra-and Inter-regional Agricultural Trade of the BSEC Members States, Project Concept on Promotion of Bee Keeping Among Low Income Rural Families for Supplementary Earnings in the Black Sea, Project idea on Plant Genetic Resources and Bread Wheat Network;

- The World Bank - Joint Letter on collaboration;
- The World Trade Organisation - Organisation of joint regional seminars;
- The Eurasian Economic Community - Memorandum of Understanding;

We should also mention that the process of the BSEC’s internal reform and restructuring has also been launched recently as a response to the new challenges and realities in the era of globalisation.

As contemporary trends in international political and economic relations indicate, the role of international organisations in regional and global affairs is enhanced, as they constitute significant instruments for the protection and promotion of their members’ interests, particularly in the sphere of economic relations. In the era of globalisation regional fora acquire great importance. Within this context and in a favourable international environment, regional economic cooperation within the Black Sea area, can contribute to strengthening peace and stability in wider Europe as well as to the economic development of the countries of the region.

The Black Sea region has an important geostrategic location as it lies at the notoriously crucial crossroads between East, West, North and South. The BSEC area that covers 20 million square kilometres with a population of more than 300 million has a great economic potential and constitutes a big market for the EU countries and other regions of the world. At the same time, the BSEC region is a very attractive area for foreign investments due to its strategic importance in terms of energy resources, transport infrastructure and shipment routes for goods and cargos. Given the rich natural and human resources of the BSEC area, it has recently been one of the fastest growing regions in the world.

The EU’s approach toward the Black Sea region

The EU is confronting the profound political changes in the Black Sea region through three separate and distinct strategies: the continuation of the enlargement process to South East Europe and Turkey; the further development of the European Neighbourhood Policy (ENP); and the engagement in the four Common Spaces bilaterally with Russia.

Within the three strategies of relevance to the Black Sea region, EU relations with its neighbouring countries have been so far primarily conducted on a bilateral basis. The principal instruments of the EU neighbourhood policy such as contractual agreements, economic assistance and political dialogue are predominantly bilateral, and regional cooperation is a marginal element in all three strategies.
Although regional cooperation appeared to be a minor element in the enlargement process, ‘good neighbourly’ relations between candidate countries was presented as a precondition for starting accession negotiations with the new democracies of Central and Eastern Europe. This was promoted by the EU through the Balladur Stability Pact in 1993-95, which led to the signing of numerous bilateral agreements on borders and minorities, defusing potentially destabilising issues.

One of the main novelties of the Stability and Association Process (SAP) for the Western Balkans, initiated in 1999, was the inclusion of regional cooperation as a condition for further integration with the EU. Thus, the conclusion of bilateral free trade agreements among the countries of the region was required in order to liberalise trade relations with the EU25.

Although most of the EU assistance is provided to accession candidates on a bilateral basis, special programmes have also been developed to support regional and cross-border cooperation between EU member states and neighbouring countries, among candidate states, and between candidates and non-candidates. Most, though not all, European regional initiatives are supported by EU funding. The TACIS programme has provided much of the funding for the initiatives focused on the Eastern neighbours through its ‘regional cooperation’ budget line, which accounts for approximately 10% of the total budget for TACIS. The Danube Black Sea Environmental Task Force (DANBLAS) is funded through the CARDS programme, the financial instrument of the EU’s Stabilisation and Association Process for the Western Balkans.

The absence of a dedicated EU programme targeting the Black Sea region has been an important practical obstacle to a coherent EU policy towards the region. The assistance to be provided under the ENP will go quite far towards improving the current system, with a new instrument: the European Neighbourhood and Partnership Instrument (ENPI). The ENPI will be the first of its kind as a programme providing assistance both inside and outside the EU’s external border, and it will “focus on trans-border issues, promoting regional and sub-regional cooperation and sustainable development on the Eastern border”. It is proposed that the new instrument should be available also to EU neighbours not included in the ENP. The ENP Strategy Paper notably recommends “that Russia be offered support for implementing relevant parts of the strategic partnership from the proposed European Neighbourhood and Partnership Instrument, in addition to existing forms of support.” The Commission further suggests that “the extension of its geographic scope to candidate countries and pre-candidate countries may be considered at the time of drawing up the regulation concerned”.

It is proposed that the ENPI be divided into two ‘windows’. The first will focus on cross-border cooperation, while the second “will provide more flexible support for wider transnational cooperation involving actors and beneficiaries from both EU member states and partner countries”. Although programmes in Window One will be mainly bilateral, “multilateral programmes may be established in particular over those maritime crossings where distance and other factors do not allow for efficient bilateral cross-border cooperation”, with multi-annual programmes to be established for “single borders or groups of border”. Tentative priority areas in Window Two include environment, energy, transport and telecommunication networks, public health and the fight against crime. A significant increase in funding is envisaged under the ENPI, which will become operational under the EU’s new financial perspective from 2007 onwards. In addition, the EU intends to open up project financing, so far unavailable, from the European Investment Bank (EIB) for the ENP partners.

All this goes a long way towards providing a sound material foundation for the future EU policies and practical activities in the Black Sea region once the appropriate political decisions are made.

The European Neighbourhood Policy was initiated in spring 2002, focusing initially on the three ‘New Neighbours’: Ukraine, Moldova and Belarus. The scope of the new policy has subsequently been expanded in stages to include also the Southern Mediterranean partners and the three South Caucasus states, increasing the number of partner countries from three to sixteen. The expansion of the scope of the ENP has increased the relevance of the Black Sea region to the new policy. Whereas the ENP initially included only two of the twelve BSEC members, the programme now covers half of its members.

Differentiation is a guiding principle of the European Neighbourhood Policy, with bilateral Action Plans with the partner countries as its principal instrument. However, differentiation should be “compatible with a coherent regional approach, especially where further regional co-operation can bring clear benefits”, and “it is important to foster close cooperation both across the EU’s external borders and among the neighbours themselves - especially among those that are geographically close to each other”. For this purpose, the twenty eight pages ENP Strategy Paper includes a three-page section on regional cooperation, in addition to numerous references to regional and multilateral cooperation throughout the document. But in spite of the relative prominence of the term ‘regional

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6 It was initially known as the ‘New Neighbours Initiative’, changing in 2003 to the ‘Wider Europe Initiative’, and in 2004 to the current ‘European Neighbourhood Policy’.

7 Originally only Moldova and Ukraine, now also the three South Caucasus states and (partially) Russia.

cooperation’ in the Strategy Paper, it is not mentioned among the eleven ‘forms of added value’ that the ENP could take.9

In the ENP Strategy Paper it is noted that the most important difference in EU policy towards its Southern and Eastern neighbours is that “in the Mediterranean, an explicit regional dimension encouraging the development of intra-regional initiatives and cooperation in a broad range of sectors is included”. By contrast, “encouragement for regional political cooperation and/or economic integration has not so far formed a strong component of EU policy towards Russia and the Western NIS”.

The Northern Dimension initiative is mentioned as the only exception to the absence of a regional dimension to EU policy towards its Eastern neighbours. The Strategy Paper states that “greater regional cooperation in Eastern Europe will bring substantial benefits”.10 Noting that “regional economic cooperation among the Western Newly Independent States (NIS) is already strong, oriented around traditional flows of trade and investment to and from Russia”, the Commission suggested in 2003 that “new initiatives to encourage regional cooperation between Russia and the countries of the Western NIS might also be considered”.11 But the EU is not always consistent in its message, and has been sceptical of recent integration efforts within the Commonwealth of Independent States (CIS) such as the Single Economic Space (SES).

The future agenda and potential of the BSEC

In terms of economic affairs, the role of the BSEC as an organisation of economic cooperation is very important. Given the geopolitical location of the region, cooperation in fields of transport and energy are particularly significant through their potentially great global impact. The BSEC region at the same time is attractive in fields such as telecommunications, tourism, agriculture, small and medium business, science and technology. Furthermore, the role of the BSEC is considerable in fighting organised crime, international terrorism, proliferation of weapons of mass destruction, illegal trade of arms and drugs, human trafficking and illegal migration.

The BSEC finds itself at an important juncture in its evolution as a regional organisation. Originally conceived as an intergovernmental framework designed to identify mutually shared interests and to foster, on that basis, trade and economic relations through regional cooperation, the BSEC is currently considering new ways and means of

9 Ibid., pp. 8-9.
10 Ibid., p. 20.
enhancing its contribution to security and stability in the region. In the wider context of dynamic and far-reaching changes in international relations, such a cooperative approach is deemed to be timely.

The conceptual design of the BSEC’s future involvement in matters pertaining to security and stability has to proceed from a realistic assessment of the current developments in the Black sea region, its emerging regional identity, and the potential role of its institutions in an evolving international environment. This requires a clear understanding of the challenges and opportunities, old and new, but it also calls for a lucid recognition of the inherent political, legal and operational limitations to joint action on a regional scale. Obviously, regional cooperation on security issues cannot supplant or duplicate the operation of a wider international security system. Still, regional undertakings can become useful building blocks for such a system, provided they are congruent with the goals, principles, standards and procedures that are shared by the international community.

One of the characteristic features of the BSEC is its remarkable diversity in terms of the participating countries’ size, level of socio-economic development, constitutional arrangements, institutional maturity and affiliation to - or various degrees of partnership with existing multilateral security structures, integrative mechanisms or treaties. At the same time, all the BSEC member states share a set of fundamental values: pluralistic democracy, market economy, rule of law, respect of human rights, including gender equality and the rights of persons belonging to national or other minorities. All BSEC member states have also made definite commitments concerning international security by subscribing to political and legal instruments under the United Nations, the OSCE and the Council of Europe. Those common values and commitments provide a sound basis for the BSEC potential contribution to regional security and stability, and they determine the scope of cooperative action and the nature of specific tools to be used to that end.

The BSEC member states share the view of a multidimensional regional security. Security is conceived as a comprehensive, cooperative and indivisible concept covering all the main aspects as specified in the OSCE documents: political and military; economic and environmental, and those related to human rights and democratic institutions. As an exercise in constructive multilateralism on a regional level, the BSEC’s envisaged action in the sphere of security and stability draws its strength from the firm adhesion of the member states to the fundamental, universally accepted principles and rules of international law as enshrined in the United Nations Charter and reflected in the instruments of the Council of Europe and the documents of the OSCE. The BSEC member states recognise

12 A ‘Background Paper on the Ways and Means of Enhancing the BSEC Contribution to Strengthening Security and Stability in the Region’ was prepared by the BSEC and the ICBSS in March 2005.
the primary responsibility of the UN Security Council for maintaining international peace and security and accept the leading role of the OSCE in matters pertaining to security and stability in wider Europe. The specific contribution of the BSEC is seen as complementary to, and reinforcing of, the actions being undertaken in these fora.

The experience of the BSEC over the years has confirmed the close interrelation between socio-economic development and the regional security situation. It is fair to say that, while considerable progress has been made in many areas, the BSEC region is still characterised by serious development gaps and income discrepancies within and between individual countries, by serious disparities in the quality of infrastructure, maturity of market-oriented legislative, regulatory and administrative mechanisms, speed and reliable recourse to justice. Together with persistent serious cases of environmental degradation, those factors may generate additional tensions both inside and between countries and are therefore perceived as specific challenges to national and regional security and stability. And conversely, any meaningful progress in coping with those challenges, at a national and regional level, is likely to stabilise the security environment and to provide additional incentives for continued reforms leading to healthy, sustainable growth and better business and investment climate. The BSEC Economic Agenda for the Future (April 2001) acknowledged the fact that further progress of regional cooperation on trade and development was organically linked to a renewed determination to promote, albeit on a limited scale, an enhanced sense of stability through confidence-building and ‘soft’ security measures.13

The OSCE Strategy to Address Threats to Security and Stability in the Twenty-first Century and the Strategy Document for the Economic and Environmental Dimension adopted at the Eleventh Meeting of the OSCE Ministerial Council (Maastricht, 2 December 2003) also forcefully emphasised the linkage between the economic and the security dimensions of regional cooperation and charted a coherent set of priority actions in response to the challenges of steady and sustainable development in wider Europe. The BSEC can contribute to the realisation of the objectives of the above-mentioned strategies through its existing mechanisms.

As experience shows, regional cooperation within an institutional framework is an effective way for the development of each participating state. Following the examples of other regions, the countries of the Black Sea Region have to cooperate closer and have to strengthen economic relations. The future agenda and strategic goals of the BSEC have to be based on the principles of cooperation and respect for each country’s interests. Economic success and progress, fruitful cooperation between the participating countries will promote the creation of the stable and peaceful environment in the whole region.

The cooperation has to be strengthened in every important sphere of economy and the elaboration of new projects has to be stimulated. The cooperation in the fields of transport and energy is still of particular importance and the initiation and realisation of concrete projects in the abovementioned fields should be at the top of the BSEC Agenda.

The progressive development of relations with other international organisations and structures has to be continued and promoted. In this regard particular importance should be given to the BSEC-EU relations. Already established contacts should be promoted and developed for the benefit of both organisations and their participating states.

As the BSEC member states have unsolved territorial problems, it is expected that the Organisation, as an important regional forum, will contribute, within its competency, to the resolution of the existing conflicts through economic cooperation. A solution to these conflicts will bring prosperity to the region, contribute to the development of the member states and rapprochement of the BSEC with the EU and other international organisations.

In the processes of globalisation, the economic dimension acquires great importance in international relations. The BSEC should elaborate and realise its own policy in order to better protect the economic and political interests of the member states, expand exports from the BSEC countries to foreign markets, facilitate the movement of labour and services to other states and to attract more foreign investments to the BSEC region. Proper participation of the BSEC in global economic relations and the strengthening of its international identity will require the creation of more favourable conditions for security and stability in the Black Sea area. From this point of view, the efforts of the BSEC have to be directed to the implementation of potential transport and energy projects, the expansion of trade relations and further attracting foreign investment. Effective utilisation of energy and transport potential has considerable importance for the development of the BSEC member states. In order to extend cooperation in the spheres of energy and transport, it is important to balance the interests of energy producer, transit and consumer countries.

In order to realise these goals, the BSEC needs to strengthen regional relationships and cooperation with other international organisations, initiate and realise concrete projects in the specified spheres of cooperation, and develop new spheres of interaction.

**Conclusions**

Georgia strongly believes that the approach and actions of the member states with regard to BSEC issues have to be in full compliance with the main principles and objectives of the Organisation stipulated in its *Charter* as well as in the *BSEC Economic Agenda*: to act in a spirit of friendship and good neighbourliness and enhance mutual respect and confidence, dialogue and cooperation among the member states; to achieve
through joint efforts the constant improvement of the well-being of their peoples; to collaborate constructively and fruitfully in wide ranging fields of economic activity; to settle a new sense of partnership, based on trust and confidence and a higher level of economic collaboration among the member states.

Adherence to the main principles and objectives of the Organisation will definitely contribute to the development of trade and economic relations between BSEC member states. The overall effect of cooperation will be perceptible if all the countries take necessary steps for the development and formation of common interests and values.

Unfortunately, there is a situation where one state contrarily to the BSEC principles and objectives, namely the Russian Federation undertakes completely inadequate and inappropriate actions towards another state, Georgia. Such actions include notably the deporting en masse of Georgians from the territory of Russia, unilaterally closing the borders, introducing an export ban and a full trade embargo, severing transport and postal links, fixing a monopolised, unrealistic price (in another words ‘political price’) on energy resources and then imposing a bulk of punitive measures against the ethnic Georgians. Georgia strongly believes that this is not just a bilateral issue. Such developments directly and very negatively impact multilateral cooperation within the BSEC and impede the prestige and image of the Organisation.

The Georgian side believes that in case of any disputes between the member states, it is necessary to use constructive dialogue instead of confrontation and sanctions; new economic projects instead of economic obstacles; people to people diplomacy instead of deportation; and the potential of diplomacy should be properly used.

Georgia appeals to the BSEC member states to undertake measures for the future development of the BSEC Organisation and the prosperity and stability of the whole Black Sea region. The only guarantee of long-term prosperity is interdependence and cooperation. Common sense and spirit of understanding will outweigh confrontational trends and all the BSEC member states will be able to benefit from the enormous economic potential of the Black Sea region.
GREECE’S ENGAGEMENT WITH THE BLACK SEA ECONOMIC COOPERATION

Panagiota Manoli

Traditionally, Greece has been a persistent advocate of multilateralism in its immediate neighbourhood, seeing it as a means of maintaining political dialogue among countries with - frequently - bilateral disputes as well as a means of supporting regional economic development. It thus supported regional dialogue even during the Cold War period1 while today it participates in all regional fora and initiatives in its neighbourhood (BSEC, SECI, Adriatic Initiative, etc.).

Given the instability that surfaced in its northern borders in the early 1990s and following the end of the Cold War, the Balkans was placed as the first priority in Greek foreign policy. It was only after 1995 that the country became more active in its broader neighbourhood particularly in the Black Sea area. Another turning point in the Greek foreign policy towards the Black Sea region has been the year 2004 when Greece undertook the periodic Chairmanship of the Organisation of the Black Sea Economic Cooperation (BSEC) and embarked upon a process of bringing the BSEC and the European Union (EU) closer. The enlargement of the EU eastwards with Bulgaria and Romania motivated Greece as an EU member state to develop a more comprehensive Black Sea policy and to upgrade its engagement with the region.

From reluctance to active engagement

Though Greece was one of the founding fathers of the BSEC in 1992 it did not show great enthusiasm at the early stages of the initiative. Its position vis-à-vis the BSEC changed from ‘reluctance’ to that of ‘active engagement’.

Greece viewed the initial efforts to establish the BSEC with suspicion.2 Turkey’s active interest in promoting the idea in 1990-91 was seen as a diversion from a more Europe-oriented Balkan cooperation scheme. Indeed, Meetings of Ministers of Foreign Affairs of the Balkan countries regularly took place during these same years, Albania joined

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1 For Regional Cooperation in the Balkans during the Cold War period see Walden, Sotiris (1994), Balkan Cooperation and European Integration [Βαλκανική Συνεργασία και Ευρωπαϊκή Ολοκλήρωση], Papazisis, Athens.  
for the first time, and several ministerial and expert meetings were also planned. The eastward orientation (at least as far as the membership was concerned) of the proposed BSEC scheme was therefore met initially with Greek resistance. This was also manifested by the fact that Greece joined the Parliamentary Assembly of the BSEC (PABSEC) only in 1995, two years after its establishment. Although Greece’s participation in the BSEC as a founding member had been made possible due to the invitation extended by the Turkish President T. Ozal in 1992, its - late - accession to the PABSEC did not come as a natural consequence of membership but on the contrary, encountered resistance.

Indeed, Greece had reservations over the establishment of a Parliamentary Assembly and its mode of functioning. According to Greek perceptions at that time, the BSEC should have been confined to economic spheres of cooperation and not acquire a political dimension.

However, developments in Europe in the course of 1991 had progressively changed Greece’s position. The crisis and subsequent war-fighting in former Yugoslavia blocked any effort to reconvene the Balkan cooperation bodies. Fearful of the regional destabilisation potential, Greece was reluctant to accept the *faits accomplis* in the area and the collapse of Balkan cooperation. Its participation as a founding state in the BSEC was seen as an insurance policy in case of a prolonged disorder in Yugoslavia or diplomatic deadlock impeding the revival of the Balkan Conferences. At the same time Greece’s participation in the BSEC following Ozal’s invitation was welcomed by Turkey (contrary to what would happen three years later with Greek accession to the PABSEC). Similarly with the inclusion of Armenia this enhanced Turkey’s role as a ‘bridge’ between this region and the Euro-Atlantic space, and supported Turkey’s ongoing interest in long term European integration, as well as reflected a reluctance to define its interests in terms of bloc politics and hence to avoid the polarisation of critical policy issues.

Commending on the Greek policy toward the BSEC, the former Greek Minister of Foreign Affairs, George Papandreou has argued that until 1995, Greece preferred to adopt a relatively low profile. However, since early 1995, Greece increased its interest and started playing a more active role. Several factors have influenced this new attitude:

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4 Greek membership was the only case where unanimous agreement could not be reached and Greece finally joined PABSEC with the vote of seven out of nine members (Turkey and Azerbaijan abstained).
- The progressive disillusionment as to the cooperation potential in Southeast Europe. The ravaging war in Bosnia allowed no realistic hopes for a regional cooperation framework to be re-institutionalised in this part of Europe, thus inviting a fresh new look into other possibilities.
- New considerations regarding Greece’s position within the EU as a result of the enlargement/deepening process and its role in the neighbouring countries to the EU in the wider Southeast Europe.
- Greece came to realise the importance of the challenge it faced as the only EU member in BSEC. As a result, it started to respond and seek to be seen by its BSEC partners as a possible bridge between them and the EU.
- Considerations of economic nature also surfaced in Greece and acted as an additional incentive. The Black Sea region came to be seen as constituting a natural economic outlet for the expansion of the Greek private sector. The exploitation of new markets that businessmen and investors did not have access to in the past provided new opportunities and dynamism to the Greek economy.

However, as Greek officials have stated, regardless of the economic and security considerations there is another factor that heavily influenced the decision of Greece to engage in initiatives concerning the Black Sea. That has been the existence of a population of Greek origin in almost every new independent state which following the dissolution of the Soviet Union faced immediate survival problems. It was expected that the presence of Greece in the BSEC would complement the efforts of the Greek Ministry of Foreign Affairs to provide economic assistance to the communities of Greek origin in the Black Sea region.

**The centrepiece of Greece’s Black Sea policy: integration at a European level**

Cooperation in the Black Sea region was promoted by Greece to the degree that it worked complementarily to the efforts of the European Union to promote economic development and political stability in its immediate vicinity.

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8 “The application of Greece, a member of the EC, to become a member of the Black Sea Economic Cooperation project is clear evidence of the complementary nature of this model and its compatibility with other European groupings”, see Ozuye, Oktay (1992), ‘Black Sea Economic Cooperation’, Mediterranean Quarterly, vol. 3, no. 3, Summer, p. 52.

9 In the beginning of the 1990s, the population of Greek origin was estimated in Armenia at 7.000, in Azerbaijan at 2.000, in Georgia at 105.000, in Ukraine at 150.000 and in Russia at 90.000. A large proportion of that population left to Greece following the collapse of the Soviet Union. For further information on the subject see Agtzidis, Vlasis (1997), Παρευξενίος Διασπόρα, Οι Ελληνικές εγκαταστάσεις στις βορειοανατολικές περιοχές του Εύξεινου Πόντου [Euxinos Diaspora, Greek establishments in Northeast regions of the Euxinos Pontus], Kuriakidi, Thessaloniki, pp. 589-698.

10 Exchange of views with senior officials of the Greek Ministry of Foreign Affairs, June 2003.
The Black Sea region has been an area where national interests and policies of Greece converge with those of the EU to a high degree. The European element has thus been dominant in Greece’s Black Sea policy. Facing northward, the Greek policy towards its Black Sea neighbours shares elements of its Balkan policy and it is based on:

- actively encouraging bilateral economic relations in the form of trade and investment
- supporting the EU aspirations of the countries of the region
- promoting the creation of a regional economic area

The bilateral dimension

It comes as no surprise that two of the most important countries in terms of their relative weight in Greece’s foreign policy considerations are in the region: namely Russia and Turkey. The development of bilateral relations with Russia and Turkey (as well as the development of Russian-Turkish affairs) filters Greece’s Black Sea policy.

Turkey is, and has long been, the main security threat in Greek perceptions due to Turkish claims on the Aegean and the Cyprus problem. In view of relaxing security concerns, Greece has adopted a proactive policy turning into the main advocate of Turkey’s pro-European orientation, encouraging at the same time an intensified bilateral interaction at the political, economic and social level. To a large degree, and despite differences, both countries have found themselves working together in assisting the economic transformation of their Black Sea neighbours. Their common understanding on regionalism as a tool primarily for enhancing economic development and policy dialogue and not as a security mechanism has facilitated Greek-Turkish cooperation within the BSEC framework.

Parallel to the European process, Greece is working with Turkey in promoting their economic relations. In the past seven years, an extensive framework of thirteen major economic agreements has been completed covering all aspects of relations. Projects and initiatives that are being implemented include: i) the natural gas pipeline starting from Baku, going through Turkey and Greece to Italy, with construction already under way; ii) the agreement to interconnect electricity networks in Greece, Turkey and Bulgaria; iii) the decisions to jointly construct a new bridge across the Evros, the frontier river between the two countries, to jointly renovate the railroad connection, and to open new maritime corridors between Greek and Turkish ports.11

As far as Greek-Russian relations are concerned, they have been historically close, based on strategic cooperation on global issues. Both countries have been on the same side in voting in the UN framework and particularly on issues in Southeast Europe (e.g. the war against Serbia in 1999). Greece has also pursued a policy of maintaining political dialogue and a strategic partnership between the EU and Russia acknowledging that the convergence of their interests in Europe is a prerequisite for the stability of the continent. Beyond the historical links between the two countries (128,000 Greeks live in Russia\(^\text{12}\)) there is a strong economic rationale that also underscores close Russian-Greece relations, related mainly to the energy sector.

Greece has been an energy consumer, with Russian gas covering about 82% of its gas demands. One of the foremost concerns not only for Greece but worldwide is energy security and the creation of sustainable routes. The country’s concerns as an energy consumer but even more its role in the energy transit map are absolutely linked to the Black Sea. The Black Sea region has lately been brought to the limelight due to important developments that alter the energy field and create a new geopolitical environment. One of those developments was the Burgas – Alexandroupoli pipeline agreement, signed on 15 March 2007 in Athens by the Greek prime minister, the Russian president and the prime minister of Bulgaria. The agreement entails the construction of a pipeline transferring oil from the Black Sea Bulgaria port of Burgas to the Aegean Greek port of Alexandroupoli.\(^\text{13}\)

Greece has an extended web of bilateral relations with all other Black Sea countries too. Bilateral links of Greece with its northern neighbours in the Balkans and the Caucasus are primarily focused on developing economic cooperation through trade and investments as well as on addressing common ‘soft’ security threats such as illegal trafficking in people, arms, and drugs. During the early 1990s Greece was confronted with new policy challenges resulting from the flow of immigrants from the Black Sea region. It is estimated that today immigrants represent almost 10% of the country’s population. The large number of immigrants has necessitated intensive dialogue, policy coordination and deeper cooperation between Greece and authorities of the Black Sea countries. At the same time, that ‘natural’ flow of people has generated a sense of ‘social’ integration cross-border (i.e. people to people communication and interaction) which could foster the sense of a regional identity – if assisted properly. Immigration has helped the economies in the region, providing Greece with needed labour and the countries of origin with sizable remittances and workers who returned to their homelands experienced in the functioning of a modern market economy.

\(^{12}\) See information available on http://www.mfa.gr.

\(^{13}\) The pipeline will be owned by numerous companies and state interests, more specifically the Russian companies Rosneft, Transneft, and Gaspromneft will acquire 51 percent.
Based on its experience from EU integration, Greece pursued a systematic policy of facilitating the integration of its northern region in the NATO and EU structures as the best tool of long-term and well rooted stability. NATO membership would provide an immediate security umbrella while EU accession would require the fundamental reform and Europeanization of those societies. The Greek economy had long suffered from closed borders in its North (i.e. Cold War period) which had kept the country away from its neighbouring natural markets. The integration of Bulgaria and Romania in the EU shifted the EU’s centre of gravity closer to Greece and ended its geographical isolation from the rest of EU territory. Greece has supported with the same intensity the political dialogue between the Euroatlantic structures and the countries in the Caucasus as well as with Ukraine, in the same logic.

Bilateral affairs between Greece and several of the Black Sea countries (Moldova, Georgia, Armenia, Azerbaijan and Ukraine) develop within the framework of the European Neighbourhood Policy, the new policy device of the EU towards the region. In its bilateral relations with the Black Sea countries, Greece has employed the EU approach as far as security issues are concerned:
- the conclusion of political and economic reforms, along the democratisation process and the establishment of the rule of law;
- the security of energy pipelines and of the supply of oil and gas;
- peace and stability in the region through the resolution of the ‘frozen’-conflicts within the existing mechanisms of the international community.

As far as the ‘frozen’ conflicts are concerned, the position of Greece has been evolving around the following pillars:
- peaceful resolution of conflicts through the international community;
- respect of territorial integrity and state sovereignty;
- respect of the national and specific cultural identity of each group of people within a state, of the rule of law, democratic governance and of individual and communal rights.

Black Sea regionalism and integration of the countries of the region into the Euroatlantic structures have been treated by Greece as mutually reinforcing processes.

**A business driven regional interest?**

Despite the fact that Greece is not a Black Sea littoral state, it has long cultivated its Black Sea identity stressing its links with the peoples and the destiny of the region. History has been a tool often used to underline the longstanding interests of Greece in the area.

Population of Greek origin has been always present in the countries neighbouring the Black Sea and creating economic, cultural and political ties with the Greek mainland.
In modern times besides the existence of a number of Greek communities in the region, it is mainly businessmen that have expanded their activities and moved their enterprises and presence in the neighbouring new emerging markets.

The true scale of Greece’s involvement both in commerce and in investment within the region is demonstrated by the fact that commercial transactions between BSEC countries and Greece almost quadrupled in the period 1992-2003 and are continuing to increase.

### Table 1. Trade of Greece with the BSEC countries (1993-2004, selected years)

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<td><strong>BSEC Total</strong></td>
<td><strong>948</strong></td>
<td><strong>1606</strong></td>
<td><strong>1658</strong></td>
<td><strong>1631</strong></td>
<td><strong>2412</strong></td>
<td><strong>3195</strong></td>
<td><strong>4033</strong></td>
<td><strong>4974</strong></td>
<td><strong>5786</strong></td>
</tr>
</tbody>
</table>

Source: IMF, *Direction of Trade Statistics Yearbook*, Washington (several years)
at a rapid pace.\textsuperscript{14} It is estimated that Greek exports to the Black Sea area have risen by approximately 10\% in the period 2004 – 2005 and by more than 55\% in the first ten months of 2006.\textsuperscript{15} In the last fifteen years, the northern neighbourhood of Greece has become the main destination of Greek capital, despite the practical obstacles which are rooted in the creation of new states, in unresolved political problems and the economic difficulties of transition. In total, there are now more than three thousand Greek firms operating in the BSEC countries.

An important trend is the increase of trade and investment flows between Greece and the two other large markets of the region, namely the Russian and Turkish markets. In the last five years, there has been a significant increase -more than double- in Greek-Turkish commerce, while fifty five large Greek and Turkish companies have started investing across the Aegean Sea. Finally, and this is a very important development, the largest bank in Greece, the National Bank of Greece, has entered the Turkish banking sector through the purchase and acquisition of Finansbank, Turkey’s fifth largest bank, for 2,7 billion US $. This is by far the largest single foreign investment of a Greek company anywhere in the world.

The dynamism which is apparent in both the Greek and the Russian economies is mirrored in their bilateral trade, which has grown substantially over the past ten years. There is of course still a much wider unexploited scope for the further development of Greek-Russian economic relations. Trade between the two countries amounted to $3,204 million in 2004, with Greek exports to Russia totalling $328 million, and imports from Russia reaching $2,876 million.\textsuperscript{16} As regards investments, 41 Greek enterprises are currently operating in Russia with $69.2 million of total invested capital. Russian records show that there are 130 registered Greek-Russian joint ventures, active mainly in trade, agriculture, industry, services, tourism, construction, energy, transport, and technology.\textsuperscript{17} In the year 2004 total trade with the BSEC group of countries reached $9,243 million ($3,257 million exports and $5,786 million imports).\textsuperscript{18} The single most important trading

\textsuperscript{14} For an overview of the presence of Greek interest companies in the region especially in Bulgaria, Albania, Serbia and Turkey see Koutsikos, Panagiotis (2006), ‘Greece and Investments in the Balkans – Turkey and the Black Sea Region’, \textit{Trade with Greece}, no. 32, Athens Chamber of Commerce and Industry. Also available on http://www.acci.gr/trade/No36/TRADE_10_15.pdf.


\textsuperscript{16} Imports from Russia mainly consist of raw materials, more specifically oil, natural gas, iron, steel, aluminium, copper, and timber. Greek exports to Russia include furs, fruits and vegetables, olive oil, olives, alumina, wine, bauxite, marble, etc.

\textsuperscript{17} Data based on information by the Hellenic Ministry of Foreign Affairs. Also available at http://www.mfa.gr.

\textsuperscript{18} Data based on IMF, \textit{Direction of Trade Statistics Yearbook}, Washington (several years).
partner of Greece has been Russia due to energy imports (worth of approximately $1,223 million in 2004) while in terms of other commodities, it is Bulgaria, Romania and Turkey that rank high. Thus, from the commodity perspective, it is the energy sector (oil, gas and electricity), with the particularly large volumes of energy exports from Russia that dominates Greece’s trade with the BSEC group.

In terms of the dependence of Greece on BSEC trade measured as the ratio of intra-regional trade and the trade with the rest of the world, Greece is among the least sensitive to intra-regional trade with an average of 8.9 per cent between 1992 and 2000. This is witnessed to the two largest markets of the region i.e. Russia and Turkey which are also among the least dependent countries on regional trade.

The involvement of Greece in the BSEC

One of the weaknesses of regional cooperation in the BSEC format is that it lacks clear ‘leadership’; a benevolent leader that would push for cooperation and undertake part of its cost. Though Turkey, Russia and Ukraine have been treated as potential leaders none of these countries has had a constant, comprehensive strategy on where the BSEC heads to nor did they have the resources needed to deepen regional cooperation.

Taking advantage of its membership to all pan-European organisations in the 1990s, Greece soon overcame its initial concerns and reluctance and adopted a more confident and proactive policy towards the BSEC.

It thus managed to host two of the BSEC Related Bodies in Greece; namely the Black Sea Trade and Development Bank (BSTDB) in Thessaloniki and the International Centre for Black Sea Studies (ICBSS) in Athens. The first one is the developmental tool of the BSEC providing trade and project financing, guarantees, and equity for development projects supporting both public and private enterprises in its member countries. The ICBSS established in 1998 is the main ‘think tank’ of the Organisation which assists in devising regional policies.

One of Greece’s concerns has been to assist in the effectiveness of the established regional bodies and Greece soon became the main financer of the whole BSEC structure at different levels (intergovernmental, parliamentary, banking, business and research). Beyond being among the countries with the highest contribution (16.5%) to the budget of the BSEC and the PABSEC, it also assumes part of the cost of the functioning of the BSEC Business Council (along with Turkey), covers all operational cost of the ICBSS while it has created a special Fund in the BSTDB, and finances the Project Development

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19 Figures cover the period of a decade (1992-2002).
Fund of the BSEC. Along with the UNDP and Turkey, Greece finances the ‘Black Sea Trade and Investment Programme’. The programme organises sector-focused events, so-called ‘Partnership Fora’ to generate inter-regional trade and investment, creating the capacity within the Black Sea business institutions on a permanent and sustainable basis.\textsuperscript{20}

The second Greek Chairmanship of the BSEC, in the period November 2004 - April 2005, had been the most active one since the establishment of the Organisation as far as the number of events and meetings held as well as regarding the comprehensiveness of the agenda.\textsuperscript{21} During the Hellenic Chairmanship, seven ministerial meetings were held, on transport, energy, tourism, fight against organised crime, good governance, education, research and technology presided by a number of the respective Working Groups. During the Hellenic Chairmanship progress was made in the field of combating crime with the conclusion of the ‘Additional Protocol on Combating Terrorism to the Agreement among the Governments of the BSEC Participating States on Cooperation in Combating Organised Crime’ (Athens, 3 December 2004).

At the same time, an effort was made to strengthen the organisation’s internal structures launching thus the reform of the decision–making mechanisms of the Organisation.

On the basis of Greece’s role as the Country Coordinator in five out of the seventeen main BSEC Working Groups (i.e. Banking and Finance, Culture, Education, Institutional Renewal and Good Governance and finally, Tourism) we can argue that Greece has currently displaced particular interest in the following sectors of regional cooperation.

\textit{Banking and Finance.} Maintaining the primarily economic character of the organisation has been a concern for Greece thus the country has been particularly active in relevant fields of cooperation. Greece can be considered (along with Turkey) as having the most mature banking sector, and definitely the most stable one, in the region and in this respect it has been considered as the most appropriate country to lead the relevant Working Group. The fact that Greece lobbied and succeeded in having the headquarters of the Black Sea Trade and Development Bank in Thessaloniki is indicative of the importance that it placed not only in trade facilitation but also in securing financing regional economic activities. The interest of Greece in modernizing the banking and financial markets in the Black Sea region has been underscored by the rapid expansion of Greek trade and investments towards its northern neighbourhood. A vibrant financial system is a prerequisite for any type of economic activity to flourish and for meaningful regional economic cooperation. As global trends indicate today’s globalisation is mainly

\textsuperscript{20} Information on the Programme is available on http://www.undpforblacksea.org.

\textsuperscript{21} For the priorities of the Hellenic Chairmanship see Hellenic Ministry of Foreign Affairs (2004), \textit{Bringing BSEC Closer to the European Union}, Athens.
the globalisation of ‘money’ and finance and if the Black Sea region does not want to remain in the periphery of world economy, a priority should to be given to create a healthy banking and financial system.

**Institutional Renewal and Good Governance.** ‘Soft’ security threats (organised crime, corruption, etc.) resulting from the Black Sea region are the main source of concern for Greece which does not face any other important security problems in its bilateral relations with the Black Sea states (besides Turkey). In this respect, for Greece as well as for the EU, building well-governed states in the European neighbourhood is an urgent policy demand. Greece has been the champion in inserting the issue of good governance in the BSEC agenda and in establishing a new Working Group on institutional renewal and good governance in 2005 (Komotini Council, 23 April 2005). Its Plan of Activities includes specialised training, research and policy recommendations on the needs of institutional reform in the Black Sea countries and the sharing of experience and good practices.

**Tourism.** Increasingly tourism flows among the BSEC countries are to become an important force of socioeconomic integration in the region. One just needs to refer to the striking numbers of tourists coming from Russia to Turkey (estimated at around 1.5 million and spending $700 million at Turkish resorts) or the regular visitors crossing the Greek-Bulgarian borders during weekends. Greece as a major tourist destination in Europe and a country where the real effect of the tourism industry on the GDP is estimated at 18.5%, has been active in advancing tourism cooperation with its neighbours that have been mainly seen as tourist sources but increasingly are also treated as tourism destinations. One aspect that has become central in the discussion evolving around the means of enhancing cooperation in tourism is visa facilitation. Cumbersome procedures of visa issuing are a major obstacle in cross-border movement in the Black Sea area. Greece, being until 2007 the only EU member state in the main Black Sea regional format and a Schengen country at the same time, has been more than perceptive of the visa problems that its immediate neighbours face.

**Culture and Education.** Despite long standing cultural bonds between Greece and the countries of the region, inter-cultural dialogue as a policy has been only recently advanced by Greece. It strongly supported the creation of a new BSEC Working Group on Culture in 2005 (undertaking its Coordination for the period 2006 – 2008). The current emphasis on cultural issues relates to the interest, world wide, in maintaining dialogue and interaction among peoples of different cultural background as a means of better understanding and enhancing security. In an area which is often cited as the cradle of civilisations, such an approach has particular importance. As seen in the relevant Action Plan proposed by Greece what is of prime interest among the regional countries is the economic aspects of cultural cooperation and in particular the implementation of concrete projects (e.g. the routes of the olive tree), and the establishment of networks (on exchanges, traditional
music, etc.). Greece has also undertaken the lead of the Working Group on Education along with that of Culture. In its Action Plan for the working group, priority is given to university research, the application of information technologies, the dissemination of information in higher education, mobility and training programmes.

Another sector in which Greece has been active is transport. In this field Greece has been promoting the idea of the creation of a ring road around the Black Sea, exploiting and reinforcing the existing road links, suggesting that the abovementioned route be named the ‘Argonauts Road’, since the tale of the seafaring heroes represents a historically connecting myth for the whole region. Since the wider Black Sea region does not only constitute a major market for Greek products but even more it is the only land connecting the country by road with the rest of Europe and beyond, building transport infrastructure has been in the core of Greece’s concerns. Along with the ‘Argonauts Road’ that would build a Black Sea ring road, other transport projects that have been promoted in neighbouring countries and co-financed by the Hellenic Plan for Economic Reconstruction of the Balkans include: the construction of a part of the Pan-European Corridor X, of 86.7 km in Serbia and 33.2 km in the Former Yugoslav Republic of Macedonia (FYROM) and the upgrading of the road network in South Albania. Maritime links are also promoted by Greece which has been engaged in the promotion of the EU’s concept of Motorways of the Sea in the BSEC region.

Other sectors where interest has been displayed by Greece but no concrete action has been advanced at a regional level include trade, energy and environmental protection. Though Greece has been a supporter of initiatives in these fields within the BSEC framework, there has been limited room for the advancement of concrete BSEC-wide projects. Nevertheless, Greece has been the country coordinator of the ad hoc Group of Experts on Electrical Networks (2005-2006). As oil and gas supply and transport have been treated so far as a ‘hard’ security issue by the regional states, Greece has encouraged regional cooperation in another field of energy security, namely electric power. Work within the relevant ad hoc Group of Experts has indicated that despite significant technical problems regarding the integration of electrical grids of the BSEC member states there is great potential on advancing mutually beneficial cooperation in this field.

Greece has been reluctant to expand the agenda of the BSEC to hard security issues on the basis that the Organisation does not have appropriate tools or the mandate to undertake steps on conflict prevention and resolution. It nevertheless did not object to engage the BSEC with ‘soft’ security matters and assisted in the drafting of the ‘Background Paper on ways and means of enhancing the BSEC contribution to strengthening security and stability in the region’ which was concluded in 2005.22

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In parallel to its efforts within the BSEC framework, Greece has worked towards the identification of external sources for the advancement of regionalism around the Black Sea. An example of those efforts is the request of Greece as a member of the Development Assistance Committee (DAC) that the BSEC is recognised as a candidate for Official Development Assistance.\footnote{Stylianidis, Evripidis (2006), ‘Greece and the BSEC’, \textit{BSEC Day Celebration}, Hellenic Ministry of Foreign Affairs and ICBSS, Athens, pp. 9-12.} The inclusion of the BSEC in the DAC program approved in June 2007 provides the Organisation with new opportunities for funding by international donors and other members of the DAC programme of the OECD.

Another developmental tool of Greece, the Hellenic Plan for Economic Reconstruction of the Balkans (from which several BSEC countries benefit - Albania, Bulgaria, Romania, Serbia) accounts for 550 million Euro and aims at materialising large infrastructure projects and enhancing private sector initiatives and cooperation for the realisation of investments, studies and actions supportive of the projects that the Hellenic Plan finances.

\textit{Acting as a bridge to the EU}

‘Bringing BSEC closer to the European Union’ has been the flagship of the second Hellenic Chairmanship-in-Office of the BSEC (November 2004 – April 2005). Though there had been previous efforts to establish a regular interaction between the EU and the BSEC, progress had stalled due to a number of obstacles including the lack of coherence among the BSEC countries vis-à-vis their relations with the EU, the absence of strong lobby in Brussels, the pre-occupation of the EU with other issues such as the adoption of the Constitutional Treaty and the enlargement.

The BSEC calls for a Black Sea Dimension of the EU had not been addressed until the 2004 enlargement was concluded. Besides the favourable geopolitical developments on the continent (EU/NATO enlargement towards the Black Sea and the ‘coloured revolutions’ in Ukraine and Georgia) that nourished European interest, much has to be attributed to the consistent efforts of Greece to launch a new regional dimension in EU’s policies.

The Hellenic Chairmanship-in-Office of BSEC (November 2004 – April 2005) adopted a step by step approach.\footnote{This approach is described on the strategy paper ‘BSEC – EU Interaction: The BSEC Approach’ adopted by the BSEC on 17 January 2007. This section draws heavily on it. The text is available on http://www.icbss.org.} While inserting the issue of EU-BSEC relations on the agenda of relevant EU organs, Greece undertook efforts to secure participation of officials from the EU in the sectoral ministerial meetings that were held during the Hellenic Chairmanship.
The process of opening up the dialogue between BSEC and EU officials was inaugurated at a special meeting of the BSEC Committee of Senior Officials (CSO) with representatives of EU institutions and Member States in Brussels on 11 April 2005. That meeting was soon followed by the decision of the BSEC CMFA (Komotini, 23 April 2005) to establish an ad hoc Group of Experts charged with the task of preparing a Working Paper on BSEC-EU interaction. Under the Moldovan Chairmanship-in-Office, the BSEC Council (Chisinau, 28 October 2005) adopted a Declaration on the enhancement of cooperation with the European Union and decided to mandate the Hellenic Republic to proceed with exploratory consultations with relevant EU institutions with a view to the adoption of a declaration by the EU Council on an enhanced BSEC-EU partnership and the eventual formulation of an EU Dimension which would include the coordination of the EU regional policies.

In pursuance of its mandate, the MFA of the Hellenic Republic prepared a Working Paper entitled Towards an EU Regional Dimension in the Wider Black Sea Area, which was presented at the meeting of the Working Party on Eastern Europe and Central Asia (COEST) in Brussels (25 January 2006). In a significant new development, the EU General Affairs and External Relations Council, meeting in Brussels at ministerial level on 14 September 2006, had a debate on the subject of strengthening the relations between the EU and the BSEC. On its side, the BSEC Council of Ministers of Foreign Affairs (Moscow, 1 November 2006) adopted a Declaration containing specific references to the progress made in the process of enhancing BSEC-EU interaction and decided to authorise the Committee of Senior Officials to finalise the draft Working Paper on BSEC-EU interaction and to forward it to the EU institutions as an official BSEC document.

The European Commission Communication on Strengthening the European Neighbourhood Policy (COM(2006)726final, Brussels, 4 December 2006) specifically mentioned the possibility of closer contacts with the BSEC, including observer status. A further mission of the BSEC Troika (Brussels, 5-6 December 2006) had working contacts with officials of the European Parliament and European Commission and participated in a dedicated meeting of the COEST.

The COEST Group of the EU, at its meeting in Brussels on 26 January 2006 considered the proposals submitted by the Hellenic Republic on the development of a possible Black Sea Dimension of the EU policies. An interim briefing on demarches undertaken

by the Hellenic Republic was presented at the informal meeting of the BSEC Committee of Senior Officials at Sinaia, Romania, on 3 February 2006.

The parallel efforts by the BSEC side led mainly by Greece (as the only EU member state of the BSEC at that time) and by the EU institutions led to the release of the Communication by the Commission to the Council and the European Parliament on ‘Black Sea Synergy – A New Regional Cooperation Initiative’\(^\text{26}\) and the successful application of the Commission to an observer status with the Organisation (June 2007).

**What to expect next**

Broader geopolitical developments (e.g. the evolution of the Russian foreign policy in its ‘near abroad’ and beyond, energy security, war against terrorism, etc.) along with the state of affairs in the ‘frozen conflicts’ will undoubtedly determine the framework within which the Black Sea policy of Greece is to be shaped. Some key factors however which are more particular to the Black Sea case and need to be considered when thinking ahead on Greece’s Black Sea policy are summarised hereafter.

*Deepening of economic relations with the northern neighbours.* Greece’s policy towards the Black Sea has developed primarily as part of its foreign economic relations. Evidence to that can be seen in the section dealing with the BSEC within the Greek Ministry of Foreign Affairs being under the Economic Diplomacy division. The economic rationale of Greece’s engagement with the region is to be strengthened along with the further deepening of economic relations between Greece and its northern neighbours as witnessed by an increase in trade and investments flows. The more interdependent Greek economic interests and the Black Sea business climate become, the more active Greek policy towards the Black Sea is to become.

*The EU factor in the evolution of the Russian and the Turkish Black Sea policy.* The evolution of the Russian-EU affairs are fundamental for the future of the Black Sea region. As the core of the Black Sea area constitutes the ‘near abroad’ for Russia and the ‘new neighbourhood’ for the EU, any policy targeting the area has to acknowledge the dynamics of the interface of the relevant policies of these two dominant actors. The Black Sea is to constitute a bridge zone where multilateralism will flourish once the interests of the local states, the EU and Russia are all accommodated or it is to become a difficult area to operate in if those interests were to clash.


Turkish foreign policy on the other hand, has been significantly influenced by the requirements of EU accession. The evolution of Turkish relations with the EU will bear an impact on the employment of multilateralism in its vicinity. Past evidence has shown that regionalism either in Central Asia or the wider Black Sea has been used by Turkey to upgrade its geopolitical weight within the Euroatlantic family. A positive climate in EU-Turkish relations will underline a more constructive regional approach by the latter (i.e. in view of the Europeanization process that has already started in the countries of the region) and will allow new opportunities for further Greek-Turkish common stands and initiatives in this neighbourhood. A disillusionment with the EU accession might provoke a ‘return’ and more intense engagement of Turkey in its Northern and Northeast neighbourhood which would require a reassessment also on behalf of Greece.

The emergence of a consolidated ‘Black Sea’ front within the EU structures. Greece along mainly with the new EU comer, Romania, and much less with Bulgaria (the latter being inactive in the BSEC – EU cause) has lobbied systematically within the EU organs for the adoption of a Black Sea synergy as a regional dimension of EU policies towards the Black Sea. Since 2007, it is for the first time that the Black Sea voice within the EU is strengthened and it is justified that the three countries mentioned above will be expected to join efforts to make the Black Sea Synergy working. Greece thus in acting as a bridge between the EU and the BSEC will no more be alone and its policy will have to balance the views of Romania and Bulgaria. It remains to be seen how the three countries will cooperate within the EU framework and formulate a common view of and common stand on how to implement the Black Sea Synergy and especially what the role of the BSEC and the other regional structures of the Black Sea is going to be.

The prospects of other regional initiatives and the evolution of the Organisation of the BSEC. Though Greece has been supporting multilateralism in the Black Sea, it has put its political weight mainly behind the BSEC as the most credible regional partner. Despite current positive signs on the role that the BSEC might contribute to the overall stability and development of the region, its added value and relevance still needs to be proven. Greece, as an EU member state, will be facing increasingly more challenges in the definition of the EU’s policy towards the region especially in devising multilateral and regional tools of EU engagement. Whether the BSEC will undertake the necessary reforms and set its own comprehensive strategy and agenda will also determine its value in Greece’s Black Sea policy. Other regional schemes that have emerged - competitive or complementary to the BSEC - might need to be re-assessed not only by Greece but also by all other players in the area.

Regional affairs in the Balkan area will remain central in Greece’s foreign policy considerations and increasingly in Greece – EU affairs since slowly Southeast Europe becomes integrated in the EU. Nevertheless, the new neighbourhood of Greece is the
Black Sea area and as in the 1990s we witnessed a Balkan-focused Greek foreign policy, we might well see a Black Sea – focused policy taking shape in the next decade.
THE POLICY OF MOLDOVA TOWARDS THE BLACK SEA REGION AND THE BSEC

Igor Munteanu

Background

The dismantling of the Pax-sovietica, political liberalisation and the creation of new independent states absorbed most of the political energy across the Black Sea region. The post-cold war transition was thus the main driver of change in the region. Not less important were the critical issues that challenged Turkey and Russia. With the collapse of the Union of the Soviet Socialist Republics (USSR), Russia was desperately in search for a new identity, while the Turkish model of secular modernisation had reached a certain impasse by end of the 1990s.\(^1\) In Turkey, this offered a strong incentive to some Turkish officials who mobilised themselves towards a vast and inclusive engagement in the Black Sea. An intrinsic formalisation of this project involved coastal and riparian Black Sea states and received its conceptual underpinning at the Istanbul Summit, in 1992, with the Bosporous Statement and Summit Declaration.\(^2\)

Created on 25 June 1992, the Organisation of the Black Sea Economic Cooperation (BSEC) concept inherited the founder’s concerns to respond to the changing international, European and Eurasian security climates.\(^3\) The Statement emphasised the need for the peaceful settlement of all disputes, and suggested that partnership, rule-of-law and respect for human rights will contribute to the future architecture of Europe, and facilitate European integration. It further envisioned the need to promote economic cooperation and strengthen peace and stability in the region. Its strategic ambition aimed to enhance a new level of multilateral support and cooperation in a wide variety of fields, such as: energy, institution building, and good governance; trade and economic development; transport; tourism; environmental protection; combating organised crime, science and technology. This approach illustrates a positive regionalism from below, deriving from an almost natural, historically bound, revitalised and advanced regional ‘heritage of interests’. But, the re-vitalisation of the Black Sea region in geopolitical and geo-economics terms poses critical issues to be addressed by the BSEC members. The regional

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\(^3\) Muftuler-Bac, Melten (1997), *Turkey’s Relations with a Changing Europe*, Manchester University Press, Manchester and New York, p.44.
cooperative context of the BSEC has however brought to the surface enlightening similarities and patterns of integration that reshaped the strategic environment in the Baltic and Mediterranean regions, illustrating how national and cross-regional aspirations are met by emerging regional and global actors.

**The BSEC as a seminal project towards stability and cooperation**

The distinctive characteristic of the BSEC is its fluid and multi-dimensional platform of cooperation. Thus, the Istanbul Declaration of 1992 envisioned the regular meetings of the Ministers of Foreign Affairs, at least once a year to review progress and define new targets.\(^4\) The idea behind the creation of the BSEC represented from the very outset a vivid area of interest. But, most of the countries resisted devoting too many institutional competences to a supra-national body. The institutional make up went through 3 consecutive stages. In the inception phase - (1992-1996) – the BSEC Ministers of Foreign Affairs convened to adopt an Action Plan, with the aim to build up a functional communication and contact framework. In the second stage (launched in 1998, in Yalta), the regular Meeting of the Ministers of Foreign Affairs decided to establish a kind of ‘troika’ as a collective decision-making body, regulated by the BSEC Charter, giving a ‘green light’ to the creation of the International Permanent Secretariat (PERMIS). Since April 1999 (Tbilisi Meeting), the BSEC has been renamed into the ‘Organisation of the Black Sea Economic Cooperation’, thus, providing the Secretariat with a mandate to apply on behalf of the BSEC for UN Membership and converting it into a fully-fledged international organisation.

The institutional framework in which the member states cooperate takes many forms, including a multitude of working groups, standing committees and cooperative projects. A first platform for cooperation was convened through the creation of the Parliamentary Assembly of the BSEC (PABSEC), as early as 1993, which operates through three specialised committees: (1) Economic, Commercial, Technological and Environmental Affairs, (2) Legal and Political Affairs, (3) Cultural, Educational and Social Affairs. A second platform for common objectives and activities was drafted subsequently in 1999, a year of major changes for the BSEC. On this basis, several working groups have been created by connecting senior officials from all member states, with the aim to galvanise efforts in various fields and activities pertaining to the BSEC strategic aims. Exaggerated fears against too extensive institutionalisation made the founding members of the BSEC rebuff even the idea of having a Permanent Secretariat. The overstated prudence was due to a deep-seeded lack of confidence among the actors of the region, in the shadow of a long plethora of unresolved disputes and enmities. Historic and political controversies broke out into several armed conflicts (Karabakh, Chechnya, South Ossetia, Abkhazia, 

Transnistria). The region is also affected by visible differences in state-building processes, while democracy and market-oriented reforms have not been very successful in the last decade of transition.

Indeed, the Black Sea region encapsulates both ‘new’ and ‘old’ security issues that pose threats to the stability within the regional organisation. In addition to conventional military threats, many ‘soft’ security threats jeopardise the well-functioning of regional societies (illegal trafficking, drugs, arms business, smuggling, etc.). Civil society is still in embryonic phase, while authoritarian styles prevail over balanced political systems. Many of the BSEC states remain unable to come to an agreement on a number of questions, not solely on vital issues, but also on the simplest ones. Political tensions and rivalries exist between Armenia and Turkey, Russia and Ukraine, Russia and Georgia, Turkey and Greece, Greece and Bulgaria, Moldova and Russia, Romania and Ukraine, not mentioning the relations between Armenia and Azerbaijan, which remain until now almost in a state of war, with no effective solutions or prospects for long-lasting peace. Given the diversity in the agendas of each member state, it has been argued that the founders of the BSEC had different expectations when joining the organisation.

The ‘zero-sum game’ thinking and Cold War stereotypes remained widespread. As a long-standing European Union (EU) member, the primary concern for Greece in joining the BSEC was to minimise Turkish influence in the region. For Turkey, the BSEC was clearly a bridge to maintain some parts of its earlier beloved ‘constructive hegemony’ concept, while slowly trying to ‘warm up’ its integration prospects with the EU in a post-cold war Europe. Both, Turkey and Greece had to reconsider their traditional foreign policy views due to the emerging impact of globalisation and regionalisation. For its side, Russia – as the biggest loser after the 1991 collapse of the USSR – tried to align and engage in various regional organisations, as a means to prevent further disintegration. Ukraine - as the second largest ex-USSR successor - viewed the BSEC as a regional instrument of power-sharing and balance, while attempting to establish its place within the East-West divide. Romania and Bulgaria regarded the BSEC primarily as a focal point for trade and energy transportation, being more concerned with joining sooner or later the EU and elevating their political and economic stature, after a long period of domestic instability.

Smaller countries, like Georgia, Azerbaijan and Armenia were primarily engaged in their debilitating ethno-territorial conflicts, and in their search for incentives towards their resolution, membership in the BSEC embodied hope that their intricate disputes would

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5 International surveys (Nations in Transit, Bertelsman Transformation Index, Transparency International, etc.) underscore systematically the democratic deficit in most of the countries of the Black Sea region, showing high ranks in ‘state capture’, and weak state formations.

be better addressed through an enhanced regional format of dialogue and cooperation. Azerbaijan was better positioned to advocate itself as one of the most important gas and oil supplier, gaining thus important leverage. On the western shore, Moldova joined the BSEC essentially through the same reasoning; first, because it expected to enhance its international recognition as a newly independent state (NIS), liberated from the ‘tyranny of the USSR’; and second, because it was looking for alternatives for its high energy and export dependency on the Russian market. Moldova expected that the BSEC would open new markets and trade routes, while providing an opportunity for Moldova to express its acute security concerns (vis-à-vis Transnistria) through a regional format of cooperation and democratic solidarity.

The creation of the BSEC was expected to increase trade in goods and services, to facilitate the positive interaction of the coastal and riparian states through enhanced cooperation, without aiming however to satisfy or solve individual demands and grievances that existed between states in the region.7 Many countries of the region were satisfied with balancing their interests through the BSEC against portrayed or existing external influences, rather than essentially resolving their security concerns.

Nevertheless, the creation of the BSEC defined the main parameters of a long-expected and much needed collective project, which makes it today the most advanced institutional platform for regional cooperation in the Black Sea region. With the ratification of its statutory Charter, in 1999, the BSEC aimed to advance its institutional profile towards a full-fledged regional economic organisation, operating through a Permanent Secretariat, and a multitude of specialised working groups, ad hoc groups of experts and partners in the countries concerned.

The Organisation is a visible entity today that enshrines a wide and multifaceted framework of cooperation across the region and beyond. It remains dedicated to building up peace, stability and good neighbourly relations. The diversity of the BSEC membership in terms of international affiliation adds to the complexity of the BSEC’s functioning, but the regional need for intensified regional cooperation, political and security partnerships is today becoming stronger than ever. After 11 September 2001, the United States (US) and the EU showed increased attention to the Black Sea as a region.

The completion of the latest wave of North Atlantic Treaty Organisation enlargement in 2002 and 2004, new security threats and the effects of the ‘Rose’ and ‘Orange’ revolutions combined, have catalysed a new sort of debate over the geopolitical and practical

meanings of the whole region. If the grand design of the post-Cold War was to anchor Central and Eastern Europe to the West, thus creating stability once and for all between EU and Russia, then many subsequently equated this goal with the necessity ‘to plan a possible third wave of Euroatlantic enlargement’.8

The fact that BSEC member states are simultaneously members of different political and military clubs (NATO, the Western European Union (WEU), and the Commonwealth of Independent States (CIS)) should not be seen as a liability or as a cause of ineffective policies, but rather as a key asset, and probably one of the most attractive features of the Organisation. In fact, this kind of membership rings, recreates the strategic framework that gave birth to the Northern Dimension Policy of the EU, once Finland, Sweden and Norway were engaged in shaping the terms of regional security. Today, the Black Sea area as a whole is included in four distinct, though not contiguous policies: the European Neighbourhood Policy (ENP), the Stabilisation and Association Agreements (SAA), Turkey’s accession process, the four Common Spaces with Russia, to which can be added the recent Synergy Policy as a part of the ENP.

Although, all four policies aim to build stability and economic cooperation, their scope seem to widely differ in focus, as well as in targets. For instance, the ENP is not about further enlargement, but rather about a substitute to integration, which is far from most of the Black Sea countries’ aspirations. This will require from the BSEC however to undertake an enhanced and targeted reform process of its coordination bodies; a critical audit of its monitoring, executive bodies, as well as an enhanced political commitment from the Organisation’s members. It is important to develop a clear implementation mechanism. The EU appears to be convinced that it “might pursue an effective policy through the existing regional organisations”, which have not addressed insofar the hottest and the most painful issues of the conflicts in the region.

Screening history and accomplishments

The year 2007 marks the 15th anniversary of the BSEC - a regional organisation, which can be considered to represent a kind of institutional backbone to the recent Black Sea Synergy policy that the EU has designed towards the Black Sea area. Both the BSEC and the EU’s Black Sea Synergy aim to create a ‘ring of friends’ and cooperation for strengthening democratic values and solidarity of minds. Thanks to its unique geographic position, the Black Sea region is ready to return from “the backyard of politics”9 to the

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frontline of the major geostrategic considerations. No one would debate that emerging potential of the region, which is promising many benefits in trade, economic growth, and energy cooperation.\(^{10}\) Of course, the BSEC is chiefly directed at economic cooperation, thus representing a complementary sub-structure to the EU and euro-atlantic institutions. The years that passed since its inception proved to be fruitful, comprehensive and telling. Nevertheless, the anniversary must serve not only as an official ceremonial event, but to a larger extent, as a means to reconsider some of its lessons and critical achievements.

Despite the adoption in 1998 of a clearly ambitious statute, which portrays it as a ‘regional economic organisation’, in essence, the BSEC remains simply a multilateral forum for regional dialogue. Since 10 December 1992, the BSEC has set up a Permanent Secretariat, in Istanbul, and its work is conducted in the framework of permanent 18 working groups and ad hoc groups of experts. On 26 February 1993, the PABSEC was founded to add another dimension to the sphere of cooperation of the BSEC. In the meantime, the Organisation progressively expanded its actions to other fields which were not stipulated in the original charter, dealing with such various issues and organisational matters as travel facilities for business people, investments, taxation or sharing data on legislation. In 1999, the BSEC drew up a “BSEC – EU Platform of Cooperation”, and afterwards, it adopted a framework document “The BSEC Economic Agenda for the Future”,\(^{11}\) which paid considerable tribute to the need of enhancing “the quality of governance, institutional reform and renewal”.\(^{12}\)

Although it was criticised for being a long wish-list,\(^{13}\) the Agenda continues to serve as a good strategy, which has not yet been implemented. The document sets up concrete priorities in order to strengthen the security and stability of the region, mainly on ‘soft-threats’, such as organised crime, terrorism, drugs and illegal immigration. It dwells on the need to develop cooperation with other relevant organisations and fora, like the Central European Initiative (CEI), the Southeast European Cooperation Initiative (SECI), the European Bank for Reconstruction and Development (EBRD), the European Investment Bank (EIB), the Council of the Baltic Sea States (CBSS) and the Nordic Council of

\(^{10}\) Representing a population of more than 400 million, covering a wide geographical space with extremely rich natural resources (40% of world natural resources, 15% of petroleum, 31% of coal, while members produce 12.5% of total electricity output), the region is certainly of geopolitical relevance.


Ministers. This does not address however core or ‘hard’ security threats experienced by some of the BSEC members which are confronted with armed and ‘frozen’ conflicts, as well as further non-conventional perils to their security. Once some form of solution for effectively containing these kinds of threats is established, will constructive regionalism in the area become fully functional.

The aims of the BSEC are to develop trade, economic, scientific and environmental cooperation on the basis of geographic proximity, common threats, as well as individual aspirations. The Organisation operates via five inter-active blocs: inter-governmental, inter-parliamentary, inter-business, inter-finance and inter-academic. This caleidoscopical multi-dimensional design creates a lot of synergies, plans, actions and documents, which are not easy to manage sometimes. Therefore, institutional complexity is obviously a difficulty facing the founding members. At the inter-governmental level, a Council of Foreign Ministers acts in charge of the overall cooperation process of the Organisation, having ultimate decision-power. At the inter-parliamentary level, a Parliamentary Assembly operates through the work of national groups (representing 11 national parliaments), in providing a consistent support in legislative and regulatory matters to the BSEC, and engaging the PERMIS in a sort of intra-institutional complementarities.

Private sector initiatives are included in the work of the Business Council, managed by a Secretary General and a Board of Directors, chairing business fora as interactive activities to guide on business oriented and joint venture steps. A Black Sea Trade and Development Bank (BSTDB) was established in March 1998, as the financial pillar of the organisation (from its location in Thessaloniki). The bank is a commercial entity, following private banking norms, created from initial capital quotas assigned to member states with a special scale. It aims to finance bankable projects of the region and cultivate channels of investment flows by developing active relations with international banking and financial circles. Finally, at the interacademic level a Network of Black Sea Universities brings together scientists, scholars, researchers, academicians and representatives from various institutions of the member states, promoting inter-cultural exchanges, scientific, technological and intellectual resources of the concerned countries.

Often, however, this approach mobilises the attention of the member states towards very broad areas of intervention, economic and political actions, without pointing out a logical sequence of priorities. The commentary on the sectoral policy headings often does not distinguish between national policies and specifically regional projects, where the BSEC could provide an added value and a comparative advantage. There are no concrete commitments and a timetable of implementation is not included, therefore, the Agenda remaining rather a document of general orientation. No implementation procedures, financing instruments or follow-up mechanisms are set up and function. Equally, there is a visible lack of clarity in defining the priorities of the Organisation and an extremely poor capacity to implement the approved decisions.
and monitor the results. The original plan of the BSEC, which is referred also in the Economic Agenda, the creation of a Free Trade Agreement (FTA), appeared to have a short-life, as it received no political support. Nevertheless, the Black Sea region is setting course towards democracy and development and to what extent this choice will be successful and secure depends on the strategies individual countries ultimately choose to follow.

- In political terms, the success of institutional liberalism and the transition towards democracy of riparian countries may create a sound basis for predictable security partnerships and extension of stability and peace from the Balkans to Eastern Europe, and from South Caucasus further to the Middle East and Afghanistan.
- In military terms, the region could be seen as a platform for power projection and peace support in the neighbouring areas, as well as buffer zone against asymmetric risks to European security. In this context, there is a need for an extensive evaluation of opportunities for infrastructure development, force deployment and sustainability, early warning and prevention mechanisms in the Wider Black Sea.
- Finally, in economic terms, the Black Sea could become a significant source of prosperity and market development for both Europe and its riparian countries, by the developing and securing of the energetic routes, communication and financial flows between the Caspian and Central Asian regions, South-East and Western Europe.

Despite its meaningful core, the BSEC has been used mostly as a foreign policy instrument than as a tool of economic cooperation or as an integrated approach to the transition process of the member states: economic growth, social prosperity and stability. The Black Sea could become a strategic platform for the spread of democracy and stability, an emergent centre for sustainable development and a networking piece in an extended security approach from the Mediterranean to Levant, Middle East and Central Asia. With the changing landscape of the region, new forms of threats rose in the area, such as terrorist activities, separatism, transborder organised crime, corruption, etc. A diversity of international arrangements and the subsequent integration of two of the BSEC’s coastal members to the EU *acquis communautaire*, made the original FTA idea largely irrelevant, and the whole task of setting a unified customs union proved impossible.

Another original plan was to create a cooperation framework based on true business needs and demand, which was equally difficult to achieve because the private sector lies largely outside of the Organisation. As was the case with the Stability Pact of the Western Balkans, political commitments were not enough without the necessary resources. Concrete proposals on cross-country cooperative projects are not met in due time, or at all, therefore, circumspect attitudes towards the effective commitment of the managing bodies are still widespread. A serious impetus to the BSEC progress resulted from the
establishment of parallel overlapping forms of regional cooperation, the Community of Democratic Choice (CDC) or GUAM, as well as from a renewed geopolitical interest of the US and the EU. Comprised of nine countries from the Balkan, Baltic, and Black Sea regions, with observers from the United States and the European Union, the CDC focuses on the promotion of democratic values, regional stability, and economic prosperity.

**Political dialogue:** The rotating chairmanship of the BSEC between its member states reveals the extent of their individual commitments to the statutory objectives of the Organisation. Moldova exercised twice its chairmanship leading the Organisation of the BSEC. Monitoring of earlier adopted decisions was certainly a major task of the chairmanship. Considering that sustainable economic development has no basis for growth unless stability and security is ensured, Moldova pointed out the following priorities during its mandate: security, transportation and infrastructure networks, energy, information technology (IT), agriculture, good governance.14 At the inter-parliamentary level, the Parliament of Moldova participates regularly to the spring and autumn sessions of the PABSEC and it ratified the Charter of the BSEC, signed in Yalta on 5 June 1998. The Charter stipulates that the PABSEC’s role is to “provide consistent support to the Black Sea cooperation process, supporting a regular and formalised high-level interaction with the BSEC”15. In line with its mission, the PABSEC International Secretariat maintains permanent links among national parliaments and assists in the organisation and arrangement of meetings, the preparation of draft documents and the drafting of the Assembly’s agenda.

Members of the PABSEC issue statements, adopt documents and recommendations after debating specialised reports prepared in this regard. The PABSEC has organised jointly with other international organisations, regional fora, involving non-Black Sea countries, businesses and think tanks, aiming at raising public awareness at both regional and European level. The PABSEC has acted as an active promoter of regional cooperation among local governments throughout the region. It chaired various round tables for governors and mayors representing the Black Sea capitals, and even set up an Association of the Black Sea Capitals. The constraints to the political dialogue and cooperation are mainly related to the ups and downs in bilateral relations. For instance, deteriorating relations between Russia, Georgia and Moldova overshadowed the latest PABSEC meeting in Baku, Azerbaijan, in 2006. While some of the national delegations would like the BSEC to expand its cooperation to include political and security issues in addition to economic ones, some countries openly oppose this.

15 The text of the Charter can be found at the BSEC’s website, http://www.bsec-organisation.org.
Environment: Moldova has joined the Investment Facility Project for the Black Sea (Moldova, Ukraine, Russia, Georgia), financed with 5 million euros by the European Commission (DABLAS). The particular aim of the investment facility is to develop pre-feasibility studies for water projects in Black Sea countries in cooperation with major international financial institutions (IFIs). The operational governing body of DABLAS is a representative Task Force seeking to bring cohesion to the financing process by identifying priority objectives common to the region as a whole by encouraging a more strategic focus on the use of available financing and by ensuring coordination between all financial instruments operating in the region. Although it appears to be sensitive towards the main environmental issues highlighted in the Action Plan for the Rehabilitation and Protection of the Black Sea Area (31 October 1996), Moldova did not expand its involvement in the implementation stage due to the fact that it did not ratify the Bucharest Convention.

Officials from the Ministry of Environment of Moldova attended regional workshops, but seemed unconvinced that they could make their participation more effective. There are more than forty environmental NGOs in Moldova involved in environmental policies such as the protection of biodiversity or education and research. Although, Moldova has two main rivers which drain into the Black Sea (Prut and Dniester), it was not included in the Transboundary River Basin Management Project (TRBMP). Moldova joined however the most-recent Danube and Black Sea Countries Water Protection Declaration on 23 February 2007, which allows the Danube countries to meet the requirements of the legally binding EU Water Framework Directive, requiring a better coordination of their efforts and important resources from the EU to reduce nutrient pollution.

Economic cooperation and trade: Moldova’s economic well-being depends entirely on regional and international trade. A small market share and the lack of strategic energy resources challenge Moldova which relies heavily on imports, and thus strives to connect

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16 DABLAS (Danube Black Sea Task Force was set up by Environment Ministers of the Danube – the Black Sea Region in November 2001 with the aim to provide a platform for cooperation for the protection of the Danube and the Black Sea.

17 Determined to confront the problems related to over-fertilisation and industrial pollution, leading to excessive growth of algae and oxygen depletion, six Black Sea countries signed in April 1992 the Convention for the Protection of the Black Sea against Pollution, in Bucharest. The Convention was followed in 1993 by the adoption of the Black Sea Environmental Programme, as a catalogue of practical actions, and in 1996, a Strategic Action Plan for the Protection and Rehabilitation of the Black Sea. The Bucharest Convention, includes a general framework of agreement and three specific protocols: on the control of land-based sources of pollution, on the dumping of waste and on joint action in the case of accidents, such as oil spills.

18 The Dniester river is one of the largest rivers that supplies the Black Sea with freshwater, and along with Don, Danube and Dnieper, these drain 70% of the freshwater inputs in the sea.
to new and diversified markets. In 2005, Moldova’s trade turnover with BSEC countries went up by 27% topping $1.8 billion. Moldova exports to these states mainly wines, cigarettes and tobacco, textile and sewn garments. To foster cooperation, the Moldovan Chamber of Commerce and Industry has concluded seventy-seven agreements adapted to specific fields and sectors. Economic cooperation has made constant progress, but needs to be further enhanced. Already in 2007, Moldova registered over 50% of its exports to EU customers but still experiences a foreign trade deficit. Serious external constraints have hit Moldova, first the 1998 Russian financial crisis followed later by Russian embargoes on Moldovan wines and agricultural products imposed in the spring of 2006. As Russia imported almost 80-90% of the wine produced in Moldova, (which made up about 10% of GDP), the impact of this ‘unfriendly’ policy influenced the budgetary situation in 2006.

Thus Moldova’s current economic agenda subsequently focused on the diversification of markets modelling a new economic land shaft for the country’s main economic sector and attracting effective foreign direct investment (FDI). In 2007, the Black Sea Trade and Development Bank decided to provide a $12 million loan to Moldova. The loans were accorded to two commercial banks providing financial support to SMEs, particularly in estates, services, trade and agriculture. The decision coincided with the organisation of the Black Sea Business Day and the 9th Annual Meeting of the Bank’s Board of Governors (17-18 June 2007), and exceeded the whole amount of all loans granted to Moldova after 1992. Moldova’s Chamber of Commerce and other Moldovan stakeholders work through various working groups of the BSEC, in particular, in the following fields: energy, transportation, telecommunications, trade and industry, banking, finance and insurance, trade practices and commercial legislation, etc.

Since 2004, Moldova participated in the creation of the Black Sea Fibre Optic System (KAFOS), which interconnects Turkey, Bulgaria, Romania, and Moldova. Practical solutions for co-financing specific projects, involving the BSEC member states, European Union programmes as well as international financial institutions (EBRD, EIB, BSTDB, etc.), private funds and international donors, should be increasingly envisaged. Although economic reforms are progressing, much remains to be done with structural reform and sustainable growth, as the benefits of reforms are not yet visible to the population, while the costs are more felt. Two waves of ‘simplification reforms’ were conducted by the Moldovan Government (2002-2007) to foster a better business environment.

**Education:** Moldova actively supports the functioning of the Black Sea Universities Network. For instance, Moldova chaired the Network in 2004-2006, and with the active chairmanship of Academician Ion Bostan, Provost of the Technical University of Moldova, the Network has expanded its academic and research capabilities. The Network selected 30 universities across the Black Sea region as promoters of the Bologna process and standards in the Black Sea region. It has become the main coordinator for cooperation...
in education and science in the Black Sea area, placing a special role on cooperating with the European Commission and its Directorates of Education and Research, as well as with NATO Science Sub-division.

Transportation: Flight and maritime connections between the capitals of the BS countries are more than incongruent with the scope and framework of the proposed level of cooperation. Poor connection within the wider region of the Sea is notorious, therefore, developing a complex and appropriate infrastructure of communication lines, tourist routes, and commercial roads remains a promising endeavour. Moldova places a strong emphasis on transportation, in particular the IX corridor, the longest of all ten European transport corridors among other pan-EU pathways.

Energy: Intergovernmental boards are an integral part of EU attempts to address specific regional concerns. Energy projects, after the oil and gas warfare initiated by Russia towards Ukraine in midwinter of 2005, faced a radical change from the older ‘pragmatic integration of the neighbourhood’ towards a new paradigm which is defined by ‘market take-over’ in a number of areas. Given Europe’s need for fossil fuel and the current instability in the Middle East, Russia’s vast oil and gas reserves are perceived as a vital alternative to the European countries’ dependence on the Middle East. Lately, Germany and Italy have been the two Western European countries more eager to cooperate with Russia on energy projects.

‘Frozen’ conflicts: The persistence of these conflicts hampers the concerned countries’ ability to tackle other significant challenges, such as rampant corruption, increasing poverty, unemployment, social unrest, a low level of democracy and religious radicalism. These conflicts form black holes where illegal activities harmful to the security of the wider Black Sea region and the EU are let to thrive. As one of the most important ‘frozen conflicts’ lies on its territory, Moldova has been actively promoting the idea of including security issues on the BSEC agenda, in close connection with the US, the EU, the Council of Europe and the OSCE’s efforts to this regard. Moldova considers that the main sources of instability in the Black Sea area stem from the existing ‘frozen conflicts’, which have their own dynamics. As one of the most important players of the region, Russia attempted to re-gain its dominance region-wide not only maintaining strongholds of its military capabilities on the sea and on the shores (Crimea, Novorossiysk), but also by ‘controlling’ local conflicts in Ossetia, Abkhazia, Transnistria and Nagorno-Karabakh.

By keeping alive these conflicts around the Black Sea, Russia pursued generally 2 main policies. First – to make the entire region unappealing to western democracies, knowing

\[19\] “I do not know other places in the world where both the elites and the ordinary people know so little about their neighbors like in the Black Sea region” King, Charles (2005), The Black Sea, A history, Oxford University Press, Oxford, p. 350.
that both the EU and NATO enlargement, Western investments and infrastructure projects would happen only in stable and ‘clean from crime’ areas; and second – to exert continuous pressures on the national governments where these conflicts occurred. Thus, Moscow has certainly preserved a ‘zero-sum’ game approach, based on the assumption that its own security could be built on other’s insecurity.

Lack of progress in the resolution of these territorial conflicts foments instability and conflict-prone situations. Moldova encouraged the intensification of cooperation with all parts of the international community interested in sustaining regional cooperation to ensure stability and security. It advocated for the ratification of Additional Protocol on Terrorism Prevention, as well as the intergovernmental agreement signed by the BSEC for cooperation in the field of crime prevention in its organised form. We expect that conflict-management should become a euro-atlantic priority across the region and, in this regard, the US, NATO and the EU can initiate a long-overdue transformation of conflict-management in the Black Sea-South Caucasus region.

Moldova’s strategic aim – EU integration

Moldova is moving towards the West, both institutionally and politically and considers EU integration as a strategic priority for its foreign and domestic policy, while NATO is its second priority. Moldova signed its Action Plan with the EU in February 2005, becoming the first country to endorse a new-generation political document with the EU, and concluded an Individual Action Plan (IPAP) with NATO in 2006. Soon after Moldova, Ukraine followed by endorsing its own Action Plan while Georgia, Armenia and Azerbaijan agreed ENP Action Plans in November 2006. In March 2007, the European Commission issued Country Strategy Papers 2007-2013 and National Indicative Programmes for 2007-2010 for all ENP countries.20

Bordering the EU, Moldova is certainly privileged by the increased attention from the Union towards its neighbours and partners. Two of the coastal states, Romania and Bulgaria have just crossed on 1 January 2007, a kind of ‘Rubicon’ by assuming full-fledged institutional membership in both the EU and the NATO. With Greece as a long-standing member of the EU, and Turkey (a veteran of NATO) knocking timidly at the EU doors, and with Ukraine, Moldova and the whole bulk of states in the South Caucasian

20 On 12 May 2004, the European Commission paved the way for its relations with several countries of the region by adopting a new strategy paper called the European Neighborhood Policy (ENP). The ENP offers the European Union’s new neighbours a privileged relationship with the bloc and its objective is “to share the benefits of the EU’s 2004 enlargement with neighbouring countries...” In 2007, a new EU regional dimension of the ENP was launched by the German Presidency of the European Union. The aim of this policy was to extend the benefits of the ENP to the countries which were mostly affected by transitional difficulties, without duplicating existing institutions in the region.
sub-region becoming included in an enhanced Action Plan with the EU, the Black Sea area is steadily becoming a major point of attraction and reference in the West. Bulgaria acts today as a NATO-focal point for Georgia through its Embassy in Tbilisi, while Romania is a NATO-focal point in Moldova. On 5 June 2006, Romania hosted a Black Sea Forum in Bucharest, aiming to ‘create a platform for cooperation and commitment to the development of a regional strategy and a common vision, as materialisation of a new political vision, and to identify coordination opportunities, based on this vision. The EU’s involvement in both the BS Forum, as well as in the subsidiary bodies of the BSEC would no doubt enhance the prospects of result-oriented, realistic approaches in areas of mutual interest.

Both, Romania and Bulgaria assume great responsibilities in assisting key-market and political reforms in those countries that aspire to be integrated in the EU, and not be blocked ‘at the doors of Europe’. The ENP sets out incentives offered to the neighbouring countries in return for concrete progress demonstrating political, economic and institutional reforms. One of these incentives is a ‘greater EU political involvement in conflict prevention and crisis management’. Since March 2006, an EU Border Assistance Mission (EUBAM) has been installed in Moldova to oversee the Ukrainian–Moldovan borders, aiming to prevent and combat ‘trafficking in drugs and human beings, money laundering and corruption’. It is almost natural that EU officials will be connected to the work of subsidiary bodies (sectoral ministerial meetings, permanent working groups, ad hoc groups of experts, etc.).

However, beyond the formidable challenges that rise with the creation of a new EU policy in the ‘troubled Black Sea region’, there are some doubts present too. There is a kind of false perception in the region that a choice is to be made between the European security logic and the regional cooperation paradigm. If the first one involves a strong Justice and Home Affairs set of instruments - producing in the end taller walls and isolation, the second - underscores effective mechanisms to overcome the existing obstacles to cooperation. Other doubts are cast on whether there is any added value at all to invest further efforts in the regional construction of the Black Sea organisations and multi-stakeholder structures if this is not conducive to accomplish the finalite of the integration process – a full-fledged membership of the EU. In the same time, many still have serious hesitations as to how many ‘excellent ideas' and ‘mega-projects in infrastructure’ will be financed and implemented in the region, insofar as the ENP financing is not really overwhelming.

To resolve the key constraints facing today the quality and extent of regional cooperation in the Black Sea area, one must consider a plethora of new incentives, and objectives,

21 For the concept of the Black Sea Forum for Dialogue and Partnership, see http://www.blackseaforum.org.
adjusting them to fit the emerging framework of cooperation between the BSEC and the EU. Most of these countries require immediate and long-standing economic growth and prosperity, which seems almost impossible given their poor infrastructures and which is also why their reform prospects remain dire. Many of them need continuous support to enhance their security sector reform, while expanding their ties with the most effective and viable frameworks of political dialogue and military affairs. Peacekeeping operations and conflict-settlement efforts must be projected in the future, but in a totally revised format – a civilian one – while negotiations must be provided for a democratic opening in the breakaway areas as a prerequisite to conflict settlement. A complementarity of tasks and labour division shall be achieved and further encouraged between the BSEC and other organisations to address overarching security concerns (GUAM, CDC, Black Sea Forum). So, what should be the individual country’s strategy: an approach towards cooperation in an area which has not yet gained a tangible international identity, or an individual plan towards EU membership; an approach focused on security-building or democracy? In particular, this implies:

Engaging more actively the EU institutions in the work of the BSEC’s related bodies (Parliamentary Assembly, Business Council, Black Sea Trade and Development Bank, International Centre for Black Sea Studies) is necessary but challenging for the ‘status-quo’ thinking of some countries. It is obvious that the Synergy shall take ground in all these organisations, on the basis of complementarity, effectiveness and strategic goal to induce more peace, prosperity and Europeanization into the region. Most of the active Black Sea countries aspire to join sooner or later the major Euro-Atlantic organisations, and these intentions shall be seen as a factor of stability and cohesion.

Leadership is needed to provide intellectual and political substance to the existing format of cooperation. Therefore, a dynamic specialisation of the participating parts, which are willing to contribute even with additional costs in developing various regional aspects of cooperation, and also a functional nucleus of issues to concentrate on, is vitally important to the emerging of the region. The priority fields of possible EU-BSEC interaction shall be determined on the basis of accumulated experience in regional cooperation with a view to identifying new synergies of mutual interest and compatible competences. It stands to reason that the BSEC is required to face up to the challenges of the evolving European system and to initiate a comprehensive review of the BSEC-EU standing cooperation.

Ensure the active, hands-on participation of EU experts (EU Council and European Commission) in the implementation of a revised version of the Platform for Cooperation between the BSEC and the EU titled ‘BSEC-EU Interaction: The BSEC Approach’, 23

with due consideration of the evolving political landscape and economic social and environmental realities of European integration. The strengthening of links between local, national and regional (EU) civil society actors will provide a system of ‘self help’ and capacity building through partnerships. Good governance shall be seen therefore as a splendid platform for modelling and disseminating accountable and better governments. Making local authorities act as carriers of the Synergy Policy objectives would substantially save it from expeditious bureaucracy and inertia by increasing the level of public sensitivity, the transparent use of resources, dissemination of EU standards on effective delivery of public services, and especially the protection of human rights all over the region.

Differentiation shall be seen here as a key-word to allow the countries of the region to catch up to the OECD standards and governance rules that belong to the European administrative space. Communication on the general approach to enable ENP partner countries to participate in Community agencies and Community programs (No.724, of 4.12.2006) would allow generally the ENP states to establish closer cooperation with certain Community policies and programs, such as: the European Maritime Safety Agency, the European Environment Agency, the European Monitoring Centre on Racism and Xenophobia, the Galileo Supervisory Authority. Differentiation shall be applied equally to the ratification by some of the Black Sea Countries some parts of the EU conventions and aquis communitaire that could make some additional resources accessible to their needs and future aspirations.

The success of the ‘Synergy’ Policy of the ENP is unthinkable without an active and dedicated contribution from a wide range of civil society activists, academic and business environment, ecumenical liaisons, as well as mass media. Civil society should go however far beyond conventional exchanges and ‘awareness’ programmes, allowing partner governments to create appropriate conditions for effective and stock-taking participation of the national and regional actors. At the national level, or in a broader regional context, government/civil society seminars on the challenges of reform will help build a climate of confidence, of hope, critical thinking on the priorities set for the region’s emerging agenda.

24 The list can be further expanded to all 21 non-executive agencies in various fields of competencies, which are financed or not by the Community budget. This may require however a special policy for ENP countries willing to join gradually and selectively some of these commitments.
THE POLICY OF ROMANIA TOWARDS
THE BSEC AND THE BLACK SEA REGION

Nicolae Micu

“It may be that the cause of the Black Sea itself, of its waters and its creatures, is at last beginning to achieve what so many millennia of human activity have failed to achieve: the union of the peoples who live around it”.1

The Romanian position on the Black Sea and the BSEC

The traditional Romanian policy towards the Black Sea and the surrounding region was synthetically spelled out by former Foreign Minister and President of the League of Nations Nicolae Titulescu, who used to emphasise that everything that has any connection with the Black Sea concerns Romania to the highest degree, since the Black Sea and its straits are its only exit to the open sea. He also used to stress, speaking of his country’s main interests abroad, that any serious foreign policy must be based first of all on building good relations with neighbouring states. Those two parameters have guided the international behaviour of the country ever since the proclamation of its national independence in 1877.

It is against this background that Romania has welcomed the Turkish initiative to launch the Black Sea Economic Cooperation (BSEC) and has actively participated in all stages of its establishment and subsequent development. In fact, the very first session of the Working Group entrusted with the task of elaborating the BSEC’s purposes, principles and priority fields of activity was held in Bucharest at the beginning of 1991. Symbolically, the session took place in the Titulescu’s House as a reminder that between the two World Wars he was a champion of dynamic institutions of subregional cooperation in Central and Southeastern Europe.

The particular interest of Romania in the concept of committing all countries of the Black Sea region to a process of multilateral cooperation was motivated by several well-founded reasons.

First, the initiative to develop such cooperation was undertaken by Turkey in the aftermath of the Conference on Security and Cooperation in Europe (CSCE) Summit held in 1990, which, in the Paris Charter for a New Europe, set out the principles and purposes of

interstate relations in Europe following the conclusion of the Cold War period. Thus, the BSEC has been conceived from the outset as an integral part of the processes leading towards a future Europe of peace, unity and democracy. Like all other countries of the area, Romania saw in the intensification of cooperation at the regional level an additional means of speeding up its economic development and, consequently, a contribution to the process of its European integration. Indeed, the active participation of Romania in the BSEC, in the development of its activities and in its growing affirmation as a well-structured organisation of regional cooperation was a significant asset in its endeavour to join European and Euro-Atlantic organisations – the Council of Europe, the North Atlantic Treaty Organisation (NATO) and, last but not least, the European Union (EU).

It was furthermore believed that successful implementation of regional projects in areas of common interest would increase mutual confidence among the participating countries and thus create a more favourable climate conducive to progress towards reaching acceptable solutions to unsettled issues of the region. This is, in fact, in line with the basic philosophy of the initiative, according to which the aim of the BSEC is to ensure that the Black Sea region becomes an area of peace, stability and prosperity, striving to promote friendly and good-neighbourly relations among the participating nations. Though the main spheres of activity of the BSEC were and still remain of economic nature, the periodic summits and the regular meetings, twice a year, of the Foreign Ministers of the Member States also give this organisation a major political importance. Such meetings often provide convenient opportunities for various participants to tackle *en marge de conférence* sensitive issues, with favourable impact on the political climate and the stability of the region.

When speaking about the BSEC significance, we should also be aware of one unprecedented fact: it is for the first time in history that all nations around the Black Sea decided to get together and consider as equal partners their common problems and concerns and seek generally acceptable solutions to them. As was nicely put by Neal Ascherson, a leading scholar on the Black Sea history, “it may be that the cause of the Black Sea itself, of its waters and its creatures, is at last beginning to achieve what so many millennia of human activity have failed to achieve: the union of the peoples who live around it”.2

**The Romanian contribution to the BSEC**

The specific contributions of Romania to the BSEC and its structure include several areas of activity and institutional development. Thus, Romania was one of the initiators of the establishment of the BSEC Parliamentary Assembly (PABSEC) seeking to rally support from the legislative bodies of the participating states for the regional cooperation

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2 Ibid., p. 270.
they have undertaken. The involvement of parliaments has effectively contributed to the development of multilateral cooperation in the wider Black Sea region and, at the same time, to the stimulation of democratic evolutions in the participating countries as an indispensable factor of their economic and social progress.

At the second BSEC Summit Meeting in Bucharest on 30 June 1995, it was decided that the scope of multilateral cooperation agreed upon three years earlier in Istanbul would be broadened so as to include three additional areas of such collaboration: formulation of a joint program of actions against pollution and for the preservation of the Black Sea bio-productive potential; development of cooperation among small and medium-sized enterprises; and the adoption of concerted actions to combat organised crime, illicit trafficking of drugs, weapons and radioactive materials as well as all acts of terrorism and illegal border crossings. The cooperation undertaken during subsequent years made the protection of the environment a priority area - of regional and pan-European importance - in the BSEC activities; it proved highly useful for the development of market economy in the transition countries of the region; and it was the point of departure towards the conclusion on 2 October 1998 of the BSEC Agreement on Cooperation in Combating Crime, in particular in its Organised Forms.

Romania has also been among the main supporters of turning the BSEC into an Organisation whose activities would focus on the formulation and implementation of specific projects in fields of mutual interest. In this context, Romania initiated the first Business Forum for the Black Sea Economic Cooperation, on the occasion of the BSEC Ministerial Meeting held on 27 April 1996 in Bucharest. That Forum brought together a large number of businessmen and investors from the countries of the area and from other parts of the world for a concentrated dialogue on concrete possibilities and modalities of cooperation in the Black Sea region. It was in the same spirit that the first BSEC-MERCOSUR (Mercado Comun del Sur) Seminar took place in Bucharest in 1997 with the participation of high officials, diplomats and experts from BSEC and MERCOSUR nations. The seminar, which was sponsored by the Romanian Institute of International Studies, the Argentinean Council of International Relations and the Kyiv Institute of Strategic Studies, provided the opportunity for a highly useful exchange of views on the experience, activities and goals of the two structures, on the potential areas of cooperation between them and on their respective relationships with the European Union.

Romania played an active role in the establishment of the Black Sea Trade and Development Bank (BSTDB) and was instrumental in bringing about the necessary consensus for creating the International Centre for Black Sea Studies (ICBSS) proposed by Greece. A distinct Romanian contribution was brought to the harmonisation of views among participating states on the advisability of turning the BSEC into a full-fledged organisation of regional cooperation and, consequently, on the scope, the substance and the adoption of the BSEC Charter. In a similar spirit, Romania was among the countries which played
a visible part in the formulation and approval of the BSEC Economic Agenda for the Future, setting the priorities and the main directions of the Organisation’s activities.

The 2002 Summit of the Organisation, held in Istanbul on the occasion of the BSEC tenth anniversary, decided, following a Romanian suggestion, to request the Council of Ministers of Foreign Affairs to develop policy proposals aimed at exploring ways and means of enhancing the BSEC contribution to strengthening security and stability in the Black Sea region. As a result, the Council assigned this task to the ICBSS which established a Study Group of experts from member states and partner international organisations for the elaboration of a Working Paper on the matter. This document, which was worked out in the course of four brainstorming sessions of the Study Group, was circulated as a Background Paper of the ICBSS on the basis of a decision of the BSEC Committee of Senior Officials of 22 March 2005. Though this paper is not an official BSEC document, it serves, along with the BSEC Economic Agenda for the Future, as a valuable guide for the potential role of the Organisation in the consolidation of security and stability in the Black Sea region.

Romania was also associated with other initiatives adding to the BSEC two new dimensions: one is the establishment of the Black Sea Universities Network (BSUN) which plays a significant role in developing common approaches, methodologies and practices for universities in the countries of the region; the other is the initiative of the Council of Europe, considered and endorsed at the International Conference on Interregional Cooperation in the Black Sea Basin, held on 30 March 2006 in Constanta, Romania, to set up by the end of 2007 a Black Sea Euroregion. The establishment of such a Euroregion, no doubt, adds significant substance to the BSEC, since the latter can only benefit from the involvement in the process of multilateral cooperation in the Black Sea region of elected local and regional authorities from the area, that share the same values of democracy, rule of law and human rights enshrined by the Council of Europe, of which all BSEC countries are members.

The Romanian initiative to convene the Black Sea Forum for Dialogue and Partnership, held in Bucharest on 5 June 2006, was motivated by the same primary preoccupation for promoting multilateral cooperation and a climate of friendly relations in the region. The Forum was conceived as a summit meeting of nations of the area, with the participation of other countries and also of international organisations that have shown interest in supporting efforts to speed up economic development and enhance stability and security in that part of Europe. The ideas and valuable suggestions put forward in the debate at that meeting may be of considerable interest for the forthcoming BSEC Summit in Istanbul when it charts the priorities and goals for the next stage of the Black Sea multilateral cooperation.
Along with Greece and other BSEC countries, Romania has been a strong advocate of the idea of developing a Black Sea or Pontic Dimension of the EU regional policy, comparable to its Nordic Dimension, based on the assumption that economically, politically and strategically, the wider Black Sea region is no less important for the continent than Northern Europe. With this purpose in mind, Romania strongly supported the Declaration adopted by the BSEC Ministerial Council at its Chisinau Meeting on 28 October 2005, which called again for building up a comprehensive partnership arrangement between the European Union and the BSEC on topics of critical importance for Europe as a whole. According to the Declaration, the main areas of EU-BSEC cooperation and partnership could include transport and energy infrastructures, trade and development, combating organised crime, illicit trafficking of drugs, weapons and people as well as terrorism, protection of environment, good governance and improvement of democratic institutions. The document on ‘BSEC-EU Interaction: The BSEC Approach’, prepared by the ICBSS and endorsed by the BSEC Committee of Senior Officials on 17 January 2007, provides the background and rationale for BSEC-EU interaction, presents the substance and the achievements of the BSEC as a regional partner, suggests policy fields and sectoral goals where synergies with the EU could be usefully developed and highlights the basic documents and modalities on which the future EU-BSEC partnership can be built. The ICBSS Paper, which has become an official BSEC document, has been considered by the EU institutions as a regional input to the preparation of the European Commission Communication on ‘Black Sea Synergy’ devoted to the strengthening of the Black Sea dialogue.

The BSEC: achievements and shortcomings

The decision by 12 countries of different size, economic and defence potential, belonging to various cultures, traditions, international organisations and political affiliations, but situated in the same wider Black Sea region, to join their efforts within a regional organisation of their own in order to seek answers to common problems of the area is in itself a considerable achievement. The fact that all of them are members of the United Nations, the Organisation for Security and Cooperation in Europe (OSCE) and the Council of Europe has obviously acted as a strong unifying factor since by these memberships they are all committed to the same goals, principles, political and humanitarian values.

The BSEC institutional structure is, obviously, another important achievement of this organisation. From this point of view, the BSEC is unique, unmatched by any other regional institution. It has everything: periodic summit meetings, regular meetings of

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the Council of Foreign Ministers, ministerial meetings for various sectors of cooperation, Committee of Senior Officials, troika, working and expert groups as well as its permanent Secretariat. The activities of all these entities are certainly greatly enhanced by its parliamentary dimension, the PABSEC, with its own Secretariat, the Business Council, the Black Sea Trade and Development Bank (BSTDB), the International Centre for Black Sea Studies (ICBSS), the Black Sea Universities Network as well as other institutions and associations of the region.

The concepts and projects of the BSEC concerning the development of transport infrastructure, with an emphasis on the Black Sea Ring Highway, the linkage of Trans-European and Asian transport and the formation of the Black Sea Transport Corridor, as well as the synchronisation of the energy systems in the region cannot be underestimated in any account of the BSEC achievements. The implementation in the future of such projects will undeniably change the physiognomy of the region and will be of major importance to the whole of Europe.

Following a series of meetings of the Ministers of the Interior, the conclusion of the BSEC Agreement on Cooperation in Combating Crime, in 1998, including illicit trafficking of drugs, weapons and people as well as terrorism, and the establishment of the mechanism of the liaison officers can hardly be overestimated. At a time when the European Union has become, following the admission of Bulgaria and Romania, a Black Sea presence, the implementation of this Agreement will be a centrepiece in the system of protection of the European continent against non-traditional challenges to stability and security.

The elaboration and adoption by the BSEC of a common vision about the goals and priority directions of its activities in the years ahead, as reflected in its Economic Agenda for the Future, should also be placed on the positive side of the BSEC record. This document is recognition by the Member States of the fact that, despite existing differences and certain political difficulties, the common problems they face together in the Black Sea region are of paramount importance for their own progress, stability and security and that, therefore, they are determined to further widen and deepen their multilateral cooperation.

Naturally, the specific results of the BSEC have not fully matched the statements of good intention made in the deliberations of the Ministerial Council and other bodies of the Organisation. Like in the case of other international institutions, the BSEC has been slow in securing the implementation of its decisions, resolutions and recommendations. The lack of sufficient financial means has raised serious obstacles to the implementation of important BSEC projects in transport and energy infrastructures and in environmental protection. The continuing fragile political situation in the area has also discouraged the commitment of significant investments in such projects from sources outside the Black Sea region. The BSEC nations have also been aware of the detrimental impact of
unsettled disputes in the region on the development of their multilateral cooperation. As it is pointed out in the 2005 Background Paper on the Ways and Means of Enhancing the BSEC Contribution to Strengthening Security and Stability in the Region, “the BSEC and its Member States cannot remain indifferent to the fact that the continued presence of active or latent hotbeds of conflict and tension runs against the best interests of regional cooperation, enhances the perception of risk, and precludes positive decisions on trade, joint ventures or inward investment”. Though the resolution of such issues is not the direct responsibility of the BSEC, the countries concerned could render the cause of enhancing multilateral cooperation in the Black Sea area a great service by displaying the necessary political will so as to make possible the removal of those sources of instability and insecurity of the region.

The BSEC in the regional and global affairs

The BSEC was established and has developed as an integral part of the processes of European integration. It has been conceived as an additional framework of support for the economic progress of the countries of the area through increased cooperation at the regional level and as a means of coping together with the difficulties of transition. The BSEC has also been seen by the participating nations as an instrument enabling them to face jointly new challenges, such as organised crime, illicit trafficking of drugs, weapons and people as well as terrorism, to their security and stability and to those of the region as a whole. It is a fact that in today’s world an increasing number of problems tend to become global, both in scope and consequences. But since the global challenges manifest themselves regionally, their management and control can best be ensured by regional efforts and actions. Hence, the need for an efficient organisation in the Black Sea region which is increasingly becoming a vital corridor of transport and energy communication between Europe, Central Asia, the Persian Gulf Region and the Middle East. As was pointed out earlier, the BSEC activities are based on the assumption that successful economic cooperation among its members will carry with it increased mutual confidence and respect, which are essential for the settlement of the outstanding political issues of the region.

The BSEC has been from the outset open to cooperation both with other countries in their capacity as observers and with other international organisations which could play a positive role in the Black Sea region. In this respect, it is illustrative to recall that, in the Moscow Declaration on the third BSEC Summit on 25 October 1996, the leaders of the participating states found it necessary and useful to “express their intention to develop further cooperation in fields of common interest with such institutions as the European

Union, the OSCE, the UN Economic Commission for Europe, the Council of Europe, the League of Arab States, the Economic Cooperation Organisation and other regional initiatives such as the Council of the Baltic States, the Central European Initiative and the Euro-Mediterranean Initiative”. The development since then of cooperation with these and other international organisations and institutions, such as the WTO, the World Bank, the Organisation for Economic Cooperation and Development (OECD), the European Bank for Reconstruction and Development (EBRD), the United Nations Environment Programme (UNEP), United Nations Industrial Development Organisation (UNIDO) and MERCOSUR, has made the BSEC a notable interlocutor in the efforts to foster economic progress and enhance security and stability in the Black Sea region. The BSEC international image has been further strengthened by receiving observer status with the UN General Assembly as well as with the Stability Pact for South-Eastern Europe.

What future agenda for the BSEC?

The main directions of joint action towards increasing the effectiveness of the BSEC and further developing multilateral cooperation in the Black Sea region are clearly defined in the already mentioned *BSEC Economic Agenda for the Future*. In a more detailed manner, the BSEC Ministerial Council decided, in its *Bucharest Statement: Towards its 15-th Anniversary* of 26 April 2006, to support the implementation of a series of steps leading towards the achievement of these goals. Such steps would focus on ensuring the implementation of resolutions, decisions and recommendations of the Ministerial Council, strengthening the competences and on improving the functioning of various BSEC bodies while increasing the contribution of the Observer States to BSEC activities.

In the Declaration on their meeting in Moscow on 1 November 2006, the Foreign Ministers of the BSEC states expressed their conviction “that a solution of existing conflicts on the basis of norms and principles of international law will ensure a proper environment conducive to improvement of bilateral and multilateral economic relations in the region”.6 This is an extremely important statement since it is directly linked to the ultimate aim of the BSEC, as defined in the 1992 *Istanbul Summit Declaration*, that of turning the Black Sea region into an area of peace, stability and prosperity and of friendly and good-neighbourly relations among countries. Therefore, it would be in the highest interest of all nations of the region for the 2007 BSEC Summit in Istanbul to consider how the Organisation can best contribute to the development of a climate of good-neighbourliness in the area and to promoting solutions to the existing problems as essential conditions for unhindered cooperation, security and stability of the Black Sea space.

With the admission of Bulgaria and Romania, the European Union has come to the Black Sea shore. This will give the EU the opportunity to grasp more clearly the importance

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and timeliness of its participation in the implementation of BSEC projects in fields of mutual interest, particularly in the areas of transport and energy infrastructures, environmental protection and combating organised crime. On the other hand, Bulgaria and Romania, as new EU members, are expected to take the lead, together with Greece, in promoting in Brussels the need and usefulness of developing a Black Sea or Pontic Dimension of the EU regional policy, following the example of Finland and Sweden which, after 1995, played a substantial role in the formulation of the EU Northern Dimension. In this context, it may be useful to note what the Bertelsmann Group for Policy Research in Munich wrote on this matter in its study entitled “Europe’s Strategic Responses” of September 2006: “The EU needs, the Study says, a genuine strategy for ... the Black Sea region, an area that will become even more strategically important after the accession of Bulgaria and Romania. The European Union should initiate a Black Sea Dimension analogous to the Nordic Dimension for the Baltic States. Furthermore, the EU should also focus on Central Asia, which is becoming even more important for Europe in terms of security and energy policy. ...Cooperation with the EU’s immediate neighbours in Eastern Europe, Black Sea region and Central Asia requires an active partnership with Russia. The Russian Federation continues to be an indispensable actor in Europe”.7

If the European Union can, through a constructive partnership with the BSEC, play a significant role in the development of the Black Sea countries and, hence, in the consolidation of security and stability in this region, the Council of Europe can do more to strengthen democratic institutions in the area. The fact that all states of the Black Sea region are members of this respectable institution makes it the right authority to provide advice and assistance in matters relating to democracy, human rights and the rule of law. And it is the accepted responsibility of this organisation to be forthcoming when necessary. Indeed, in his statement at the International Conference on the establishment of a Black Sea Euroregion, the Secretary General of the Council of Europe, Terry Davis, emphasised the capacity of this organisation to provide increased political support, consultancy and practical assistance for the democratic construction in this region. This is only natural, he said, since all the countries of the area, without any exception, are members of the Council of Europe and, as such, they share the same European values of democracy, human rights and the rule of law, which are the solid common ground for the strengthening of the democratic institutions as an essential factor of economic and social progress and of security and stability in today’s world.

Like in the case of other regional organisations, such as the Association of Southeastern Asian Nations (ASEAN) and the Shanghai Cooperation Organisation, further development of multilateral cooperation in the Black Sea region can be achieved through intensified

partnership collaboration among all BSEC Member States. The Observer States, and particularly Austria, France, Germany, Italy, Israel and the United States can play a much greater role than in the past in the formulation and implementation of regional projects in fields of priority interest for the area and the whole of Europe. The OSCE, the European Union and the Council of Europe are in a position to render a great service to the cause of European peace, security, stability and democracy by focusing more their attention on the needs, concerns and aspirations of the nations of the wider Black Sea area and on the problems and challenges they are faced with.

As far as the approach to these problems and challenges is concerned, it must be one based on cooperation, negotiation and common agreement among the parties concerned, with international assistance when required. As explained by Magnus Norell, senior analyst of the Swedish Defence Research Agency, efficient protection even against such a most dangerous challenge to security as terrorism, must mainly be based on clear anti-terrorist and counter-terrorist strategies and on a good coordination of police-military anti-terrorist operations, backed up by enhanced regional and trans-regional cooperation in the field of intelligence. This approach is, by the way, prevalent in the 1998 BSEC Agreement on Cooperation for Combating Organised Crime in all its forms and manifestations.

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UNFOLDING THE BLACK SEA ECONOMIC COOPERATION: A VIEW FROM RUSSIA

Nadia Alexandrova-Arbatova

The Black Sea region is one of the most important strategically regions in Europe providing a trade link and transit routes for Caspian energy supplies. It forms the core of the vast area that extends from Europe to Central Asia and the Middle East and it is closely related to the unstable Balkans, Caucasus and Caspian regions characterised by common risks and challenges, first and foremost frozen conflicts and international terrorism. It will not be an exaggeration to say that the Black Sea region remains one of the most problematic regions in Europe due to its cultural and political heterogeneity, the bipolar legacy, differing interests of regional and non-regional actors embodied in a multiplicity of foreign policies. It regroups different international institutions and security arrangements – the Organisation for Security and Cooperation in Europe (OSCE), the European Union (EU), the North Atlantic Treaty Organisation (NATO), and the Commonwealth of Independent States (CIS). Countries of the region have rarely experienced security, democracy and prosperity. They still confront numerous problems including state reconstruction or consolidation, conflict resolution, democratisation, economic underdevelopment and energy security.\(^1\) The end of bipolarity and the removal of ideological differences between the East and the West opened new windows of opportunity for the Newly Independent States (NIS) and the region at large.

The Black Sea Economic Cooperation (BSEC) can be viewed as one such window of opportunity for the regional countries. For the time being, it is the main structure for regional cooperation covering all the Black Sea countries. Established in 1992 to promote trade and economic cooperation among the Black Sea states, it later expanded its interests and activities to security in the region. It is a product of both globalisation and regionalism aimed at making the Black Sea area a region of peace, cooperation and prosperity. This aim, however, is not the easiest one taking into account the lack of homogeneity, implementation mechanisms, resources, international visibility, and a clear vision of priorities.\(^2\) Half of the BSEC countries came out of the former Soviet Union and they have troubled relations with Russia or among them (e.g. Armenia and Azerbaijan).

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National interests of Russia

The Black Sea Region (BSR) constitutes a most crucial area in Russian foreign policy due to its geopolitical and geo-economic importance and specific Russian interests during the period of systemic transformation after the collapse of the Union of Soviet Socialist Republics (USSR). It is marked by a string of destabilizing factors such as the ‘Chechenisation’ of the North Caucasus, frozen conflicts in the Transcaucasus, strained relations between Russia and the countries of GUAM (Ukraine, Georgia, Moldova and Azerbaijan), rivalry over transit routes for Caspian oil. Thus, from a Russian viewpoint, the Black Sea is the focus of many vital concerns that will affect not only national but regional and international stability if not handled properly. Russia’s interests in the region can be defined as follows:

First, to retain Russia’s positions in the region as one of the main actors, given the emergence of a new strong regional actor (Turkey) and external actors (the United States /NATO) prone to exploit the collapse of the USSR as a historic opportunity to increase their influence in the region;

After the collapse of the USSR, both Turkish and US policies have been heavily dominated by the goal to undercut by all means Russia’s position in the region and in the entire CIS space. In addition, Turkey has been supported by the US as a balancing factor in the Caspian-Black Sea region against Iran’s influence. American support for the Ceyhan pipeline is seen as being in line with US priorities in the region while keeping in mind the interest of American companies.3

The EU involvement in the region was minimal in the 1990s. Romania’s and Bulgaria’s membership in the EU highlighted the importance of the Black Sea region for the European Neighbourhood Policy (ENP) and raised the question of an EU sub-regional approach to the BSR.

Second, to counter and suppress extremism, separatism and terrorism (EST);

Evolving problems in the North Caucasus among the autonomous Russian republics (not only Chechnya, but also Karachay-Cherkessia, Kabardino-Balkaria, North Ossetia, Ingushetia, etc.) and growing religious pressures (from the Wahabis, among other groups) make this area equally or perhaps even more important to Russia than the CIS in terms of interests and stability. Given regional interdependence, Russia is interested in security and stability in the Wider Black Sea region. A major concern of Moscow is the radicalisation of Russian Moslems who have traditionally lived in Russia, in the North Caucasus and in the Volga-Urals region. This process is fraught with terrorism and

3 Ibid., p.19.
separatism. Many regional countries are faced with the same problems. This common challenge creates sound fundamentals for cooperation. Regardless of suspicions that Russia tacitly supports rebellious autonomies in Georgia and Moldova, the Kremlin strongly opposes ‘the Kosovo precedent’ which will encourage secessionist trends in the region, creating serious problems for Russian leadership.

Third, to ensure uninterrupted and secure energy, trade, civil and military communications within and throughout the Black Sea and the Straits;

Ankara’s threats in the 1990s to reduce the volume of Russia’s oil-tanker traffic through the Black Sea straits as well the competition for pipeline routes out of the oil-rich Caspian sea basin have been seen by Moscow as a challenge to its interests in the region. The same can be said about Turkey’s threats in 1998 both to Russia and Cyprus to take unspecified necessary ‘measures’ if Russia’s sale of a defence system to Cyprus goes through.

The ‘pipeline war’ around Caspian oil was guided by the goal to reduce Russia’s leverage on Azerbaijan and to decrease Russian tanker traffic through the Black Sea straits. The signing in Athens of a long-delayed Balkan oil pipeline agreement in March 2007 will ensure the flow of cheaper Russian crude to the Mediterranean. The pipeline between the Bulgarian Black Sea port of Burgas and the Greek Aegean Sea port of Alexandroupolis, estimated to cost about $1 billion, will speed up oil transportation by bypassing the congested Turkish Bosporus, where tanker delays are costing oil companies nearly $1 billion a year. It will be parallel and complementary to the Baku-Tbilisi-Ceyhan oil pipeline. Still, the “pipeline war”, being in some sense a consequence of political tensions around conflicts in the region, will no doubt, in its turn, aggravate political and military contradictions, driving farther apart Russia, Armenia and Iran on the one side, and the USA, Turkey, Azerbaijan, Ukraine and Georgia on the other side, thus among other things splitting deeper the CIS and thwarting Moscow’s efforts at integration on the post-Soviet space. On the 8th of March 2007, the presidents of Poland and Ukraine proposed that an energy summit should be held in May with Azerbaijan, Georgia and Kazakhstan to discuss alternative energy pipeline routes to Europe.

Fourth, to prevent new dividing lines in the region and expansion of military coalitions excluding Russia as a full member;

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4 Undoubtedly, there are nationalist forces in Russia who would be happy if Russia incorporates these rebellious territories. Kremlin is still a wall, albeit thin, barring the way to Russian nationalism but that Russian patience with the Western position on Kosovo is wearing thin too.

Looking back in time, one cannot but recognise that Russia has not found her proper place in the Euro-Atlantic space and failed to formulate a viable strategy for the CIS. The euphoria brought about by the disintegration of the USSR was replaced in Russia with a sense of loss and defeat, and not on the distant approaches but in its immediate neighbourhood. The ‘reassembling’ of the CIS under the aegis of Russia and the challenge of concrete problems prompted its leadership to establish ‘special relationships’ with the CIS states, which at the end of the day boiled down to Russia playing the role of a donor to post-Soviet Newly Independent States. The regional post-Soviet states who were gravitating towards the EU and NATO and didn’t see in Russia an attractive model for their political and socio-economic evolution, could not, however, resist the temptation of making an advantage of their ‘special relations’ with Russia when it served their interests (first and foremost, by benefiting from special low prices for Russian gas and oil). Russia’s emphasis on more pragmatic market relations with her closest neighbours in the energy sphere brought about accusations of political blackmail and pressures vis-à-vis these countries.

The absence of strategic goals in Russia’s relations with NATO and the EU, given their policy of eastward enlargement, inevitably strengthened and continues to strengthen the ‘great power’ sentiments of the Russian political elite, as well as its fears of a Western strategy of ‘squeezing’ Moscow out of the zone of its vital interests – the CIS. The enlargement of the EU, initially perceived as an objective process in the development of a post-bipolar Europe, is increasingly seen by many in Russia as a source of new challenges, and not only in connection with the problem of Kaliningrad (territorial integrity of Russia, passenger and cargo transit, etc.), but also in connection with rivalries in the post-Soviet space. Furthermore, the enlargement of the EU and NATO to the East has traditionally been presented by Brussels as mutually complementary processes. Furthermore, although NATO membership as an obligatory condition of EU membership is not written into the Copenhagen Criteria, the latest enlargement of the European Union to the post-communist countries of Central Europe attests that it has become an obligatory condition de facto. First, these countries become part of the Western security system and only afterwards can they count on EU membership. When applied to the CIS, this practice creates serious problems in the relations with Russia and is sure to increase confrontational trends in Europe. In other words, the proclaimed principle of mutual ‘complementation’ of the EU and NATO enlargement is obviously and dangerously at odds with Russia’s interests in the post-Soviet space.

Undoubtedly, the BSEC structure cannot resolve all contradictions between Russia, the NIS and external actors but it creates a favourable environment for transforming competition into cooperation by developing concrete regional projects.
Russia’s contribution to the BSEC

Russia took an active part in the activities of the Organisation of the Black Sea Economic Cooperation (BSEC), consistently pursuing a logic of increasing the effectiveness and practical dividends of its work in line with the fundamental documents adopted by the BSEC – the **BSEC Economic Agenda for the Future** (2001), the **Baku Declaration on Energy Cooperation in the BSEC Region** (2003), the **Alexandroupolis Declaration on Energy Cooperation in the BSEC Region** (2005) and others. Together with Greece, Turkey and Ukraine, Russia covers 60% of the BSEC budget. During the 15 years period of the BSEC functioning, Russia became more active in the efforts put in the BSEC working groups on information technology and communications, transport, trade and economic cooperation, emergencies, the power industry and financial matters. As a BSEC member, Russia has put forward several important proposals in different areas of cooperation. Thus, together with Turkey, Russia presented proposals for working out multilateral projects within the BSEC in the field of telecommunications, digital broadcasting and informatisation, including the project ‘System of combating AIDS, tuberculosis and malaria in the BSEC countries with the help of information technologies’. Russia made proposals aimed at improving ecology in the region: to maintain bio-diversity in the Black Sea and to enlarge the scale of reproduction of the turbo-plaice (Black Sea Turbo); to develop a mathematical model for an ecologico-economic system for the Black Sea region and a data-base on technology transfers as well as ecologically friendly membrane technology for water treatment to be used by the Black Sea region enterprises with the purpose of decreasing harmful wastewaters into the Black Sea. During Russia’s Chairmanship of the BSEC in 2001 and 2006, Russia supported projects directed at promoting sustainable transport systems, including multimodal transport systems in the BSEC member states, to help reduce regional disparities and to connect the BSEC region transport infrastructure to the European and Asian transport infrastructure networks (including the possibility of international use of the Volga-Don navigation Channel as a connection of transport networks between the Caspian and BSEC regions; the organisation of a 7,000-kilometer ring-road around the circumference of the Black Sea and of another project to coordinate a network of links as well as cooperation among ports on the Black Sea, Caspian and Mediterranean seas).

Russia’s benefits

The BSEC was established at a time when Russia was desperately trying to find her place in the post-bipolar international relations and to reinstate her positions in the CIS. The BSEC membership helped Russia to retain her presence in the region when Russia’s positions were weak and when the country was undergoing a painful process of systemic transformation. Regardless of existing conflicting interests and tensions between Russia and some other regional states, the BSEC contributed a lot to practical cooperation in the region. Russia’s participation and contacts in the BSEC format created an additional
framework for political dialogue at the regional level. The BSEC is a relatively young international organisation which explains most of its problems. In Istanbul on 1 June 2006 Russian foreign minister Sergey Lavrov stated that Russia considers the BSEC to be a viable regional international organisation which possesses necessary mechanisms for cooperation and now what is needed is to devote the bulk of efforts to the practical realisation of the possibilities that have been created.6

The future of the BSEC

The BSEC can be seen as a potential positive influence in regional cooperation. However to play a serious role, the BSEC must be adapted to the new regional and global realities and dynamics. One of these realities is the growing role of the EU that has become a centre of gravitation for the majority of the regional countries who are subjected to a fatal attraction of integration and cooperation towards the greater EU area because of economic as well as political reasons. The EU and the BSEC are complementary in many senses. The role of the BSEC in developing regional infrastructures and cooperating in sensitive sectors undoubtedly provides advantages to the EU, while the EU is the BSEC’s most important link to globalisation. However, a great deal will depend on the EU’s ability to present a viable strategy for the region.

For the time being it is based on the ENP which represents more a bilateral approach rather than a sub-regional one. This ENP can be assessed as a temporary solution postponing the question of the EU external borders. With regard to the BSR, it cannot but fragment and weaken the BSEC by including some of its members in the new policy and excluding others.7 This can be considered as fully referring to Russia.

In the first draft (‘Communication on Wider Europe’), which was criticised in Russian political and academic circles, Russia was put in a group with Southern Mediterranean countries. This draft did not define any clear priorities for the EU’s neighbourhood, which was regarded as one integral space. The final draft (‘The EU Neighbourhood Policy’) has entirely excluded Russia from the EU strategy. This document defines Russia as an EU strategic partner but it says that EU-Russia relations will be built around the Saint Petersburg decision on four common spaces of cooperation.

What is the balance sheet of EU-Russia relations? We have the outdated Partnership and Cooperation Agreement (PCA) expiring in November 2007, the brilliant St. Petersburg initiative, which cannot be implemented on the basis of an outdated PCA and the EU Neighbourhood Policy that excludes Russia and refers to the St. Petersburg initiative as a foundation for strategic partnership, which as has been demonstrated, cannot advance within the present framework without major changes. It looks as though EU-Russia relations are now trapped in a vicious circle. It would be naïve to think that the regional cooperation will be flourishing if the EU and Russia do not resolve the problem of the legal format for their future relations.

The only way to get out of this vicious circle is to create a new legal foundation for the St. Petersburg decision that, if implemented could upgrade the level of the EU-Russia partnership and tackle other problems, the energy dialogue and the CIS space included. Upgrading relations between Russia and the EU, drawing closer not only on the basis of common interests but also of common values, would remove or greatly diminish the chances of a clash of interests in the territory of the CIS (Ukraine, Georgia, Moldova). In other words, the stability of greater Europe and the effectiveness of multilateral cooperation in countering new threats to international security hinges on how the ‘2007 problem’ will be solved.

At the same time it would be important to include Russia into the EU sub-regional strategy along the model of Northern Dimension. The Northern Dimension format seems more appropriate for shaping a viable EU-BSEC contractual relationship. It has been very aptly pointed out by the Yerevan BSEC resolution.8

The EU sub-regional policy could be based on a functional approach to cooperation with the BSEC countries. A functional approach of Russia and the EU to cooperation in the post-Soviet space could prevent the emergence of new dividing lines in that region. It does not contradict the existence of other regional institutions and structures, notably the Russia-NATO Council (although its prospects have paled), Eurasian Economic Community (EurAsEC), the Common Security Treaty Organisation (CSTO), the Shanghai Cooperation Organisation (SCO) while offering a new format of cooperation for all the interested states. Herein lies one of the main advantages of the proposed approach, which cuts across the boundaries between regions and multilateral organisations. In this connection it would seem important to reformat the Russia-EU agenda on the four common spaces identifying five priority areas: in the sphere of energy, internal security, external security, military-political and military-technical cooperation and science. The difference between this approach and the existing approaches to cooperation of Russia and other CIS countries with Euro-Atlantic institutions consists precisely in making the agenda as concrete as possible, concentrating resources on the main issues and

8 Ibid., p.167.
conducting intensive negotiations with clearly set goals and deadlines. The range of participants in these projects should be determined by the principle of ‘flexible geometry’, that is, it should not assume automatic participation of all the states in these projects. The implementation of these projects would contribute to greater security, economic prosperity and democracy in the region and in Europe as a whole.
THE POLICY OF SERBIA TOWARDS THE BSEC AND THE BLACK SEA REGION

Aleksandar Fatic

Bilateralism-bred multilateralism in the Black Sea regional context

In recent years, multilateralism has dominated discussions across the International Relations community to the extent of replacing bilateralism as a tool for solving major issues. Surely the main reasons for the trend undercutting bilateral diplomacy have been the rising significance of the UN through its role in the mediation and peacekeeping efforts in Bosnia, Rwanda and its legitimising function for the three major international interventions of the last few years: the military operation against the Former Republic of Yugoslavia in 1999, the invasion of Afghanistan in 2001, and that of Iraq in 2003. At the same time, the enlargement of the EU, which has been a priority of the European administration in Brussels as well as of the governments of all the candidate and aspiring countries to the East of the Continent, has spelled what seems like the end of bilateralism as the crucial model of diplomatic liaisons up until the very end of the 20th century.

Complete disillusionment with the main international organisations appears a distant prospect, yet the internal workings within these structures have shown just how heavily dependant their functioning is on the cooperative attitude of the great powers, thus rendering bilateral diplomacy with those powers essential, and more particularly for smaller states that are caught in controversial international situations like Serbia. While the system of organisations has bred its own values and developed mechanisms for its own advancement and protection, it remains unequal and inconsistent. In a number of ways, this inequality may militate against the interests of smaller states. This particular feature of the modern system of international relations makes bilateral diplomacy even more important for smaller states than was previously recognised. Especially for the smaller countries, even access to a full-bred multilateralism within the large international organisations is usually conditioned by a developed set of bilateral relations with the ‘significant others’. For Serbia, neighbours and partners in the Black Sea region certainly belong amongst its most important strategic partners. Although Serbia is not a Black Sea country in the strict geographic sense, it has intimate interests in the region and traditionally belongs to this community. Its relationship with the BSEC as a multilateral organisation that has grown out of very high quality bilateral relations among its members is reflected in its overall foreign policy priorities as they are articulated in the priorities of Serbia’s last chairmanship of the BSEC in 2006-2007.
The BSEC as an ante-room for the EU?

One dominant perception in Serbia is that the BSEC is an ante-room for EU membership, the accession to the EU being the primary foreign policy goal of Serbia. Positive experiences of regional cooperation such as that of Serbia with Bulgaria and Romania made towards achieving White Schengen List standards have reinforced the importance of the BSEC as an available diplomatic forum for pursuing diverse foreign policy interests. Thus the BSEC represents one of the forms of regional cooperation that face virtually no political opposition in the Serbian political system.

Importantly, Serbia perceives the BSEC as a form of cooperation being essentially ensconced in project-based work; thus it will measure the success of the BSEC through the relevance, quality and quantity of the joint projects pursued through it. One of the crucial concerns for project-related cooperation for Serbia is the human dimension of security, also emphasised through the last Belgian presidency of the Organisation for Security and Cooperation in Europe (OSCE), and within human security, particularly the areas of fighting organised crime and terrorism as fundamentally regional phenomena.

Organised crime has taken a heavy toll on Serbian society, including being responsible for the assassination of the first democratic Prime Minister of Serbia in 2003. Since then, the Serbian security apparatus and society have learned to properly evaluate the threat of organised crime, and have accumulated considerable methodological experience in fighting it. Serbia is keen to share these experiences with the BSEC countries, but it is particularly concerned to work with its BSEC partners who may be in need to jointly address the emerging threats of organised crime, first and foremost through capacity-building of the security apparatus.

Human security as a dominant concern

Security overall today has assumed the guise of human security, far greater in relevance than the more traditional military types of security. One of the problems associated with human security has to do with its potential to damage the democratic fabric of society, through the creation of a subjective feeling of insecurity in members of the society. This particular aspect of human security is sometimes labelled in theory as *dominion of franchise*, namely the particular type of security that citizens believe stems from their belonging to a society, be it defined through national, administrative (citizenship) or other criteria. Democratic participation is largely conditioned by the ability of the constituents to feel free as subjects, rather than as parts of faceless mechanisms of decision-making that mediate the use of institutional power in society. Thus a relative security from crime and terrorism constitutes the basis of a broader sense of protection from arbitrary victimisation that encourages the free exercise of democratic processes.
At the very outset of dealing with organised crime, any society faces at least two distinct problematic facets of it. First, organised crime cannot be countered by one country alone, because it is characterised by intense inter-linkages between criminal organisations at least on a regional level, and thus inter-state cooperation is the basic institutional prerequisite for a successful onslaught on organised crime. Secondly, the fight against organised crime requires very concrete, specific skills that selected law enforcement professionals must acquire in order to be able to act as catalysts of change within their services. Such training requires carefully targeted audiences and expert-designed programmes in criminology and criminal justice. Serbia has already put a part of its medium-ranking law enforcement officials and akin public servants through specialised programmes in anti-corruption methodology conducted by the NGO Centre for Security Studies, in close cooperation with the Swedish International Development Agency (SIDA). Over 300 officials have been trained in the course of several years, virtually all of them achieving significant promotion in their ranks after the completion of training. The trained officers included the Head of Crime Police of Serbia, who was later directly in charge of investigating the assassination of Prime Minister Dindic, the Spokesperson of the Ministry of Interior, the Customs Director of Serbia, and numerous Deputy Ministers and other senior personnel throughout the government system. The training is planned to continue through a programme designed to cover another 300 personnel over the course of two years starting in 2007, which will focus on anti-organised crime methodology.\(^1\) In the longer-term future, this and similar projects could be spread through the BSEC areas and training could be offered to officials in the other BSEC countries, without duplication of effort elsewhere.

While the BSEC is primarily an organisation charged with fostering economic cooperation, closely related security issues that affect economies, such as organised crime, cannot be ignored in the BSEC agenda, because they threaten to wreck all the efforts aimed at economic prosperity in the transitional, post-transitional and the developed states equally. For example, the latest findings with regard to Bulgaria’s internal security situation after accession to the EU have pointed to a pervasive corruption (‘corruption everywhere’) and the strong profile of organised crime in the country, alongside with insufficiently effective police reorganisation and a poor tuning of the prosecutorial system to the degree of threat from organised crime.\(^2\)

**Education and training in the broader sense**

Another priority in Serbia’s chairmanship of the BSEC involves the horizontal linkages in the special types of education, including the linking of diplomatic academies of the

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\(^1\) For more information and particulars on the graduates see [http://www.cbs-css.org.yu](http://www.cbs-css.org.yu).

region. Again, certain countries of the BSEC have gained a particular expertise in aspects of transitional and post-transitional politics that qualifies them to be leaders in particular fields of education and training. While the Russian Federation obviously stands out in most respects in relation to all other BSEC members, simply because of its size, administrative and academic capacity and experience, some smaller countries have also achieved considerable results. Bulgarian NGOs have been among the leaders in the region in developing anti-corruption policies, and their experience should be transmitted to the rest of the region.

A particular facet of the kind of educational cooperation that needs to be fostered in the BSEC is the involvement of civil society. There is a shortage of expertise and managerial efficiency in the state institutions when they are faced with the need to act very quickly to address the educational needs of specific target groups, while NGOs, which, until some years ago, had matured through a long and arduous process of competing with monopolistic states in most of the then-transitional countries that are now members of the BSEC, have also developed these specific skills.

Diplomatic training appears as one of the most pliable areas for cooperation, because it is based on certain common methodological principles, and the foreign policy priorities of most BSEC countries are highly compatible and largely EU-centred. Yet, even this particular aspect of education involves certain potential controversies, such as the importance and interpretation of international law. Serbia, for example, emerges from a tradition whereby practically the entire diplomacy has been conceived as being fundamentally based on international law; thus most of the diplomatic training in the recent past has included a great deal of international law. The latest developments in the practice of diplomacy question this approach, and Serbia faces this controversy in a particularly painful way, through the final phases of the determination of the status of Kosovo, underway during the writing of this paper.

A multi-layered region

The BSEC is a regional organisation that, despite all the commonalities between its member states, exhibits, at the same time, considerable disparities partly due to the different stage of European integration the states find themselves in. One of the most obvious issues in this light is the freedom of movement, where citizens of some member countries face virtually no visa barriers, while those of other still struggle with grinding processes of visa approval that jeopardise not just the idea of a free and equal membership in a regional organisation, but also threaten the enthusiasm for the transition process that leads towards the EU. There is space for the BSEC as an organisation to lobby for a more equal treatment of all the countries and for the inclusion of those that have not yet achieved the candidacy status for the EU on the ‘white Schengen lists’, thus minimising the practical differences in the treatment of citizens from different BSEC member states.
The very concept of various paces of EU integration in a region imposes two possible perspectives on the member states’ cooperation. The first is one of positive competition, where those states that lag behind in the integration activities are motivated to catch up with those that are ahead and thus the entire process gains speed. This is a perspective articulated in relation to the Partnership for Peace and NATO accession by Radovan Vukadinović. Alternatively, the author has argued that a multiple pace of integration can also inflict damage on the region by fostering negative feelings and resentment among the member states. The latter should be taken into account as a counter-factor when designing any multi-faceted and ‘multi-gear’ integration where similar countries are treated differently.3

The states in the Black Sea region vary greatly in the degree of internal stability that they can maintain. For many, the major security challenge is to gain control of their own borders.4 Additionally, minority issues and the disintegration of institutions born in former regimes represent a cause in the rise of organised crime that includes everything from arms trafficking to human smuggling. The question mark over the EU’s final borders certainly becomes an aggravating factor. Indeed, “wherever (these borders) are finalised, immediate neighbours to the East and South will comprise the ‘frontier zone’.5

One way of addressing the internal instability is to say that “(s)haring the same problems with the neighbouring regions, the Black Sea states are to collaborate with neighbours in achieving more secure environment, with the assistance of the USA, NATO, and the EU”.6 This suggests again that the best ‘multilateral’ way to deal with internal security in the Black Sea area is to share issues with the neighbouring states and to follow the path to the EU. In short, the suggested approach includes a bandwagoning behind the most advanced aspirants to EU membership or, in the case of the BSEC, behind an EU member, Greece. In this light, Greece emerges as the leader of the Black Sea Group.

If EU membership is to be the beacon light for the Black Sea region, what guiding principle will apply for its larger members whose membership prospects in the EU are either non-existent, or dim, such as the Russian Federation and Turkey? In addition, is the road to the EU really such an unequivocally efficient solution to the region’s diverse

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5 Ibid.

6 Ibid.
and deeply imbedded controversies as it was for the countries of Central Europe? In her introduction to the Chaillot Paper no. 70: The Western Balkans: Moving on, Judy Butt rightly points out: “The common declared aim of the EU and the states of the region is to repeat the success of the post-communist countries of Central and Eastern Europe (CEE) which acceded to EU membership in May 2004. This laudable aim, however, begs the question of whether that success story can be directly replicated in the much more complex conditions of the Western Balkans. (...). And if these countries are a special case (or rather, a set of very diverse special cases), is the EU ready?” In addition, is Greece as the European champion of the Black Sea region really able to lead such a diverse and complicated group of countries through the BSEC towards a full EU membership? Or is the BSEC an organisation bereft of such major potential, and really endowed with the capacity to foster some regional advantages and relative progress in certain technical areas?

On reflection, it would appear that the BSEC as a regional organisation must have greater aspirations than just facilitating trade and communication among its members. For example, security issues arising from territorial disintegration, difficulties encountered in fighting organised crime, especially the various forms of illicit trafficking in the region, immediately give rise to more global concerns, as all these problems have a broader resonance than just the Black Sea area. One of the most painful problems is the issue of territorialisation of ethnic rights and political aspirations as it is exemplified in the example of Kosovo and Metohija.

Kosovo and Metohija

The capacity of any organisation, including international ones, is reflected in its ability to address the most complex issues that fall within its competence. For the BSEC, Kosovo and Metohija is obviously such an issue, and the ways in which the BSEC may be able to incorporate the dialogue between Serbs and Albanians in Kosovo and Metohija after the status negotiations, with their very different perspectives on issues such as statehood and the bounds of international law, arising from their opposed interests, will clearly reflect the degree of development of the BSEC itself.

While the status negotiations on Kosovo and Metohija are out of the hands of regional organisations, including the BSEC, and are the exclusive prerogative of the negotiating parties and, in the final instance, the UN Security Council, the consequences of any outcome will most certainly create issues that will have to be managed on a daily level by the BSEC member countries, including both Kosovo and Metohija’s neighbours and the other countries of the region indirectly linked to the area. One of the most obvious

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problems concerns the first proclaimed priority of Serbia’s chairmanship of the BSEC, namely the issues of organised crime and terrorism.

There are numerous documented analyses on the deeply criminalised nature of the Kosovar political elites and large parts of the society, which has functioned for some years now without any established institutional infrastructure, much less institutional culture. Unemployment well above the rate of 50%, widespread poverty coexisting with enormous riches accumulated by the few controversial political and business figures as well as widespread violence and rampant social anomie, all create serious structural preconditions for the flourishing of organised crime and terrorism. Much has been written about this dimension of the Kosovo and Metohija problem in an issue of The Review of International Affairs, published in Belgrade, which was devoted to failed states. In short, the concern for the BSEC after the conclusion of the status negotiations is well summed up by Vance Serchuk:

“With reduced international oversight and the formal dissolution of UNMIK, which — for all its dysfunction — was not run as a for-profit enterprise, an independent Kosovo is likely to become a quintessential “trashcanistan”, a term coined by Princeton historian Stephen Kotkin to describe the “parasitic states and statelets, government-led extortion rackets and gangs in power (...) and shadow economies” that have sprung up across Eastern Europe and Central Asia since the Soviet collapse, invariably in the name of national self-determination. “Although each case for a nation-state may appear just”, Kotkin argues, “national self-determination is too often a recipe for Trashcanistan — for systemic malfeasance and economic involution, with convenient cover for the worst political scoundrels and their legions of apologists”.

This perspective on Kosovo and Metohija is often neglected, because the issue of the aspired independence by the Kosovar Albanians is usually viewed as an indigestible issue for Serbia. So Judy Batt concludes that “(w)ithout relinquishing Kosovo, which a majority are not ready to do, Serbia’s prospects for consolidation as a nation state are remote”. Nothing is said here or in most writings on the status issue today on the consequences for the Black Sea region or the Western Balkans as a whole if Kosovo and Metohija turn into a “Trashcanistan”. In fact, the ‘if’ here is rhetorical, because by all economic, security and political parameters Kosovo and Metohija under the current international administration are already “Trashcanists”. One can only wonder what will happen once the international administration is removed or its presence and functions reduced after the status resolution.

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Serbia has structural reasons to oppose the independence of Kosovo and Metohija, not only because of its rightful claim to the province’s territory, which is legally and historically an undeniable part of Serbia, but also because the security issues that characterise the Kosovar society would generate dramatic security threats to the entire region if Kosovo were to gain independence.

Organised crime and terrorism are inextricably linked with failed and weak states, and Kosovo and Metohija would most clearly be a weak state for years to come. In a province proclaimed state where most of the public revenue comes from the collection of import duties (the most primitive and rudimentary form of public revenue) in which tax-collection does not function and there is practically a total institutional vacuum, including the lack of social control institutions, any expectation other than that such a province would be a weak, or failed, state would be deliberate self-deceit. At the same time, organised crime and terrorism know no state borders. Already now Kosovar Albanians are part of a most serious organised crime problem for the entire continent, let alone the Balkan region. The international nature of organised crime and terrorism mean that any further amplification of the security threats already present in Kosovo and Metohija would affect Serbia and the other countries of the region very heavily.11

Conclusion

The inception of the BSEC was an important event for the Black Sea political, economic and security scene, but the newly emerging issues test the BSEC heavily against the role and potential of the other international organisations. The degree to which the BSEC will be able to articulate its own mission not just as one of enhancing economic cooperation, but necessarily also of fostering regional security and political cooperation that are both prerequisites for successful economic collaboration, will determine the current relevance and potential of the BSEC. Its structure, institutions and mission at the moment place it fairly well as future launching ground for initiatives projected towards other international organisations where the interests of the Black Sea countries need to be represented and reinforced. Clearly the most interesting case is the interaction of the BSEC with the EU and the promotion of interests related to the integration of the regional states in European structures. There are also security interests to be served such as those relevant to the Kosovo and Metohija process that provide room for the articulation of the BSEC’s views and policy proposals to be forwarded to other global bodies and international fora. The future will show at what pace the BSEC’s initiatives will be empowered to address and defend issues of increasing complexity and security potential.

before the UN and other global fora. Such a development would definitely depend on the emergence of consensual policies within the Black Sea area. Serbia, during its Chairmanship of the BSEC acknowledged the role of the Organisation in fostering a culture of regional, common understanding of the problems that the region encounters as well as on promoting common interests of its member states in global institutions and the international community.
THE TURKISH POLICY TOWARDS THE WIDER BLACK SEA REGION AND ITS CHAIRMANSHIP OF THE BSEC (MAY - OCTOBER 2007)

Mustafa Aydin & Omer Fazlioglu

Introduction

The Wider Black Sea Region’s (WBSR) political, social and economic transition in the post Cold War era is still in full swing. The end of the Cold War enabled the Euro-Atlantic community to interact with the regional countries, triggering a gradual shift in the region towards an emerging pan-European political/economic space. Romania and Bulgaria’s NATO and EU memberships, Turkey’s start of the accession talks with the EU, the ‘colour revolutions’ in Ukraine and Georgia are some of the instances indicating the region’s ardent, however inexperienced, Euro-Atlantic inclination. Especially former communist states and newly independent republics have experienced tribulations in their transition to democracy and market economy which took place in spite of their past attachments, habits and alliances.

Starting from the early 1990’s, Turkey, as a regional player, paved the way for multilateral cooperation in the region by initiating Organisation of the Black Sea Economic Cooperation (BSEC), which has undoubtedly contributed to the transition of the WBSR. Rapid political and economic developments that took place in the eastern and western shores of the WBSR since 9/11 have required fresh analysis and new approaches to address the current challenges facing regional countries. Turkey will hold the BSEC rotating chairmanship in the period 1 May - 31 October 2007, presenting it with an opportunity to reiterate an earlier visionary approach towards region-wide multilateral cooperation schemes by pushing further integration of the region as well as inclusion of hitherto un-chartered areas into the BSEC agenda. Whether Turkey could rise up to these expectations during its tenure, which is marked by the fifteenth anniversary of the Organisation, is another question. Nevertheless, it is clear that the recent developments in the WBSR present a unique opportunity for both Turkey and the BSEC to set a new vision for the region.

The wider Black Sea region in the post Cold War era: Economic blessing versus geopolitical curse?

The Wider Black Sea Region appears at the forefront of the global political and economic agenda in the first decade of the 21st century due to interrelated geo-economic and geo-political reasons. From the geopolitical perspective, the WBSR undeniably regained a strategic significance when the Euro-Atlantic threat perception dramatically shifted after
the terrorist attacks of 9/11 (in New York and Washington D.C.) and 3/11 (in Madrid). The region began to be perceived especially by the United States (US) as the backdoor to the Broader Middle East and North Africa (BMENA) region.\textsuperscript{1} The already heightened US attention and involvement in the region was further strengthened after Romania and Bulgaria became members of the North Atlantic Treaty Organisation (NATO) in April 2004. Various former Soviet states along the north and east of the Black Sea (Moldova, Ukraine, Georgia, Armenia and Azerbaijan) became strategically important to the US for securing the Euro-Asian (or East-West) Energy Corridor linking the energy hungry Euro-Atlantic system with the producers of the Caspian Basin, as well as controlling northern approaches to the BMENA and surrounding Iran. The US seemed decisive on extending its influence on the shores of the Black Sea, and even maintaining its presence in the region. By affirming its capabilities and vital interests’ in the WBSR, the US conveyed to regional players that it was a stakeholder in the region.\textsuperscript{2}

The US application for BSEC observer status, granted in March 2006, attested all the more to this strategy. The US’ position in the region was locally promoted especially by Romania as its interlocutor, and supported by Bulgaria, Georgia and to a lesser extent Ukraine. As a result of US activity in the region and the forceful promotion of its security and energy policies, there is a perception that the US not only supported but also instigated the colour revolutions around the region. For Russia, the US is clearly an unwelcome guest in the region. President Vladimir Putin revealed Russia’s discomfort regarding the western intrusion on 10 February 2007 at the 43rd Munich Conference on Security Policy by accusing the US of trying to establish a uni-polar world and denouncing NATO’s eastern expansion as “a serious factor which reduces the level of mutual trust”.\textsuperscript{3} Against this politically tense background, Turkey had to prepare the agenda for its BSEC chairmanship under the echoes of Cold War rhetoric.

From the economic perspective, the WBSR is strategically located at the gateway between the two ends of Eurasia. The Black Sea region sits thus astride between the EU, the world’s biggest market in the West, and China, the engine of global economic growth in the East. With such a geographical blessing, the region’s integration into the global economy has gained in strategic importance. The ground breaking economic developments in China and East Asia create significant economic opportunities for the


\textsuperscript{3} For Vladimir Putin’s speech, See http://www.securityconference.de/konferenzen/rede.php?sprache=en&id=179.
WBSR. Between 1984 and 2004, China and East Asia’s exports grew almost tenfold. Under current conditions, trade between China and the rest of the World (mainly Europe and North America) is significantly hindered by formal-informal as well as internal-external trade barriers, opaque trading routes, and high border transaction costs. The revitalisation of the Silk Road, which entails mobilizing and energizing various trade routes over Black Sea countries, will contribute to the transformation of the region by triggering a process of economic integration. Active involvement in ongoing initiatives aimed at the revitalisation of the Silk Road, with a view to utilise the road and sea transport routes connecting China to Europe, will inevitably raise the ‘land value’ of the region.

The BSEC from the Turkish perspective

Historically, the BSEC assumed a critical role in terms of encouraging the economic transformation of the newly independent states just after the disintegration of the Soviet Union. After the demise of the Soviet Union, the 1990s were years of Euro-Atlantic neglect towards the Black Sea region. While the ‘Russia First’ policy, aiming to tame as well as keep Russia within the western mould, had been at the top of the US foreign policy agenda, the Europeans were overwhelmingly preoccupied with their new former communist neighbours and the Balkan wars. By the time of its inception, Turkey’s former President Turgut Ozal envisaged creating an economic cooperation zone in the Black Sea region, while the underlying political agenda of crafting a distant alternative to the EU should Turkey’s designs for eventual EU integration not work out as planned, had an aura of non-spoken reality. Ozal primarily intended Turkey to become a ‘role model’ for the former Soviet countries and newly independent states in their intertwined economic and political transformations in order to strengthen Turkey’s status as an important regional player. His persistent efforts were embodied in the BSEC which was set up by the Bosphorus Declaration of 1992 and transformed into a treaty-based regional economic organisation after the adoption of its Charter in 1998.

With its heterogeneous composition of member states, the BSEC has been an interesting case of regional organisation for various reasons. First of all, the BSEC was one of the earliest initiatives intended at establishing cooperation between NATO members (Greece and Turkey) and former members of the Warsaw Pact. Secondly, there were, and are still, ongoing border disputes (e.g. between Armenia and Azerbaijan) and historic grievances (as between Turkey and Greece, Greece and Albania, Moldova and Russia, Armenia and Azerbaijan – to mention but a few) between the members during the establishment of the BSEC. It was an attempt towards cooperation in a region divided by power struggles for centuries and separated by one of the main fault-lines of the Cold War. Thirdly, the BSEC was a locally-owned and developed idea, thus showing the member countries’ willingness towards cooperative regional initiatives and their intention to create possibly a regional identity where it did not exist before.
After an enthusiastic start, however, it became clear that the member countries of the BSEC lacked the necessary political will to create genuine regional political cooperation. Thus Ozal’s initial vision was never fully realised. The BSEC was established right from the beginning as an organisation aimed at increasing regional cooperation mainly in the economic field. From the early 1990s onwards however, armed conflicts and increasing political tension marked the WBSR instead of the expanding regional economic cooperation. The Transnistria problem in Moldova, the Nagorno-Karabakh conflict between Armenia and Azerbaijan, the Chechen issue in Russia, the Abkhaz and South Ossetian problems in Georgia overshadowed regional economic cooperation prospects in the Black Sea region. Since the BSEC was, and still is, not entrusted with a political role, let alone a peacemaking and/or peacekeeping mission, it lacks the necessary institutions for a proactive diplomacy and cannot enter the picture as a capable regional actor under such an overly securitized Black Sea region. Thus, up until today, the real potential of economic cooperation in the Black Sea region has not been unleashed due to the persisting contention between promising economic prospects from the region and the traditionally confrontational political agendas of individual states and the many lingering security problems.

From the Turkish perspective, the BSEC solemnly started as a multilateral economic initiative aiming to facilitate the former Soviet countries’ transition to open, market-based and private-sector driven economies. In this sense, it could be argued that the BSEC has proved its worth through its contributions to this initial task, facilitating its members’ transition as well as playing a role in creating possibilities of cooperation that simply did not exist before in the region. It also generated a discussion of identity both within and outside the region, leading to the emergence of a sort of rudimentary regional identity through political pronouncements and expediency. The current task for the BSEC should be facilitating its members’ further integration into the global economy and advancing political cooperation capacities within the region.

The agenda and priorities of the Turkish Chairmanship of the BSEC (May-October 2007)

From the Turkish perspective, the BSEC has fulfilled its initial task in terms of trade and as a facilitator during the transformation of the newly independent states into market economies. The Turkish Chairmanship has three salient priorities:

*Encouraging further domestic reforms in the BSEC member countries towards achieving market based and private sector driven economies.* The elementary steps have been taken in the region’s transition economies. However, parts of the region have begun to suffer from the ‘oil curse’ and there is an urgent need to diversify export goods in order to integrate into the global value chain. To this end, the Turkish Chairmanship is expected
to push for sectoral ‘clustering’ schemes and the Qualified Industrial Zones (QIZs) concept.

**Strengthening the BSEC’s multilateral relations with the EU.** Turkey is one of the ardent supporters of the ‘The Black Sea Synergy’ that was put forward by the European Commission under the European Neighbourhood Policy framework. The Black Sea Synergy has to be bolstered by concrete projects especially in the fields of transport, energy and public administration reform.

**Encouraging active participation of all other littoral states to the Black Sea Harmony which is aimed at establishing a permanent task force in order to meet new asymmetric threats and counter risks on the Black Sea maritime domain.** Russia and Ukraine have already joined Black Sea Harmony, while Bulgaria and Romania appear cautious towards the permanent Russian presence in the Black Sea maritime domain.

The official Turkish agenda is clearly an economic one though most of the member countries as well as experts on the region have been complaining of a clear lack of political perspective for the organisation. While the argument that any attempt at creating a political agenda would cloud the economic cooperation achieved so far, seems plausible, even Turkish policy makers readily admit that political considerations at times prevent the furthering of economic initiatives. Even if the BSEC members are only interested in furthering economic cooperation through the BSEC, regional integration has reached a level where political and even more security considerations cannot be condoned by the BSEC and it is high time that the member countries start aiming at an agreement on some general political principles. Otherwise, the BSEC reaches the end of its utility in the current form and perspective. Turkey’s ability to midwife such a rejuvenation during its last Chairmanship in 2007 is doubtful, given its current preoccupation with pressing domestic and international issues, as well as due to specific weaknesses in its consensus-based approach in the region that faces anticipated strong opposition from certain member countries utterly reluctant to include any sensitive issues on the BSEC agenda.

**Unleashing the economic potential of the Black Sea region**

The BSEC member countries achieved steady real GDP growth between 2001 and 2007 with an average growth rate of 6.2% per annum.

As Table 1 indicates, the export and import volumes of the BSEC member countries declined during the interim period between 1989 and 1992 as the dismantling of the Soviet bloc brought economic ambiguity in the region and collapsed trade flows. However, despite the initial lack of a private sector, capital accumulation and commercial banking in the former communist member states, the BSEC was able to contribute to trade
creation in the region since 1992. The region since then exported threefold and its imports were well more than doubled.

The BSEC also served as a multinational venue for the former Soviet Bloc countries to adapt to global trading rules by transferring know-how from market economies in Greece and Turkey. In the bigger picture, the BSEC assumed the task of facilitating the structural transformation of members by contributing to the creation of a market economy led by the private sector. Table 2 shows that the total trade volume of the BSEC almost doubled between 2000 and 2004, reaching $786,077 million which constitutes 3% percent of the world total trade volume.

<table>
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<tr>
<th>BSEC</th>
<th>Export of Goods and Services (Current US, Million $)</th>
<th>Import of Goods and Services (Current US, Million $)</th>
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<tr>
<td>Albania</td>
<td>419</td>
<td>82</td>
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<td>Armenia</td>
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<tr>
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</tr>
<tr>
<td>Moldova</td>
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<tr>
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</tr>
<tr>
<td>Serbia</td>
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</tr>
<tr>
<td>Montenegro</td>
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<td>...</td>
</tr>
<tr>
<td>TOTAL</td>
<td>168,053</td>
<td>353,433</td>
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The former Soviet Bloc countries became more private sector oriented economies and attracted considerable amount of Foreign Direct Investment (FDI) as a result. Although still at an unsatisfactory level, the BSEC countries have nevertheless attracted increased levels of FDI since 1992. Total FDI inflow towards the BSEC countries increased from $8.072 billion to $31.474 billion from 2000 to 2004. It is equivalent to a rise in share of global FDI inflows from 1% to 5%. As a result of successful privatisation programs, the BSEC region is expected to achieve $80 billion in 2007, which correspond to almost 4% of the total GDP in the region. In terms of FDI attraction, energy-rich Russia, Turkey, Ukraine and new EU members (Romania and Bulgaria) seem more successful than the rest of the BSEC members. In this juncture, Azerbaijan, Serbia and Montenegro, Albania, Armenia and Moldova comparatively attracted less FDI inflows, therefore there is still a long list of reforms in these countries to strengthen their investment climate with behind-the-border reforms.

Although the initial step of the BSEC’s modest goals can be said to have been accomplished as member countries made considerable progress in terms of transition to open, market-based and private-sector driven economies, the picture is not all that good yet. The region is still suffering from a lack of diversification in export goods, incomplete trade policy reforms and a poor investment climate, which all in all hinders the region from integrating fully into the global value chain. A decade and a half after the disintegration of the Warsaw Pact, the WBSR’s integration to the global economy is still deemed an unfinished task. The BSEC is a unique multinational setting for initiating concerted behind-the-border reforms for its members by providing best practices from other member states. Main themes of such a reform agenda include improving competition regulation, capacity building towards sound governance, developing trade-facilitating infrastructure and attracting long-term foreign direct investment (FDI). The BSEC Chairmanship provides Turkey another shot at playing a role in this integration process with its comparatively extensive experience on private sector development and modern governance structures.

The process of integration into the global economy has transformed the Turkish economy to a great extent since 2001. Rising competition waves, coming mainly from East Asia and the EU accession process are redefining the rules of the game for Turkish public and private sectors. Shrinking profit margins force firms to rethink their production processes. In such a context, Turkey can play a leading role by transferring know-how and FDI to the Black Sea region. Turkish private sector companies have already considerable market shares in the BSEC member states, managing to increase their market
shares between 1996 and 2005 from 1.2% to almost 3%. However, 82% of the Turkish FDI (companies’ investments in the BSEC countries) concentrates in the energy sector. Clearly there is a need for Turkey to diversify this investment pattern in the region.

In the following years, Turkish firms are expected to invest more especially in the logistics sector in the region, in addition to transferring know-how in the field of border crossing and management. Improvement of the logistics sector in the Black Sea basin will put the region firmly into the post-modern Silk Road perspective, connecting China to Europe via road transportation. The problems pertaining to the road transport industry, the most important part of the logistics sector, will be on top of Turkey’s foreign trade agenda, especially towards the WBSR. In this context, Turkey will contribute to the BSEC’s concrete projects in the logistics and transport sector, such as the development of the ‘Black Sea Ring Highway’ and the ‘motorways of the sea’, designed to link the BSEC region to the Trans-European and Asian transport axes and form the Black Sea Transport Corridor.

Turkey could also prioritise transferring know-how and experience on the clustering schemes and the Qualified Industrial Zones (QIZ) to other BSEC countries, which can create microclimates for member countries’ Small and Medium-size Enterprises (SMEs). By virtue of those clusters and QIZ’s, SME’s enjoy labour market pooling, supplier specialisation, knowledge spillover and know-how transfer to individual firms. Clustering and QIZ projects also provide a unique opportunity for a more proactive role by the BSEC, generally criticised for its inability to interfere into the frozen conflicts of the region. Since, as mentioned above, the BSEC has not been equipped with political and conflict management/resolution tools and its members do not favour such a role for the organisation, it cannot, as of today, enter the picture as a political actor in this conflict-ridden region. However, the BSEC could utilise economic instruments by initiating cross-border projects in the framework of the post-conflict rehabilitation projects.
BSEC-EU Interaction after the ‘Black Sea Synergy’

Although Turkey ardently advocated Europeanization of the Black Sea region since the end of the Cold War, the EU lacked a comprehensive multilateral policy towards the region until the recently revealed “Black Sea Synergy” initiative. While the EU preferred bilateral ties with the Black Sea countries instead of multilateral regional approach, Turkey supported vibrant BSEC-EU interaction arguing that the BSEC was established to fit into the European architecture. Accordingly, Turkey supported the Greek Chairmanship of the BSEC in the first half of the 2005 in its efforts to pursue an agenda under the theme of ‘Bringing BSEC closer to the EU’ to promote the idea of Black Sea regional dimension of the EU. However, up until the Black Sea Synergy, the EU and the Black Sea region were linked to each other by asymmetrical bilateral schemes through member states (Greece, Bulgaria and Romania), an accession country (Turkey), special relations developed with Ukraine and Russia, the ENP directed towards the whole region, as well as holding out prospects of eventual membership to some of the other BSEC members (Albania, Macedonia, and Serbia and Montenegro). The EU also supported thematic projects in the region such as INOGATE (Interstate Corridor Europe-Caucasus-Asia) and Black Sea PETra (Pan-European Transport Area) in the Black Sea region.

The EU necessitated the development of a special relationship with the BSEC especially in the post-2004 enlargement period due to the enlargement and regionalisation of its external relations. As a result, the European Commission put forward the ‘Black Sea Synergy’ under the European Neighbourhood Policy, which will institutionalise the relations between the EU and the BSEC. The Black Sea Synergy’s project oriented approach towards the priority areas perfectly suits Turkey’s Black Sea vision as the main areas of cooperation prioritised included good governance, border management and customs cooperation, transport and trade.

Maritime security in the Black Sea as Turkey’s *sine qua non*

Turkey’s reservations about US long-term objectives in the Black Sea region became apparent when the controversies erupted over suggestions to expand NATO’s Operation Active Endeavour (OAE) activities to the Black Sea in the first months of 2006. Turkey and Russia jointly opposed the expansion of the OAE, though they differed in motives and reasoning. Russia’s opposition to Active Endeavour’s entry into the Black Sea was

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clear cut: Moscow was loath to see any expansion of US influence in its neighbourhood. Turkey’s opposition, on the other hand, has been driven by its concern to preserve the current legal regime of the Turkish Straits (covering the Strait of the Dardanelles, the Sea of Marmara and the Bosporus) established under the Montreux Convention of 1936 and thus, the political and military balances that have emerged in the region since the end of the Cold War. For the first time in history, multi-layered, multi-dimensional and multilateral cooperation schemes have emerged in the region concerning the Sea.

In order to strengthen maritime domain security on the Black Sea, the Black Sea Naval Co-Operation Task Group (BLACKSEAFOR) had been initiated by Turkey at the second Chiefs of the Black Sea Navies (CBSN) meeting which was held in Varna, Bulgaria in 1998. By acknowledging asymmetric maritime risks, Turkey also initiated Black Sea Harmony (BSH) in March 2004, which constitutes a permanent naval operation established in accordance with the UN Security Council Resolutions 1373, 1540 and 1566 aimed at deterring terrorism and asymmetric threats. On 27 December 2006, Russia officially joined the Black Sea Harmony initiative and a protocol on information exchange regarding Ukraine’s participation was signed in Ankara on 17 January 2007. Currently, the operation is being conducted in Turkey’s territorial waters in the Black Sea in order to deter possible risks and threats in the maritime area. It includes the Turkish Navy’s periodic surveillance and reconnaissance operations in these waters.

The security situation in the WBSR has been inevitably affected by the widening gap between Euro-Atlantic policy towards the region and Russia. Although later granted, the BSEC delayed (under Russian opposition) the consideration of the US application for observer status in March 2006. While former Warsaw Pact members of the BSEC issued a statement stating their regret about the US’ exclusion, NATO members Greece and Turkey kept silent. To some extent, the controversy and dissent within the Transatlantic community over the Black Sea has been mollified over the course of 2006 through a greater emphasis given to the EU’s role in the region and through eventual efforts undertaken by the US towards encouraging regional partners to join the Turkish-proposed Black Sea Harmony operation, nonetheless, the squabbles of the last few years have left a bad aftertaste.

Conclusion

The Black Sea countries have, since the end of the Cold War, created a multitude of intergovernmental and non-governmental organisations and cooperation schemes. The EU and NATO on the other hand have now expanded onto the shores of the Black Sea where they face a new region with diverse problems and potential reaches. The BSEC, bringing together 350 million people and covering 20 million square kilometres, has been the most comprehensive and institutionalised structure within the region. Since its initiation in 1992, it has succeeded in creating an extensive cooperation scheme in
of the most conflict-prone regions in the post-Cold War world. It has also been able to install among the member countries a certain sense of joint ownership and belonging to a region, where no common identity had existed.

At this juncture, where we are hearing a revived Cold War rhetoric in the wider Black Sea region, Turkey, currently at odds with the US over Iraq and experiencing a lull with the EU, is preparing to give a new boost to the BSEC during its Chairmanship. Although Turkey has some reservations about proposed Euro-Atlantic strategies towards the WBSR, and is set on protecting the Montreux regime as it is, it has also consistently advocated the region’s integration to Euro-Atlantic structures and to the global economy. Turkey has especially advocated the ‘Europeanization’ of the Black Sea area since early 1990s. The EU’s new ‘Black Sea Synergy’ policy and its project-oriented approach towards the region are well-suited to Turkey’s own Black Sea vision. Considering the relevance of the priority areas designed under the Synergy initiative, Turkey especially favours joint projects developed through concerted action of the BSEC and the EU in the fields of trade, transport, border management, customs cooperation and good governance. As a result of these conflicting pressures, it seems that Turkey would most probably do what it does best during its Chairmanship of the BSEC, that is to pursue a policy of caution and balance in order to avoid alienating either regional countries (especially the Russian Federation on the one side and Romania, Bulgaria, Georgia and Ukraine on the other) or interested outsiders, particularly the EU and the US.
THE POLICY OF UKRAINE TOWARDS THE BSEC AND THE BLACK SEA REGION

Grigoriy Perepelytsia

Ukrainian interests and challenges in the Black Sea region

The Black Sea region epitomises for Ukraine a complex centre of vital interests in spheres of geopolitics, economy and defence, particularly as Ukraine stands in the post-Soviet geopolitical area which Russia aspires to reintegrate in its state system. Not as a matter of coincidence, the Russian Federation (RF) has openly declared the right to monopolistic domination of this part of Eurasia. Such a tendency constitutes a threat to Ukraine’s sovereignty and independence.

Another challenge for Ukraine in the post-Soviet area has been the propensity in post-communist regimes to backtrack on democratic reforms and progressively return to authoritarianism. Russia appears to be in pole position leading this transformation of the Commonwealth of Independent States (CIS) into a Commonwealth of Authoritarian Regimes. The recent drift represents a real external threat for democracy in Ukraine. Ukraine could avoid such an ominous prospect for its sovereignty by moving closer to the community of European states. However, the Ukrainian course into political Europe in the short- and middle-term has turned out to be considerably complicated. Integration into the European Union (EU) became problematic by virtue of external reasons, whereas membership to the North Atlantic Treaty Organisation (NATO) was blocked by domestic issues. Hence, clutched between the West and Russia, Ukraine should all the more concentrate efforts on furthering its interests in southern bearings – the Black Sea region.

The Black Sea region presents Ukraine with a middle-term perspective for achieving several strategically important objectives regarding its geopolitical interests.

First of all, by strengthening cooperation and partnerships with countries of the Black Sea region, Ukraine asserts its own independence and sovereignty. Transferring Ukrainian activity to the Black Sea region will weaken Russia’s geopolitical dominance. The Black Sea region, where Russia has already lost its leading position, can become a sure geopolitical alternative for Ukraine in the post-Soviet area. Ukraine has today real opportunity to become a viable and influential country in the Black Sea region. In a geopolitical sense, the BSEC represents an ideal regional forum for developing this new role for Ukraine. The Organisation of the Black Sea Economic Cooperation (BSEC) is indeed a very significant factor for the development of new processes in the Black Sea region and Ukrainian-BSEC relations play a role in defining Ukraine’s place in the region.
The BSEC offers Ukraine the chance to defend its national interests while developing bilateral and multilateral cooperation within the framework of the institution. Unlike in the CIS, where Russia still holds a dominant political role, in the BSEC, Ukraine can follow a new model of equal partner relations with Russia, which can be used later in other dimensions of the Ukrainian-Russian relations.

Secondly, there is the question of cultural identity in the Black Sea region. Ukraine must decide what type of geopolitical and civilisational system will best lead to its development. Since Ukraine gained full independence, it has associated its future with European culture. The Black Sea region is a part of Europe. The enlargement of the European Union to Romania and Bulgaria, granting the EU an access to the Black Sea, makes the Black Sea region a part of political Europe. Ukraine remains however deprived of any chances of membership in the EU for the next 15 to 20 years. The European Union intends to develop future relations with Ukraine only ponderously within the all-encompassing concept of “neighbourhood”. Ukraine will as a result be forced to change strategy, tactic and direction regarding its Euro-integration objectives. Within the “neighbourhood” framework, strengthening subregional cooperation with the region’s EU member states matches Ukraine’s aspirations to future integration. The BSEC in this sense becomes one of the most important mechanisms adding to Ukraine’s process of European integration. Ukraine’s active participation in BSEC activities then becomes a substantial direction for ultimately realising the set objective of institutional integration into Europe.

Thirdly, the intensification of the North-South communication axis will add to the stability of Ukraine, unlike the East-West axis which has fractured the country. The development of the Black Sea-Baltic system of cooperation is therefore of major geopolitical interest to Ukraine. The transportation, energy, economic and political constituents of an updated Black Sea-Baltic system will help strengthen stability and prosperity in Eastern Europe from the Scandinavian to the Black Sea countries. In this respect, the BSEC interestingly represents a modern structure aiming at the rebirth of the route of ‘Varangians to Greeks’, which existed in ancient times.

The Black Sea region is also attractive to Ukraine because of another infamous transport corridor known as the ‘Great Silk Road’, which connected Europe with Asia. Hence, Ukraine embodies the essential link for economic relations between Central and Eastern Europe and the East.

Ukraine’s economic interests in the Black Sea region are tightly related to its geopolitical interests, in particular in the case of transportation and communications routes which clearly include both strategic and economic features. Owing to the straits of the Bosphorus and the Dardanelles, the Black Sea represents an important transportation artery that joins Ukraine with the world’s major sources of raw materials and with international markets. Even more important for Ukraine is the fact that the Black Sea region is
increasingly acquiring a transcontinental value. The geo-economic and geo-strategic value of the Black Sea region lies in its location at the crossroads of the vertical axis of transportation and communication routes between countries of Northern Europe, the Mediterranean and the Middle East, with the horizontal axis joining two geopolitical centres of the world, two civilisations, where East meets West (Asia and Europe).

Economically, regional cooperation can be an alternative way for solving many of the problems which Ukraine faces in the post-Soviet space. Ensuing interests include:

- diversification of energy supply sources;
- development of Ukraine’s potential as an energy transit route to Europe;
- diversification of markets for Ukrainian agricultural products;
- development of transport corridors, North-South, Europe-Russia, Europe-Asia;
- attracting investments from the Black Sea countries for the modernisation of the Ukrainian economy;
- development of recreational centres in the tourism industry.

The BSEC is treated as a priority in Ukraine towards realising the above mentioned interests. Ukraine naturally sees its own participation in the BSEC through the prism of its own economic interests which shape national support for the economic projects of the BSEC. However, ensuring interests in the Black Sea region by both regional and third countries will depend on the state of security and political stability in the region. Without political stability, the region’s role as a link between Northern Europe, the Mediterranean and the Middle East, as well as between Europe, Central Asia and the Far East, is lost, and the whole region will then only exemplify separation between these civilisational areas.

**Destabilising factors in the Black Sea area**

Regrettably, alongside the huge economic potential that encourages cooperation, the Black Sea region is also cast with a proneness for conflicts and still very much depicts to the world a zone of tensions and clashes of interests. The most destabilising factor in the Black Sea region lies in domestic conflicts in many of the countries in the region, primarily due to growing inter-ethnic contradictions and other diverse social tensions. Many of the conflicts are caused by disproportionate levels of economic development in separate regions within a single state. The multi-ethnic diversity of populations in the Black Sea region plays a role in the irregular economic development between areas and provinces, and causes the internal conflicts to have a distinctively pronounced

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ethnic colouring. Moreover, the inter-ethnic strife is a breeding ground for many grave social problems, among these, the problem of refugees. Social tension is furthermore aggravated by various inconsistencies in economic and political reforms being carried out in most countries of the Black Sea region.

The main source of conflict in the Black Sea region is the problem of borders and territorial disputes causing in some cases internal and in others, external threats. In the course of their history, the nations that used to live on their national territories were either forcibly moved out or joined different states when their territories were divided among several new states. Since such disasters remain for a long time in the collective memory of ethnic groups, sooner or later, following the shift in the region’s balance, ethnic groups that had been previously divided as a result of deportation or partitioning of their territories, have tended to launch political movements to unite their nations or ethnic groups and to establish their own national states in the place of their historical homeland. The issue of border conflicts and territorial disputes also has an external dimension since borders between some countries of the Black Sea region are not evenly delimitated, let alone demarcated. There are also some territorial disputes between certain countries due to the lack of inter-state treaties pertaining to state borders, or because of different interpretations by the parties to existing treaties.

Security problems combined with the large economic, transportation and communications potential of the Black Sea region have turned it into the arena of coinciding and confronting geopolitical interests of the countries inside the region as well as of some of the leading countries of the world. As a result of recent dramatic changes in the global balance of power, the reshaping process of the geopolitical space in the Black Sea region is currently under way. This process is characterised by the gradual loss of geopolitical and geostrategic domination by Russia and the growing influence of new players, such as Turkey, the EU countries, the US and Ukraine. This process provokes Russia’s counteraction which appears only natural, since the loss of geopolitical domination narrows down Russia’s opportunities for ensuring its own economic, military and political interests.

These tendencies are shaping in Ukraine a complex of interests in the security sphere connected with the Black Sea region. This group of interests include:
- demilitarisation of the Black Sea region;
- maintaining a balance of powers in the region, which makes military-political domination of one of the countries on the Black Sea impossible and promotes strengthening of peace and security;

- settlement of local conflicts and territorial problems;
- fight against smuggling, illegal migration, organised crime and drug trafficking;
- improvement of environmental security.

Ukraine vis-à-vis the BSEC

Looking into Ukraine’s interests in the Black Sea region, Ukraine has actively supported the creation of the BSEC from the early beginning as one of the founding states of the organisation.

Difficult processes and overall inefficiency of the CIS has forced Ukraine to search for new ways to pursue its national interests. Naturally, other modes of cooperation in Ukraine’s immediate geographic vicinity constitute the best alternative. The BSEC as a geographically close subregional organisation represents the most favourable option. The Organisation of Black Sea Economic Cooperation (BSEC) was attractive to Ukraine because of its economic basis, unlike the CIS, which responds primarily to the geopolitical interests of Russia. Precisely this feature of the BSEC attracted newly emerged post-Soviet countries in the Black Sea region, which tried to integrate into this organisation where Russia did not prevail. The BSEC was thus the first organisation where relations with Russia could be built on an equal basis from a subregional perspective. That’s why Ukraine pushed for the transformation of the BSEC into a full-fledged international organisation. In fact, it was under Ukraine’s chairmanship that the Charter and the Agenda of the BSEC have been developed.

The activities of the BSEC also match Ukraine’s ambitions to eventually join the Euroatlantic institutions. Ukrainian participation in the BSEC has been decisive regarding progress made towards integration into the European Union and in strengthening democracy in the country. Integration into Europe has been proclaimed as the main strategic course of Ukrainian foreign policy. President L. Kuchma reporting on a conference on ‘New possibilities in the Black Sea region’ in Istanbul on 28 April 1997, said that the consistent strengthening of economic cooperation in the Black Sea region has played an important role not only in solving problems in the field of economic development in the region’s countries, but also furthered pan-European integration.4

The current President of Ukraine Victor Yuschenko speaking to the participants and guests of the 25th session of the Parliamentary Assembly of the Black Sea Economic

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4 Transcript from the conference ‘Problemy i perspektivy otnosheniy Ukrainy s gosydarstvami GUAM i evraziiskogo ekonomicheskogo soobshestva (Materialy nauchnogo seminar’/Politychna dumka) [‘Problems and prospects of relations Ukraine - GUAM members and the Eurasians economic community’/Political thought], no. 1-2, 2001, p. 99-121.
Cooperation, which took place in Kyiv on 8 June 2005, underlined the important role of the BSEC in expanding regional cooperation, which is the pledge of security and stability, democratic ideas and economic prosperity in the 21st century. He thus said that “In this sense, I consider the Organisation of the Black Sea Economic Cooperation a promising instrument for developing partnership among its Member–States and establishing a meaningful dialogue with the EU and other international structures.”

In this context, the participation of Ukraine in the BSEC facilitates in many ways the adaptation of its economy to EU requirements and standards.

The BSEC is a key link for developing the Black Sea-Baltic system of cooperation. Building the Black Sea-Baltic-Caspian partnership should become the main geopolitical and geoeconomic priority for Ukraine. Ukraine was one of the first states to actively champion the establishment of regular meetings between state leaders of the region. A fitting example was the Yalta Summit of September 1999, organised in the framework of the two-day international conference ‘Black Sea-Baltic cooperation: to integrate Europe of the 21st century without dividing lines’. As the Ukrainian Minister of Foreign Affairs Boris Tarasyuk stressed, this summit underscored a successful Ukrainian foreign-policy, which combined integration to the European and Euroatlantic structures with good-neighbourly relations.

These meetings resulted in concrete agreements forming an economic alliance between the countries of the Black Sea-Baltic region. In particular, the creation of a committed oil-energy consortium for supplying Caspian oil (on the base of oil terminal ‘South’ near Odessa and oil pipe-line Odessa – Brody - Adamova Zastava – Plock - Gdansk) through Ukrainian territory constitutes a strategically important question for Ukraine. Scandinavian countries are also interested in funding the consortium. In the context of strengthening the Black Sea-Baltic-Caspian partnership, Ukraine ardently supported a decision by the Council of Ministers of Foreign Affairs on the renewal of Poland’s observer-status in the BSEC. As for the economic aspects of Ukraine’s strategic interests associated with the BSEC, these include diversification of energy resources supply, the search for alternative markets for Ukrainian products, modernisation of the economy by bringing in international investments and technologies. Priority directions of Ukraine in the BSEC are therefore the following: i) energy; ii) transport; iii) trade and economic development; iv) banking and finance; v) communication, science and technology; and vi) tourism and environmental protection.

Ukraine sees its own activities in the system of the Black Sea cooperation as mainly concentrated on energy and transport, in the light of the fact that it too seeks to actively

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minimise dependency on Russia. In this sense Ukraine supports plans of the European Union concerning the creation of a single inner power market on the basis of rules designed for one power network, which was reaffirmed by Deputy Minister of Fuel and Energy of Ukraine Alexej Sheberstov during the meeting of the ministers of energy of the BSEC member states in Sochi on 27 September 2006. Apart from that, the Deputy Minister also admitted that Ukraine would back an EU plan of priority measures concerning the unification of electric systems notably through the creation of a single European regulator, and the establishment of measures designed to separate operators of electric systems from suppliers. As he reported “Ukraine is interested in cooperating towards the realisation of an energy policy by EU member-states, and in particular in defining priorities for the reconstruction of supply infrastructure (including pipelines and gas terminals); the elaboration of a Road Map for the creation of a pan-European energy community; the revision of current approaches to cooperation with the main partners of the EU from the perspective of interdependence”.

In 2005, during a regular meeting of the ministers of energy of the BSEC member states, Mr. Plachkov, Minister of Fuel and Energy of Ukraine, took an active part in discussing the integration of power markets and the development of interconnections of electricity networks. Great attention was also paid to the integration of energy systems of the BSEC countries to the trans-European systems. During a trip, the Ukrainian Minister of Fuel and Energy conducted negotiations with Greek companies on the realisation of investment projects in Ukraine, especially on building the infrastructure for generating power in the south of the Odessa region. Ukraine exhibits particular interest, within the framework of BSEC projects, for the modernisation of existing oil-refining plants, the creation of new electrical networks, and in particular, the realisation of oil and gas terminals on the banks of the Black Sea, as well as carrying out scientific research with foreign companies concerning the use of alternative energy sources.

International and regional transport corridors, which have a strategic value in general, remain especially important to Ukraine. The materialisation of existing plans can bring Ukraine great benefits and help it develop its economy. An analysis of transit cargo, which pass through Ukrainian territory shows that more than 50% of transit originates from within the BSEC region. All this is extremely important for Ukraine from the point of view of expanding markets and diversifying energy transit routes.

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7 Ukrainian Monitor, Weekly Issue. no.4, 0/2006. p.5.
8 Ibid.
A number of meetings between ministers of transport of the BSEC occurred in this perspective resulting in a series of documents, agreed upon and signed by Ukraine. In 2006, the Memorandum of Understanding on facilitation of road transport of goods in the BSEC region, which was signed in Kyiv in 2002, entered into force. Two more memoranda are open for signature – one concerning maritime highways in the Black Sea and another on the creation of the Black Sea circular motorway. With regard to these projects, the Minister of Transport and Communication of Ukraine, Nickolaj Rud’kovskiy drew special attention to the perspective of opening a route Danube - Black Sea - Don - Volga - Caspian Sea. This route, advocated by the Ukrainian minister of transport, will increase the traffic of goods and create a transport ring in the future connecting the rivers of Rhine, Mayn and Danube, the Black Sea - Azov basin, Don, Volga and the Caspian basin.

Taking into account, that the Black Sea region is a major transport artery linking world trade between Europe and Asia, the BSEC’s coordinating role in connection with investment projects and the involvement of international financial institutions in their realisation is of enormous value. First of all, we must invest in projects, connected with an increasing need for traffic security as noticed by Nickolay Rud’kovskiy.10

The Ukrainian delegation supported the establishment of regional projects for developing a motorway named “Black Sea Ring” at the BSEC Summit in Sochi in 2006. The project foresees the construction of a motorway of about seven thousand kilometres, which will unite Turkey, Georgia, Russia, Ukraine, Moldova, Romania and Bulgaria. In Ukraine, the motorway will pass through Mariupol and Odessa. This project is going to be financed through the local budgets of participant countries and assets of the World Bank and the Black Sea Trade and Development Bank affiliated to the BSEC.11

In 1996, Ukraine participated in the project of reviving the Great Silk Road under the official name of TRACECA (Transport Corridor Europe - Caucasus - Central Asia). The creation of the Eurasian highway and the Black Sea circular motorway will facilitate increased cooperation between traditional and new economic groups in Europe and Asia, such as the European Union, the Central European initiative, the Organisation of the Black Sea Economic Cooperation, etc.

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11 See ‘Chornomorski krainy planuyut budivnyctvo avtoshlyahu navkolo morya’, ['Black Sea countries planning littoral way around the sea'], BBC, 28 September 2007.
http://www.bbc.co.uk/ukrainian/indepth/story/2006/09/060928_business_thursday_sp.shtml - 29k
The development of transport links will boost trade in the BSEC region. BSEC countries account for 30% of Ukrainian exports and 36% of its imports. Ukraine’s largest trading partners within the BSEC are Russia, accounting for 18.5% of Ukrainian exports and for 33% of its imports, and Turkey, with 5% and 1.5% respectively.\(^\text{12}\)

Ukraine has also taken active part in the creation of high-tech communication infrastructure for the region. In this respect, the fibre-optical connection project of ITUR (Italy-Turkey-Ukraine-Russia) is very important and foresees a port to the Eurasian cable, which connects Western Europe to Japan and Korea.

An underwater Black Sea fibre-optical communication system Varna – Odessa - Novorossiysk - Poti has started functioning. The system is integrated in the international telecommunication system of TEL (Tran European Lines), which connects European countries to Near/Middle East. Since 2006, Ukraine has been the country coordinator of the Working Group of the BSEC on Information and Communications Technologies. New Working Groups on cultural and educational issues were recently established within the BSEC.

Ukraine takes part in the BSEC investment activities. As one of the founders of the Black Sea Trade and Development Bank (BSTDB), Ukraine’s share of the Bank’s capital amounts to 13.5% of shares ($1 billion).\(^\text{13}\) Ukraine transferred to the bank an authorised capital of near $150 million in different forms. At the same time, the BSTDB granted credit to Greek companies to build ships on the Ukrainian dockyards in Mykolaiv. Owing to the Bank, a corn terminal was built in the Odessa port as well as a gas-compressor station in the Odessa region.\(^\text{14}\)

At the BSEC Summit in Sochi, in autumn 2006, Ukraine brought the participants’ attention to the potential of the Project Development Fund (PDF) created by the BSEC. The Fund is financed so far by voluntary contributions of member states and helps in the preparation of business projects which are at a pre-feasibility stage seeking partners or funding.

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\(^{12}\) Estimations provided by the author. For official data on Ukraine’s foreign trade see IMF, *Direction of Trade Statistics*, Washington. Also on Ukraine’s trade with the BSEC countries see Manoli, Panagiota (2005), ‘Limiting Integration: Transnational Exchanges and Demand in the BSEC Area’, *Agora Without Frontiers*, vol. 10, no. 4, Institute of International Economic Relations, Athens, March-May, pp. 268-291.


Ukraine has already implemented a few projects through the Academy of Sciences which were given grants by the Fund.

Questions of security in the framework of the BSEC are very important for Ukraine. These include projects concerning environmental protection and cooperation in the event of an emergency or crisis situation. The Ukrainian proposal to create a coordination council on environmental security and to develop an ecosystem contamination control mechanism, contributed to the strengthening of the ecological security system in the region. Ukraine’s initiative, at first, was provoked by the increased threat to the ecology of the sea, its climate and bio-diversity but also by the potential resort recreation opportunities as well as by the new possibilities for the exploration and exploitation of oil and gas deposits in the Black Sea.

Ukraine was one of the first countries to ratify an Agreement between Governments of the BSEC on cooperation on assistance in emergency situations and emergency responses to natural and man-made catastrophes. Also in October 2002, Ukraine ratified the BSEC Agreement on cooperation of the Black Sea countries during rescue operations in the Black Sea.

In accordance with a decision of the Council of Ministers of Foreign Affairs of the BSEC states, adopted on 18 April 2003 in Yerevan, Ukraine became the country coordinator of the Working Group on issues of cooperation in the sphere of emergency situations for the period 2003 - 2005. During its Chairmanship, the Ukrainian Emergency Control Ministry elaborated a plan of activity for the Working Group for a two years period.

The Action Plan of the BSEC Working Group on cooperation in emergency situations and the Calendar of events of the Working Group in 2003 envisaged common exercises between BSEC experts which took place on 25-28 November 2003 in Odessa, defining preventive measures for the liquidation of oil contaminations in the Black Sea. The ministry secures the implementation of the plan of activity of the BSEC Working Group on cooperation in emergency situations, ratified by the group at its meeting on 27-28 August 2003.15

The BSEC: An assessment of its functioning and proposals for its future development

The creation of the BSEC aimed at the integration of the Black Sea region into a world economy built on a democratic basis and taking into account market principles. During the years of its existence, the BSEC has generated positive dynamics of development. The organisation has already gained international legal status, so its decisions have an obligatory character. The executive branch is developed and consists of different

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constituents: intergovernmental structures (the higher governing body is the Council of Ministers of Foreign Affairs), a Parliamentary Assembly, financial bodies (Black Sea Trade and Development), a business council, which unites different enterprise structures, and the International Centre for Black Sea Studies (ICBSS). The BSEC Working Groups with different kind of activities work as subsidiary bodies.

The BSEC is therefore now an organisation which potentially has all the instruments and resources to influence substantially the various political and economic processes in the Black Sea region. Despite its economic nature, in the last few years, the BSEC has created new directions, in particular, through projects on fighting soft security threats (fight against illegal migration, drug and human trafficking) as well as the prevention of terrorism. There is an expansion of the BSEC mandate on a wide spectrum of humanitarian questions. Consequently, the influence of the BSEC can be manifold.

The BSEC greatly contributed to confidence building and the development of partner relations among its members. This organisation created working groups on priority areas of cooperation, such as energy, transport, etc. As economic development and prosperity are closely connected with the development of science and technologies, the BSEC, as well as the EU, pays considerable attention to the growth of investments into the sector of scientific research and development. In this perspective, the Working Group on Science and Technology was established and an Action Plan on matters of science and technology was adopted in September 2005 in Athens. This plan defines the following priority spheres for cooperation: human potential, infrastructure, innovation, stimulation and use of research potential. The creation of the BSEC Fund for Project Development will also permit the sponsorship of researchers from different countries (at the pre-feasibility stage of large projects and on a competitive basis).

Very important within the framework of the Organisation was the creation in 1992 of its own financial institution, the Black Sea Trade and Development Bank. In general, the Bank’s activity can be positively appreciated: in a short period of time, the Bank commended itself as an international financial institution which dynamically develops. Subsequent work in the region and increase in the size of credit operations respond to the interests of all of the member states of the BSEC.

Among the positive factors of economic cooperation within the BSEC framework, it is important to mention the specialisation of its member states in certain industries or economic fields and therefore a tendency towards an increased degree of interdependency and complementarity between their economies.

However, it can be said that the BSEC is not working yet at its full potential. The BSEC has not only positive dynamics of development, but also faces objective difficulties. The main problem is the exceedingly large variety of priorities, often contradictory ones that
are being put forward by its member states, thus complicating the coordination of efforts for common projects. Russia, on its term, tries to maintain a status of superpower heir of the USSR and to keep a traditional sphere of influence in the Black Sea region. Difficulties in Russia’s internal transformation and limited resources have narrowed these aspirations mainly to the region of the CIS in the first years after the collapse of the USSR. That is why Russia had a quite passive position in the BSEC programs. Only after 1995 did the Russian Federation actually develop a policy toward the region.

First of all, Russia concentrates its efforts on keeping control over oil and gas pipelines and the main traffic of goods on railways, motorways and airways in the countries of Central Asia. Moscow shows a special interest in forcing Azerbaijan and other interested parties to agree to the transport of Caspian oil from Azerbaijan, through Russian oil pipelines and ports. In the last years, relations between Russia, on the one side, and Georgia and Ukraine, on the other, have greatly deteriorated. Russia’s policies are therefore aimed at maintaining the inviolability of its strategic interests in the region, which translates into dictating terms to other states in the region. The Russian Federation has done everything in its power to prevent political, economic and military efforts in Transcaucasia as well as to obstruct third states from having influence in the region (chiefly Turkey, the United States, the United Kingdom, Germany and Iran).

Turkey hopes to assert its own strong geopolitical position and to increase its economic power. Market reforms in the countries of the region are oriented not on the development of small and medium-size businesses but on the modernisation and transformation of the public sector, which unfortunately comes at the expense of international financial support. This fact also influences the Turkish position towards the BSEC which has been disappointing to the other members of the organisation. Greece as an EU member tries to use the advantages of a “mediator” role in relations with other countries of the BSEC, in particular in exploiting financial possibilities. For this, Greece has concentrated its efforts on the development of concrete projects, carried out with the financial support of the EU (the foundation of the BSTDB, the creation of the ICBSS, etc.). Greece’s initiatives are widely supported by Bulgaria, Romania and to a certain degree by Ukraine whose main foreign policy priority is joining the EU. In this respect, the elaboration of concrete projects could be an attempt to further cooperation in the Black Sea region through state interaction with international structures, which indirectly conduce to the processes of European integration.

The South Caucasus countries concentrate their efforts on solving inner problems and settling disputes with neighbours. Their contribution to the development of the BSEC is so far minimum. Only Georgia for example actively conducts environmental protection activities.

Unfortunately, achievements by the BSEC in creating a regional market and establishing cooperation in the field of investments remain limited. Trade among regional states has
not developed to its full potential level. The Ukrainian proposal of a multilateral agreement on establishing a regime for regulating off-shore trade, which included a customs policy for the gradual removal of trade barriers, did not receive support, underscoring thus the fact that the states of the region rather choose to rely on already existing customs unions instead of seeking to develop a likely complex regional market system.

Investment cooperation among the BSEC countries is also at an embryonic stage. In order to eliminate obstacles to profitable regional cooperation, Ukraine proposed to create a broad investment space of Black Sea states and a common market of investment projects, rather than attempting to harmonise the national legislation of the BSEC countries. A decrease in military presence in the Black Sea region was also suggested in this context as the BSEC should become a tool for promoting of security and stability in the Black Sea region.

From the very beginning the question of trade within the framework of the BSEC was not made a priority although a Declaration on the intention of creating a free trade zone was presented at a special meeting of ministers of external trade in 1997. However the Declaration never materialised due to the existence of different and diverging custom unions between certain BSEC member states. External trade is of course regulated supra-nationally in EU member states whereas in the rest of the BSEC member states, conditions and policies are nationally determined and furthermore, different BSEC states play very different roles in international trade if only in terms of scale. Consequently, the creation and realisation of general investment projects within the BSEC has been complicated by substantial differences concerning basic parameters of investment climate. Also, not all members of the BSEC belong to the World Trade Organisation (WTO) as for instance, Ukraine, Russia and Azerbaijan.

Conclusions

In the 21st century it is necessary to reform international structures in accordance with new global problems and threats. Regional structures should in the same way sufficiently react to the whole spectrum of regional problems and threats. In this context, functions of such organisations as the European Union, NATO and the BSEC need to be reconsidered.

In the new world, particular attention should be paid to subregional structures. The new problems and threats to development and security of the 21st century are very much unlike the global threats of the previous century, having both internal and external roots which arise mainly on a local level. International security and global development will thus be determined by the stability of subregions. There is no stable Europe without stable subregions. Already today a series of initiatives exists towards this direction, such as the Stability Pact for South-Eastern Europe. In this context, the creation and development of such a subregional organisation as the BSEC ought to be more extensively analysed.
Strategically important transport projects, which foresee the linkage of national energy systems among countries of the Black Sea into a single ring, thus forming a system of regional transmission, are currently under development within the framework of the BSEC. These projects will assist the development of cooperation between economic groups of Europe and Asia (e.g. EU, BSEC, EurAsEU, etc.).

At the end of 2006, a Memorandum of Understanding between the BSEC and Eurasian Economic Union (EurAsEU) was signed. Similar memoranda were signed with the World Bank and specialised agencies of the United Nations system. New horizons are expected from the European Union as a result of the much awaited Black Sea strategy that should be in the same line with existing strategies directed at the Baltic or the Mediterranean regions.

The chief structure in the domain of regional security in the BSEC region should be the Organisation for Security and Cooperation in Europe (OSCE). The BSEC countries should concentrate their efforts in the sphere of regional security through achieving economic security, reinforcing cooperation on humanitarian issues, strengthening the fight against organised crime and illegal drug trafficking, and strictly preventing smuggling and trade of weapons and radioactive materials. Further security issues affecting the region are illegal migration, marine piracy and smuggling in and through the Black Sea, economic, transport and communications security as well as the threat to democratic values. Future trends could include the development of relations between the BSEC and GUAM. All of the members of GUAM are also members of the BSEC, which could potentially significantly add to the building of more harmonious economic relations between the GUAM states and such regional leaders as Turkey and Russia. The most promising means to establish cooperation between the two organisations could entail projects, which have been already realised by GUAM on issues of soft security, trade and traffic facilitation.

Therefore when taking into account both boons and weaknesses in the BSEC’s overall performance combined with the possibility of establishing a future cooperation with other regional organisations, it is possible to highlight the main priorities for the BSEC in the short and middle term.

I) Defining priorities of cooperation within the BSEC framework shared by the majority of the BSEC member states;
II) Developing special projects for the implementation of the agreed fields of priority for cooperation and ensuring their proper financing;
III) Forming credit pools and opening new credit lines for financing large scale projects concerning the development of trade and infrastructure;

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IV) Strengthening a dialogue between the BSEC and different regional and subregional structures, the European Union and European banks in particular, with the purpose of assisting economic and social reforms in the countries of the region;

V) Creating a banking infrastructure and a network of business centres for financing and providing information on both public and private investment in infrastructure projects;

VI) Establishing a monitoring mechanism covering the field of export-import operations of the BSEC members, for identifying weak points and conducting the proper corrections on foreign trade flows in the Black Sea region thus improving the economic situation in the countries of the region;

VII) Creating a regime for free movement of goods, services and capital, that will stimulate economic contacts, extend measures of industrial cooperation and common investments in areas of mutual interest;

VIII) Unifying the customs system of the countries of the region, creating a full-fledged system of multilateral accounts and organising a Black Sea Pay Union in the future; and

IX) Supporting democratic processes in the countries of the region. In order to actively favour the democratic development of local government, it is important to also take advantage of opportunities offered by BSEC substructures such as the International Black Sea Club which unites key cities and ports of the Black Sea, or the Round Table of Mayors and Governors of the Capitals of the Black Sea region.

The active economic and political policy pursued by Ukraine in the BSEC is aimed at giving the country a possibility to realise its interests, to provide the country with increased authority in the region and in the world and finally, to become an important regional player in the geopolitical scene as it is shaped today. Ukraine can and must play a considerable role in the organisation of the new economic cooperation system in the Black Sea region.
CONCLUSIONS: BALANCING NATIONAL INTERESTS

Panagiota Manoli

Regional cooperation as a concept and policy option has been popular in the current international relations debates following its rebirth at the policy level worldwide.

No region in the world is identical. The particular features of each region shape different forms of regionalism. The case of the Black Sea as a region is relatively new in terms of policy-making and research. As the wider Black Sea region slowly takes shape transformed into an international actor and attracts more attention by the international community, it becomes important to identify the agenda of the regional actors that drive multilateral cooperation.

Not only for the international community but also for the majority of the Black Sea states devising a regional Black Sea policy has been a new undertaking with the exception in some respect of Turkey and Russia, the two powers that have alternatively dominated the area throughout the centuries. During the Cold War period, all littoral states (with the exception of Turkey) had been part of the communist bloc, while Greece and Turkey belonged to the western group. The Black Sea was thus not in unity. In the post Cold War period, the newly emerged states tried to place themselves in the evolving new European architecture and re-discovered their Black Sea identity.

Casting light on national preferences is important since in the case of the Black Sea regional cooperation has been an indigenous process being driven exclusively by the local state players. Evidence however shows that despite much rhetoric for multilateralism regional states have not supported it on the ground. The reasons behind that, should not be simply attributed to the ‘unwillingness’ of the states to cooperate but to a larger extent to the lack of resources and experience along with the fact that the geopolitical and economic environment in which Black Sea regionalism has been embedded was not conducive.

Expectations of the member states in joining the BSEC have not remained the same throughout time, though fifteen years in the life of an organisation is not a long period. For all newly independent countries adhesion to the BSEC in June 1992 was one of the first acts as independent international actors, a means of securing much needed international recognition of their statehood. With the exception of Turkey that conceived the BSEC as a tool of foreign economic policy, neither Russia, nor Greece seemed to have a grand strategy for the BSEC at that time.
Nevertheless, the BSEC has advanced and has gone through three phases of institutional evolution so far. During the first two formative years of its existence (1992 – 1994) the BSEC operated as a forum. In 1994, the initiative entered its second stage of maturity by acquiring permanent bureaucratic structures and specifically a permanent international secretariat. The third stage of its evolution was marked in 1998 and the conclusion of its Charter that gave the BSEC an international legal personality and turned it into an organisation.

While reading the essays included in this publication one realises that the differences among the twelve member states of the BSEC are great in terms of their national priorities and main concerns especially in security terms. The fact that the security dilemma in the region is very high has undermined the prospects for consensus building among the regional states. What has kept the twelve heterogeneous states united under the BSEC? In the absence of a grand strategy for the Organisation what has driven its institutional maturity and legal enhancement? The reluctance of its member states to empower further the organisation and its bureaucracy notwithstanding, how has it come that the BSEC represents today probably the most credible regional partner in the wider Black Sea area?

What has kept united the states in the region, despite their different agendas and bilateral problems, is mainly their real need for mending or opening links of communication with their new neighbours as well as a common understanding among all member states that regional cooperation is positively assessed by the most important external anchor of modernisation, namely the European Union.

An insightful reading of the papers included in this edited work would lead us to a number of observations. One of them is that not all regional states have displaced the same degree of interest in the BSEC. For all countries, foreign economic policy goals have to a large degree been served through other means and fora than the BSEC. Another observation is that the indigenous ‘epistemic community’ is absent from the debate and policy-making on Black Sea regionalism. Witness to that is the poor level of systematic academic work and research on the Black Sea affairs and the BSEC. Most of the research on the BSEC actually stems from the academic and research community beyond the Black Sea region. Thirdly, there is a lack of strategic thinking when one approaches Black Sea regionalism and the BSEC. Priorities become blurred. However, when the BSEC had a clear policy goal (e.g. strengthening relations with the EU) it managed to secure consensus and achieve it.

An improvement of the overall political economy of the Black Sea region (in terms of macroeconomic stabilisation, state-building and security) is expected to push further cross-border cooperation and mark a new era in regionalism. In the last couple of years we have seen a recovery of national economies of the states of the region – which have
been lagging behind the other transition countries in Europe – which brings a positive impact not only in making the states more active in regional cooperation but it also signifies the possible involvement of other non-state stakeholders, first among which is the business community. Interdependence in terms of the flow of goods, people and ideas is expected to boost joint regional efforts. Progress on the macroeconomic level notwithstanding, much is still to be seen in the field of institution-building and above all in addressing fundamental ‘hard’ security issues in the region. The improvement of relations between the BSEC and the EU in 2007 is a progress to be marked but it is not a remedy for all the weaknesses of Black Sea regionalism.

International organisations do not operate in a vacuum. They are structures that mirror the weaknesses, the strengths along with the priorities of their member states. To prescribe a recipe for success for the BSEC one needs firstly, to address the states involved in it. A key element for the future of the Organisation is to give flesh to the existing regional structures by giving them a cause, a role to perform, a sense of direction. At the same time, like in all organisations that have moved beyond rhetoric and an ‘exchange of views’ what is needed is a ‘core’ driving force of one or more states that are willingly to act as benevolent leaders, set an agenda, maintain a minimum of consensus and bear the necessary cost of regional cooperation. All that being said, we should stress that the BSEC is beholden to the wider region in which it operates and a minimum level of order and stability is a precondition for its success.
ANNEXES

ANNEX I

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ANNEX II

ABBREVIATIONS

ASEAN Association of Southeastern Asian Nations
AMBO Albanian Macedonian Bulgarian Oil Corporation
BASPA Black and Azov Seas Ports Association
BISNA Black Sea International Shipowners Association
BLACKSEAFOR Black Sea Force
BMENA Broader Middle East and North Africa
BRASS Black Sea Region Association of Shipbuilders and Ship-repairers
BSEC Organization of the Black Sea Economic Cooperation
BSEC-BC Business Council of the Organization of the Black Sea Economic Cooperation
BSEC-URTA Union of Road Transport Association in the Black Sea Economic Cooperation Region
BSI Black Sea Initiative
BSR Black Sea Region
BSTDB Black Sea Trade and Development Bank
CANE Confidence Annual Naval Exercise
CBSS Council of Baltic Sea States
CDC Community of Democratic Choice
CEI Central European Initiative
CIS Commonwealth of Independent States
CSCE Conference on Security and Cooperation in Europe
CSTO Common Security Treaty Organisation
DABLAS Danube Black Sea Task Force
EBRD European Bank for Reconstruction and Development
EurAsEc Eurasian Economic Community
ENP European Neighbourhood Policy
ETF Engineering Task Force
ESDP European Security and Defence Policy
EU European Union
EUROMARFOR European Maritime Force
EUBAM European Union Border Assistance Mission
FDI Foreign Direct Investment
FTA Free Trade Agreement
FRONTEX European Agency for the Management of Operational Cooperation at the External Borders of the Member States
GUAM Georgia, Ukraine, Azerbaijan, Moldova
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<tr>
<th>Abbreviation</th>
<th>Full Form</th>
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<tr>
<td>HELBROK</td>
<td>Hellada, Bulgaria, Romania, Kypros</td>
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<td>ICBSS</td>
<td>International Centre for Black Sea Studies</td>
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<td>ID</td>
<td>Intensified Dialogue</td>
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<td>INOGATE</td>
<td>Interstate Oil and Gas Transport to Europe</td>
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<td>INSME</td>
<td>International Network for SMEs</td>
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<td>IPAP</td>
<td>Individual Partnership Action Plans</td>
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<td>ISAF</td>
<td>International Security Assistance Forces</td>
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<td>IT</td>
<td>Information Technology</td>
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<td>ITUR</td>
<td>Italy-Turkey-Ukraine-Russia</td>
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<td>JHA</td>
<td>Justice and Home Affairs</td>
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<td>KAFOS</td>
<td>Black Sea Fibre Optic System</td>
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<td>MERCOSUR</td>
<td>Mercado Comun del Sur</td>
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<td>NATO</td>
<td>North Atlantic Treaty Organization</td>
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<td>NGO</td>
<td>Non-governmental organisation</td>
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<td>NIS</td>
<td>Newly Independent States</td>
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<td>OSCE</td>
<td>Organization for Security and Cooperation in Europe</td>
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<tr>
<td>PABSEC</td>
<td>Parliamentary Assembly of the Organization of the Black Sea Economic Cooperation</td>
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<td>PCA</td>
<td>Partnership and Cooperation Agreement</td>
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<td>PDF</td>
<td>Project Development Fund</td>
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<td>PETRA</td>
<td>Pan European Transport Association</td>
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<td>RCC</td>
<td>Regional Commonwealth in the Field of Communications</td>
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<td>RF</td>
<td>Russian Federation</td>
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<td>SAA</td>
<td>Stabilization and Association Agreement</td>
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<td>SCO</td>
<td>Shanghai Cooperation Organisation</td>
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<td>SECI</td>
<td>Southeast European Cooperation Initiative</td>
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<td>SEDM-CC</td>
<td>South Eastern Europe Defence Ministerial Coordination Committee</td>
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<td>SEEBRIG</td>
<td>Southeastern Europe Brigade</td>
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<td>SEESIMNET</td>
<td>Southeast Europe Simulation Network</td>
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<td>SES</td>
<td>Single Economic Space</td>
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<td>SME</td>
<td>Small and Medium Enterprises</td>
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<td>TACIS</td>
<td>Technical Aid to the Commonwealth of Independent States</td>
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<td>TEL</td>
<td>TransEuropean Lines</td>
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<td>TEN</td>
<td>Transeuropean Energy Networks</td>
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<td>TRACECA</td>
<td>Transport Corridor Europe - Caucasus - Central Asia</td>
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<td>TRBMP</td>
<td>Transboundary River Basin Management Project</td>
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<tr>
<td>US or USA</td>
<td>United States of America</td>
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<td>USD</td>
<td>United States Dollars</td>
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<td>USSR</td>
<td>Union of Soviet Socialist Republics</td>
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<td>WBSR</td>
<td>Wider Black Sea Region</td>
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<td>WTO</td>
<td>World Trade Organization</td>
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What have been the main policy concerns of the countries of the Black Sea region when joining a regional structure such as the Black Sea Economic Cooperation (BSEC)? This is the main question that this edited volume of the Xenophon Paper series deals with.

As the Organisation of the BSEC has reached its fifteenth Anniversary it is of value to identify common stands along with diversified views on the priorities of Black Sea cooperation as seen by experts coming from the region. In devising a future strategy for the BSEC, in particular, but also in assessing the prospects of regional cooperation in any area of the world it is imperative to identify the main concerns of the local players and stakeholders.

The views expressed herein by experts from Black Sea region disclose both the variety with which the regional countries approach multilateral cooperation in the area and the common denominator upon which the Black Sea regionalism is taking shape.