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Reinvigorating Black Sea Cooperation: A Policy Discussion

Policy Report III

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About this report

The Black Sea region is increasingly becoming a priority on the international agenda. In fact, a regional approach is emerging as actors understand that common problems need to be addressed jointly. Nevertheless, cooperation efforts are hampered by a number of factors, such as uneven economic and political development within and among countries, nationalist forces, and longstanding animosities between regional players. In this context, it is imperative to foster sound policies aimed at strengthening dialogue and cooperation so as to contain and ultimately resolve conflicts with peaceful means. However, there is little policy-oriented research on the challenges and opportunities for cooperation in the Black Sea region. The Commission on the Black Sea aims to redress this imbalance by presenting a series of four policy-oriented reports which reassess the economic, social, regional political and military developments in the region. This report is the third one, providing a better understanding of the parameters of regional cooperation in the Black Sea. The Commission on the Black Sea does not take a collective position with this paper. This text represents only the views of its author.

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Abbreviations

BLACKSEAFOR	Black Sea Naval Task Force
BS	Black Sea
BSEC	Organization of the Black Sea Economic Cooperation
BSNN	Black Sea NGO Network
BST	Black Sea Trust for Regional Cooperation
BSTDB	Black Sea Trade and Development Bank
CDC	Community of Democratic Choice
CEPS	Centre for European Policy Studies
CIS	Commonwealth of Independent States
DABLAS	Danube Black Sea Task Force
GDP	Gross Domestic Product
EaP	Eastern Partnership
ENP	European Neighborhood Policy
EU	European Union
FYROM	Former Yugoslav Republic of Macedonia
GUAM	Organization for Democracy and Economic Development
ICBSS	International Centre for Black Sea Studies
IMF	International Monetary Fund
NATO	North Atlantic Treaty Organization
NGO	Non-Governmental Organisation
OSCE	Organization for Security and Co-operation in Europe
RBEC	Regional Bureau for Europe and the CIS
RC	Regional Cooperation
RCC	Regional Cooperation Council
RO	Regional Organisation
SCAD	South Caucasus Anti-Drugs Program
SECI	Southeast European Cooperative Initiative
SEECF	South East European Co-operation Process
TRACECA	Transport Corridor Europe-Caucasus-Asia
UBCCCE	Union of Black Sea and Caspian Confederation of Enterprises
UNDP	United Nations Development Programme
US	United States
WTO	World Trade Organization



Executive Summary

Black Sea regional identity is difficult to define with precision, and is a relatively new concept. Relationships between states are fragile and sometimes conflict-prone, and external relationships vary widely. A first wave of regionalist activity in the early 1990s focused on asserting the area's post-Cold War international standing, while a second wave early in this decade has been driven more by sectoral issues and external engagement. As regional identity coalesces, tension between EU and Russian influence is difficult to avoid, but the EU's eastern expansion and growing role as trade partner has given it increasing gravitational pull.

Black Sea regional cooperation has been expressed in numerous locally conceived organizations, as well as by multilateral, often sectoral projects driven by the EU or other international groups. Regional rivalries and weak institutional capacities have undermined local organizations' success. Among other criticisms, tangible projects have been slow to manifest, and societal participation has proved shallow; however, the groups have served as useful forums for foreign-policy dialogue, and signs of progress have recently emerged. Informal networks implying regional interdependencies also exist, but are not well understood.

Challenges to regional cooperation efforts include the persistence of unresolved conflicts, the need to generate trust and political commitment among leaders, a lack of financial and institutional resources, the need to engage the private sector and civil society, and the currently fragmented nature of regional organizations. Policies need to be focused on clear developmental goals with realistic financing assessments, and would best be constructed along sectoral lines.

Recommendations to policymakers fall into several categories. Regional cooperation should be treated as a realistic, beneficial set of specific policies, rather than as an abstract goal. Existing regional institutions should be rationalized or replaced, and their work supported by additional technical and financial resources. Areas of cooperation should be chosen carefully, with a sectoral-level focus on regional public goods and network-building.

Local stakeholders should make clear commitments to regional projects with demonstrable impact, and avoid identifying cooperation as an objective if political will and policy support is lacking. The EU and other multilateral actors should similarly focus on projects with tangible, measurable interim objectives, should stress regional issues within bilateral relationships, and ensure that local actors retain substantial ownership of policy processes.

A wider use of feasibility studies, cost/benefit analyses and best practices would help spur interest in policy proposals, and make regional institutions' activity more efficient.

A Introduction

In this paper, the future of regional cooperation in the Black Sea area is considered from a policy perspective. The focus is on the formal – that is, institutional forms of regional cooperation (or regionalism) among Black Sea states – whether littoral (i.e., Turkey, Russia, Bulgaria, Romania, Ukraine and Georgia) or those in adjacent areas (i.e., Greece, Moldova, Azerbaijan and Armenia).

The discussion of regions is based on the premise that it is problems which actually define regions and regionalism. Indeed, “regions” are conceived as a consequence of the process of developing policies to address perceived common problems. Given the variety of actors and contexts involved, the policies and approaches applied to specific issues generate a variety of regional schemes of cooperation which, in turn, yield different results.¹

Regional cooperation therefore varies among issues and over time. It is a process that requires stakeholders to mutually adjust their behaviour through the coordination of policy. The rationale driving this process is that regional cooperation can achieve additional benefits which the independent actions of states cannot.

There are exogenous and endogenous factors shaping regional cooperation. Exogenous factors such as the end of the Cold War, EU and NATO enlargement and globalization underscore the commonalities among stakeholders in a given region and therefore help explain why regionalism emerges. On the other hand, endogenous factors such as historical legacies, the regional “security complex,” economic complementarities and cultural elements underscore the differences among stakeholders and help us to understand the particular features of each regional endeavour and its reconfiguration, or in other words, how regionalism evolves. In order to develop a feasible regional policy with appropriate tools of implementation, stakeholders must therefore take both exogenous and endogenous factors into account.

¹ For a recent and thorough overview of the discussion on “regions” see Rick Fawn, “Regions’ and their study: wherefrom, what for and where to?,” *Review of International Studies* (2009): 35, pp. 5-34.



B Conceptualizing the Black Sea Region²

The concept of the Black Sea as a region is by no means unambiguous. From a geographical perspective, the Black Sea constitutes the easternmost part of Europe. Its territorial variety and cultural diversity, which are linked to historical movements of its peoples, have been accompanied through time with political and economic fragmentation that has reinforced the image of a divided land. The Black Sea has generally been placed at the margins of historically important regions such as the Mediterranean and Europe.³

Historically, there has been no evident form of social and economic unity in the Black Sea area.⁴ Established frameworks of law and order have been a prerequisite for regional economic networks to flourish around the sea body. The extent to which unifying factors in the region have been reinforced or undermined has depended each time on the extant international balance of power and geopolitical situation. Particularly in the 19th century, the process of state-building implied a fragmentation of Black Sea identity, as emergent states were often trapped in nationalism. However, historically, the Black Sea area has also been a zone of tension between the "Europe" paradigm and what the European intellectual tradition calls "oriental despotism," as manifest in the Russian and Ottoman empires.

What seems clear is that whenever economic life around the Black Sea flourished, it has done so in connection with increased exchanges either (primarily) with western markets or eastern ones. The absence of a private sector in the early 1990s can be attributed to the dominance of centrally run economic systems in the area during the 20th century, which served to artificially undermine the proliferation of an entrepreneurial spirit. To be clear, entrepreneurialism has always been present; in fact, historically, entrepreneurial activities and private initiative have been the main unifying factors, while political divisions often undermined this unity. In the 1990s, it was state initiatives that called for the creation of a common regional scheme of cooperation that would be based upon the activation of private actors. The fact that the economy has historically been the unifying factor in the area was reflected in the name of the new cooperative structure: Black Sea Economic Cooperation (BSEC).

To date, the Black Sea represents a paradox in terms of conflict and cooperation, of unity and diversity. Its degree of heterogeneity exceeds that of many others. At the same time, the elements of unity have been growing, owing in part to the "Europeanization" process currently sweeping the region. However, this process is not free from conflicts and setbacks. Neo-nationalism, separatism and civil wars have undermined integration and the regionalism scenario.

2 This section draws upon the paper by Panagiota Manoli, "The Dynamics of Sub-regional Cooperation around the Black Sea: Continuity and Change," presented at the EU4Seas project Conference 'The EU and Sub-Regional Multilateralism', Barcelona, 28-29 January 2009, pp. 3-4. Available at http://www.eu4seas.eu/images/stories/projects/publications/barcelona/eu4seas_panagiota_manoli.pdf

3 Fernand Braudel, *The Mediterranean and the Mediterranean World in the Age of Philip II*, Fontana/Collins, London, 1976, p. 110.

4 Charles King, *The Black Sea. A History*, Oxford University Press, Oxford, 2006.

In more recent history and in geopolitical terms, the Black Sea sub-region took shape after the dissolution of the Soviet Union. Since the early nineties, the geopolitical relevance of the Black Sea has increased as states in the area referred to the Black Sea in an effort to revive an identity distinct from a Soviet-infused identity. Politically, sub-regional cooperation in the area was justified as a step toward integration within the new European architecture. In terms of stability, sub-regionalism was seen as a means of transcending frontiers and borders in a new, undivided Europe. On the other hand, in order to avoid economic fragmentation and political conflict, local actors sought each other's engagement in regional schemes. Thus, in terms of geopolitics, 1991 marks the foundation of a new Black Sea sub-region. The second era for the Black Sea as a geopolitical entity has its origins in the European Union's 2007 enlargement. With the inclusion of Bulgaria and Romania in the European Union, "Europe" now reached the Black Sea shores for the first time ever. As the EU moved eastward, the Black Sea moved westward, and became regarded as an integral part of the European project.

In terms of the geographical delimitation of the Black Sea as a regional entity, the process of sub-regional cooperation described in this paper is underway in an area referred to by the BSEC as the "wider Black Sea area" and by the European Union as the "wider Black Sea region." The first term refers to the BSEC membership of twelve states that hardly justify the use of the term "region" (thus "area"), while the European Union uses the second one to refer to the BSEC members except Albania and Serbia. The notion of a "wider" Black Sea first appeared in the 2004 programme of the Hellenic Chairmanship of the BSEC, as part of an effort to accommodate the BSEC's heterogeneous membership and underscore the comprehensive and inclusive nature of Black Sea sub-regionalism in terms of membership. The use of the term "wider" thus reflected the collective position that the Black Sea group should not be perceived as an exclusive club, and that the region extends beyond the littoral territories to include adjacent areas that are culturally, politically or economically linked. Furthermore, by stressing the notion of a wider Black Sea area, the BSEC tried to blur any new geopolitical divisions between a western European and an eastern "other" Black Sea shore. The term was also adopted by the European Union and appeared for the first time in the EC Communication on the Black Sea Synergy (April 2007), being linked to the newly emerged Black Sea Synergy regional policy. In summary, issues related to institutional membership and/or formal policies rather than those related to functional sub-regionalism as a product of economic, political and security convergences have shaped the geographical delimitation of the Black Sea.



C Black Sea Regionalism: State of play

Having long signified both a bridge to and the division between Europe, Asia and the Middle East – and with its potential to serve as an economic artery linking major economies in each – the Black Sea is of considerable geostrategic importance for a diverse set of stakeholders. Since the 1990s, stakeholders (both within the immediate geographical area and those far beyond it) have demonstrated a growing interest in (or concern for) the region’s role in matters relating to security, energy supplies, trade routes and economic exchange. Parallel to this growing international interest, several types or expressions of regionalism have emerged since the 1990s, creating a kind of “olympic rings” regionalism. To date, however, there is no clarity regarding the actual level of cooperation underway in the Black Sea region. To complicate matters further, there is no agreement over the existence of a Black Sea “regionness” either in terms of culture and identity or in terms of economic interdependencies .

The Black Sea is neither a “natural” nor an “objective” region. Characterised by cultural, historical and geographical heterogeneity, the region’s boundaries have shifted continuously, as Black Sea regionalism may be described as an expression of multifaceted networks. Indeed, many of the region’s littoral states (i. e., Bulgaria, Georgia, Romania, Russia, Turkey, Ukraine) and adjacent states (i. e., Armenia, Azerbaijan, Greece, Moldova) belong to other regions as well (i. e., Southeast Europe, the Caucasus, Central Asia, Mediterranean). The wider Black Sea region is also structurally heterogeneous, as is illustrated by the diverse links each country has with the EU and other international organisations exercising significant impact on domestic and foreign economic policies (e. g., World Trade Organization).

The evolution of Black Sea regional cooperation reflects the difficult security and socio-economic circumstances in the region and the often competing policies of the stakeholders. In recent history, there are two phases of Black Sea regionalism that can be identified. The first phase began in the early 1990s and is linked to the systemic changes that took place in the post-Cold War world. During this period, local powers won new opportunities to assert regional leadership while, at the same time, newly independent states adopted the rhetoric of regionalism in order to enhance their international standing. Beginning in the early 2000s, the second phase of Black Sea regionalism is associated, on the one hand, with the systemic changes underway in Europe (i. e., the EU and NATO enlargements) and, on the other, with the growing regional impact of global issues. As issues such as organised crime, terrorism and climate change began to shape relations with post-transition states in the region, these states began to redefine their local agendas in accordance with these developments. Of fundamental importance is the fact that, whereas Black Sea regional cooperation during the first phase took place without much attention from external players such as

the EU and the United States, Black Sea regionalism today is in part a product of external actors' targeted involvement. Black Sea regionalism – then and now – has been shaped by the European integration process and, at the same time, caught between two development paradigms: a European and a Russian-oriented one.

Table 1: The BSEC region

The BSEC region							
Country	Population ¹ (total, millions)	GDP (PPP, billions) ²			GDP/capita (PPP, units) ³		
		2006	2007	2008	2006	2007	2008
Republic of Albania	3.2	18.338	20.010	21.828	5,820.241	6,319.368	6,859.459
Republic of Armenia	3.0	14.675	17.150	18.715	4,324.482	4,941.503	5,272.523
Republic of Azerbaijan	8.6	51.713	65.523	74.734	6,060.618	7,618.127	8,620.077
Republic of Bulgaria	7.7	79.237	86.381	93.569	10,300.464	11,310.874	12,340.945
Georgia	4.4	17.774	20.523	21.397	4,038.321	4,664.316	4,862.923
Hellenic Republic	11.2	303.599	324.356	341.127	27,295.937	29,098.269	30,534.700
Republic of Moldova	3.8	9.186	9.811	10.746	2,712.97	2,897.392	3,173.548
Romania	21.5	226.514	247.036	270.330	10,467.799	11,455.888	12,579.708
Russian Federation	142.1	1,887.612	2,095.443	2,260.907	13,218.571	14,735.889	15,921.883
Republic of Serbia	7.4	67.368	73.958	79.662	9,089.551	10,019.296	10,792.009
Republic of Turkey	73.9	824.578	886.310	915.184	12,102.478	12,864.836	13,138.143
Ukraine	46.5	291.298	322.900	336.851	6,269.052	6,990.382	7,347.282
Total	333.3	3791.892	4169.401	4445.05	–	–	–

■ Shaded cells indicate IMF staff estimates

¹ Source: www.worldbank.org (2007). "Total population is based on the de facto definition of population, which counts all residents regardless of legal status or citizenship – except for refugees not permanently settled in the country of asylum, who are generally considered part of the population of their country of origin. The values shown are midyear estimates. Source: World Bank staff estimates from various sources including census reports, the United Nations Population Division's World Population Prospects, national statistical offices, household surveys conducted by national agencies, and Macro International."

² Source: IMF World Economic Outlook Database (2009)

³ Ibid



Regional structures and programmes

The list of types of regional schemes and programmes in the Black Sea area is both long and diverse (see Table II).⁵ During the 1990s, local actors (i. e., states adjoining the Black Sea) were the primary drivers behind the regional organizations and fora established. The process of regionalism has, however, yielded several comprehensive as well as sectoral arrangements which tend to be weak and underperform.

Two of the initiatives undertaken, the BSEC (1992) and GUAM (2001), have succeeded in establishing formal institutionalisation with permanent secretariats and other organs that have international status. The emergence of new fora initiated during the EU's eastern enlargement process such as the Community of Democratic Choice (CDC, 2005) and the Black Sea Forum (2006) gave birth to more "politicized" initiatives emphasizing issues of democratisation, good governance, security and civil society. These are more flexible structures than the first ones. Aiming primarily to launch for a political dialogue, they lack ambitious or complex organizational elements. Indeed, the Black Sea Forum and the Community of Democratic Choice are concerned with raising awareness on Black Sea issues within the international community and attracting political attention to the regional level.

All of these arrangements run in parallel without cross-linkages to each other and do not show any form of substantial interaction. None of the formal arrangements – except the BSEC – have been welcomed by Russia; indeed, they have often been conceived as anti-Russian alliances (e. g., GUAM). Other local actors such as Turkey and Greece have also not actively supported the proliferation of arrangements with overlapping agendas.

In addition to locally conceived intergovernmental arrangements, there are a number of multi-lateral programmes that have been initiated by international organisations and the EU. These programmes are sector-based, and focus on problems linked to environmental protection, such as the Danube Black Sea Task Force (DABLAS), or issues related to transport and energy infrastructure, such as INOGATE or Transport Corridor Europe-Caucasus-Asia (TRACECA). Although technical in nature, these programmes, which are supported financially by the European Union and other donors, have played a significant role in fostering tailor-made, multilateral cooperation. If assessed on the basis of their funds, resources and outcome, these programmes have been highly relevant in advancing multilateralism but their performance nonetheless fails to meet expectations. Being the main tools in implementing EU projects in their respective fields, they have served as key drivers of regionalism. At the same time, they have had the effect of substantially undermining the relevance of other formats such as the BSEC sectoral working groups on environmental protection

⁵ For more on Michael Emerson's typologies of Black Sea regionalism (e. g., technical regionalism, good neighbourliness regionalism, security regionalism, eclectic regionalism, dysfunctional regionalism, institutional regionalism, transformative regionalism, compensatory regionalism, geopolitical regionalism) see Michael Emerson, "The EU's New Black Sea Policy. What Kind of Regionalism is This?," Working Document no. 297, Centre for European Policy Studies (CEPS), July 2008.

and transport. The EU has only recently, following its 2004 and 2007 enlargements, developed a more global and synergetic approach to promoting regional cooperation around the Black Sea. Throughout the nineties, the EU encouraged sectoral based networks (on environmental, transport and energy issues), while at the same time pursuing bilateral relations with individual local states. In 2007, the Black Sea became a focal point of a new EU regional policy, the so-called Black Sea Synergy, and in 2008, the EU launched the Eastern Partnership, its second regional initiative in the area. Though both policies may be considered a means of enhancing the relevance of the European Neighbourhood Policy (ENP), they have different scopes of action. Whereas the Black Sea Synergy thus far constitutes a rather unsuccessful effort to re-invigorate cooperation among Black Sea countries, the Eastern Partnership represents a renewed “Europeanization” process for Black Sea countries without immediate membership prospects by bringing them closer to the EU through intense bilateral cooperation.⁶

There have been considerable obstacles to gains being made in these efforts. One of the key problems lies in the fact that regional rivalries and tense bilateral relationships dominate relations rather than the search for opportunities to cooperate. Another key problem lies in the insufficient institutional capacity for regional policy definition and implementation. In some cases, the opposite is true, as experts have identified over-bureaucratisation as one of the reasons as to why some regional institutions (i.e., the BSEC) perform poorly.⁷

The EU and NATO enlargement processes have made bilateral and regional relations more complex. Other factors contributing to the complexity of regional cooperation include the fact that most member states of a given scheme are simultaneously involved in other schemes or programmes that do not necessarily include all members of the given scheme. Furthermore, externally initiated processes, such as the Black Sea Synergy or the Eastern Partnership, do not usually take into account existing regional schemes with similar agendas. Indeed, external actors such as the EU and other international organisations, which have the financial and political weight to stimulate regional cooperation, widely overlook locally initiated regional processes. As a result, there is much confusion over policy, and both resources and political attention are often diffused.

Stakeholders in the region have expressed much frustration over unmet expectations with regard to Black Sea regionalism and the way in which regional institutions function. The problems identified include:

- sluggishness in identifying, assessing and implementing regional infrastructure projects;
- the need to improve inter-sectoral coordination;
- the lack of flagship projects symbolising progress toward regional cooperation;
- limited amounts of research and information, especially in support of decision-making;

⁶ On the relevance of the Black Sea Synergy and the Eastern Partnership for Black Sea regionalism, see Tedo Japaridze, Panagiota Manoli, Dimitrios Triantaphyllou and Yannis Tsantoulis, “The EU’s Ambivalent Relationship with the BSEC: Reflecting on the Past, Mapping out the Future,” Policy Brief no. 20, ICBSS, Athens, January 2010.

⁷ Fabrizio Tassinari, “A Synergy for Black Sea Regional Cooperation: Guidelines for an EU Initiative,” Policy Brief no. 105, CEPS, June 2006, p. 1.



- insufficient resource mobilization;
- limited private sector and civil society participation;
- lack of coordination and duplication among regional initiatives;
- limited institutional efficiency of regional organisations.⁸

In practice, regional cooperation efforts, such as those conducted within the BSEC framework, have served less as a means of economic integration and more as a confidence-building forum in which common issues are discussed. In other cases, similar cooperation efforts have functioned as a foreign policy tool vis-à-vis common threat perceptions.

Counterforces to consensus

As discussed, there have been several obstacles and setbacks to cooperation. A few factors should be discussed further, as they have served to weaken solidarity and consensus in the Black Sea cooperation process as expressed by the BSEC, which constitutes the most comprehensive regional organisation in the area.

The first of these factors refers to the erosion of political commitment, primarily among local elites. A few countries seem now less committed to the BSEC process. Though there are several reasons for this, the primary reason relates to Russia's deliberate moves to undermine BSEC efforts.

The second factor might be simply identified as the rise or assertiveness of Russia. The growth of Russia's strategic profile in the region appears to be prompting widespread apprehension about the role it will seek to play in the region. However, not all countries – notably Armenia – express reservations about Russia's growing assertiveness.

Concerns over the erosion of BSEC's centrality and cohesion is a third factor. Despite renewed interest by the international community in the BSEC process (the European Commission has become an observer to BSEC since June 2007) which is due to among others its institutional maturity, inclusiveness, local ownership and comprehensive agenda, it now runs the risk of being bypassed by regional processes formed in other frameworks e.g. the Eastern Partnership or the Black Sea Synergy. BSEC's cumbersome procedures, low consensus and financing undermine its relevance.

However, there are signs that the situation might be improving. The EU's Black Sea regional policies (i.e., Black Sea Synergy, Eastern Partnership), which emerged through the European

⁸ Similar problems are witnessed in regional programmes involving other regions, c.f., the "Central Asia Regional Cooperation Strategy and Program Update 2006-2008," Development Through Cooperation, Asian Development Bank, October 2005, pp. 11–12.

Neighbourhood Policy (ENP), are becoming the focus of many stakeholders interested in pursuing specific shared issues. As this trend develops, it could change the nature of Black Sea regionalism. In parallel to these developments, regional structures have consolidated further. At the same time, resources and funding allocated to regional projects – addressing in particular cross-border and littoral (rather than bilateral) issues – have been growing since Bulgaria and Romania have joined the European Union. There is, of course, much more to be done to build upon these positive first steps.

Regional dynamics: a “blind-spot” in research

Because local actors and the international community have not – until very recently, if at all – perceived the Black Sea area as a region, comprehensive research on Black Sea regionalism is (at best) nascent. This dearth of knowledge might in part also be attributed to the dominance of state- (instead of region-) building processes.

The trade policies and capacities of individual states and their private sectors continue to shape economic patterns in the region, as do other factors such as continuing ethnic conflicts, uneven progress in introducing broader market reforms, and the effects of the 2008 global financial crisis.⁹ There is little doubt that intra-regional trade, which currently comprises only 20 percent of the region’s total trade volume, has the potential to grow. Nevertheless, studies point to the low degree of economic integration among Black Sea partners and to the emergence of extra-regional economic interdependencies. As the local economies become more open, their linkages with non-Black Sea economies will expand at a faster pace than those with their Black Sea counterparts. Despite some limited research on regional integration trends, there is still little – if any – work done on potential economic complementarities or the impact of infrastructure networks on the region’s political economy.

When discussing the regional dynamics in the Black Sea area, it is therefore important to note that, in addition to official or declaratory regional definitions (i. e., those established through formal agreements), there are other, more informal regions to consider. These include existing networks based on ideational or economic interests and the both legal and illegal movement of peoples.

⁹ UNDP, Black Sea Trade and Investment Promotion Programme, “Study on Trade and Investment Potential,” October 8, 2007; UNDP, “Proposed RBEC Strategy for Increasing UNDP Regional Cooperation in the Black Sea Area,” Draft Working Document, March 2009.



Whereas cartographic information about formally recognized regional groupings is abundant, there is comparatively limited knowledge regarding socio-economic dynamics in the Black Sea region as a whole. In addition, the actual degrees of economic complementarities and interdependence between states and sub-regions (both formal and informal) have yet to be fully explored. The projected impacts of planned networks have also to be thoroughly assessed, as do the social effects of developments such as intra-regional migration flows.

Simply put, there is not much known or understood about the dynamics shaping the region's political economy which, in turn, makes policy formulation a difficult task. By the same token, the interplay of regional and global dynamics needs to be more fully explored in order to better understand what role the Black Sea could play in global politics. A more sophisticated understanding of the current state of play in the region is needed if stakeholders are to chart and navigate a future course for the region.

D The EU's gravitational pull

There is no doubt that the EU's gravitational pull has been a major force shaping regional dynamics in the Black Sea area. In fact, the EU's impact in its neighbourhood reaches beyond its role as a normative and civil power. Since having reached the western Black Sea coast in 2007, the EU has actually become the newest member of the Black Sea regional complex. In this regard, it could potentially become a local (rather than external) benevolent leader in driving Black Sea cooperation.

Most cooperation funds for joint projects and programmes are provided by the EU. The "Joint Operational" Black Sea Cross Border Cooperation (CBC) Programme, which was drawn up by parties representing the national and regional authorities of 10 states, has been allocated € 17.5 million. The Romania-Moldova-Ukraine CBC programme, which covers the northwestern coast of the Black Sea, has been allocated € 126 million. Under the auspices of the European Neighbourhood and Partnership Instrument (ENPI) and the Instrument of Pre-Accession Assistance (IPA), the EU committed in 2007 € 837 million worth of assistance for the seven non-EU countries of the Black Sea region. In addition, the recent creation of the Neighbourhood Investment Facility (NIF) provides a vehicle for pooling grant resources from the EU and its member states.¹⁰ There is, however, a continued degree of reluctance on the part of the EU to become fully involved in all Black Sea regional processes, especially those with a broader political reach such as the BSEC. This has led to an ironic situation in which some regional leaders, such as those in Georgia, are more assertive regarding EU participation in Black Sea cooperation schemes than the EU itself.

As the most important trade partner for all Black Sea economies since 2004, the EU has also become the centre of gravity for the region's economic activities. In 2007, trade with the EU represented 41 percent of overall trade for Armenia. Trade with the EU is also important for Azerbaijan and Georgia, representing 28.5 percent and 32 percent of overall trade for each respectively. The EU is by far Russia's main trading partner, accounting for 52.3 percent of its overall trade turnover in 2008. It is also by far the most important investor in Russia. It is estimated that up to 75 percent of FDI stocks in Russia come from EU member states.¹¹ Any study on the dynamics of economic integration around the Black Sea includes the EU as the main source of capital and goods, which suggests a reorientation of regional economic flows towards the EU and away from local markets is underway.

¹⁰ Commission of the European Communities, Report on the first year of Implementation of the Black Sea Synergy, COM (2008) 391 final, Brussels, 19 June 2008, p. 10.

¹¹ Data based on European Commission, Trade Directorate.


Table II: Inventory of regional cooperation schemes in the Black Sea

1991	Commonwealth of Independent States (CIS)
Type	Regional international organisation
Participation ¹	Azerbaijan, Armenia, Belarus, Georgia (until Aug. 17, 2009), Kazakhstan, Kyrgyzstan, Moldova, Russia, Tajikistan, Turkmenistan, Uzbekistan, Ukraine
EU role	None
Goals/Activities	In September 1993, the heads of the CIS states signed an agreement to: create an economic union based on the free movement of goods, services, labour and capital; elaborate coordinated monetary, tax, price, customs and external economic policies; establish the coordinated regulation of economic activity and create the conditions facilitative of direct production relations.
1992	Black Sea Economic Cooperation (BSEC)
Type	Regional economic organisation
Participation	Albania, Armenia, Azerbaijan, Bulgaria, Georgia, Hellenic Republic, Moldova, Romania, Russian Federation, Serbia, Turkey, Ukraine
EU role	European Commission has observer status
Goals/Activities	To ensure peace, stability and prosperity in the Black Sea area; promote friendly and good-neighbourly relations. Areas of activity include: agriculture, banking & finance, combating crime, culture, customs matters, emergency assistance, education, energy, environmental protection, exchange of statistical data & information, healthcare & pharmaceuticals, information & communication technologies, institutional renewal & good governance, science & technology, SMEs, tourism, trade & economic development, transport
1992	Black Sea Commission – Commission on the Protection of the Black Sea Against Pollution
Type	Intergovernmental organisation
Participation	Bulgaria, Georgia, Romania, Russian Federation, Turkey, Ukraine
EU role	Direct partner (financially and institutionally)
Goals/Activities	Combating pollution from land-based sources and maritime transport; achieving sustainable management of marine living resources; pursuing sustainable human development.
1995	INOGATE
Type	Programme
Participation	Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Tajikistan, Turkey, Turkmenistan, Ukraine, Uzbekistan
EU role	Initiating party, funding institution
Goals/Activities	To support the development of energy cooperation between the European Union, the littoral states of the Black & Caspian Seas and their neighbouring countries.
1995	Southeast European Cooperative Initiative (SECI)
Type	International organisation
Participation	Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Greece, Hungary, FYROM, Moldova, Montenegro, Romania, Serbia, Slovenia, Turkey (Initiating party: OSCE)

EU role	None (only indirect through member states)
Goals /Activities	Improve coordination in combating transborder crime in Southeast Europe. Activities: establish a mechanism for enhanced law enforcement cooperation at the national level in preventing detecting, investigating and prosecuting transborder crime; support the field activities of law enforcement officers; provide assistance to members in harmonizing their law enforcement legislation with respect to EU requirements; support national efforts targeting domestic cooperation between law enforcement agencies; support specialized task forces
1996	South East European Cooperation Process (SEECP)
Type	International forum
Participation	Albania, Bosnia and Herzegovina, Bulgaria, Greece, Croatia, FYROM, Moldova, Montenegro, Romania, Serbia, Turkey
EU role	none
Goals /Activities	To start a long-term process of multilateral cooperation among participating states in the following four fields: strengthening stability, security and good-neighbourly relations; economic development; humanitarian, social and cultural issues; justice, combating organized crime, illicit drug and arms trafficking, and terrorism
1998	The Black Sea NGO Network (BSNN)
Type	Non-governmental, non-profit voluntary association of NGOs
Participation	Bulgarian, Georgian, Romanian, Russian, Turkish and Ukraine NGOS (currently more than 60)
EU role	none
Goals /Activities	To contribute to the protection and rehabilitation of the Black Sea (including the Azov Sea), and to the sustainable development of the Black Sea countries through increased participation of NGOs, governments, businesses and other institutions, as well as the general public. The four key objectives are to: develop a relevant structure, mechanisms and practice for advocacy and lobbying local, national and international authorities, businesses and other institutions involved in the decision-making process concerning sustainable development of the Black Sea region; identify and address priorities in environmental issues; raise environmental and civic public awareness, and increase public participation in the decision-making processes concerning the Black Sea at all levels; build association members' capacity to accomplish its mission and defend members' interests
1998	Transport Corridor Europe – Caucasus – Asia (TRACECA)
Type	Programme (intergovernmental commission)
Participation	Armenia, Azerbaijan, Bulgaria, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Romania, Tajikistan, Turkmenistan, Turkey, Ukraine, Uzbekistan
EU role	Initiator and initial donor
Goals /Activities	Stimulating cooperation among the participating states in all matters related to developing and improving trade in the region; promoting optimal integration of the international transport corridor Europe-Caucasus-Asia "TRACECA" into Trans-European Networks (TENs); identifying problems and deficiencies in the region's trade and transport systems; promoting TRACECA projects as a means to attract funding from IFIs, development partners and private investors; defining, in terms of contents and timing, a technical assistance programme to be financed by the European Commission (EU)
2000	Black Sea Littoral States Border/ Coast Guard Cooperation Forum
Type	International forum



Participation	Chief Directorate „Border Police“ at the National Police Service of the Ministry of Interior (Bulgaria), Ministry of Interior/Border Police (Georgia) , the Federal Security Service (Russia), General Inspectorate of Border Police of the Ministry of Administration and Interior (Romania), Coast Guard Command (Turkey), Administration of the State Border Guard Service (Ukraine)
EU role	None
Goals/Activities	Enhance peace, stability and maritime security through: increased regional cooperation; greater cooperation in preventing smuggling (e.g., drugs, weapons, explosives, radioactive substances, petrol) and illegal migration; developing counterterrorism efforts; cooperation in protecting natural resources and the marine environment, battling pollution, and preventing fishery violations; developing improved channels of communication for exchanging information; developing personnel exchange programmes; promotion of scientific research activity on oceanographic and hydrographic issues in the Black Sea
2001	Black Sea Naval Cooperation Task Group (BLACKSEAFOR)
Type	Regional multi-national maritime force
Participation	Bulgaria, Georgia, Romania, Russia, Turkey, Ukraine
EU role	None
Goals/Activities	To enhance cooperation in search and rescue operations; humanitarian assistance; mine countermeasures; environmental protection; goodwill visits; any other tasks agreed to by all the parties
2001	The Danube Black Sea Task Force (DABLAS)
Type	Cooperation programme
Participation	Countries in the region, the International Commission for the Protection of the River Danube (ICPDR), the Black Sea Commission, international financing institutions, EC, interested EU member states, other bilateral donors and other regional/ international organisations with relevant functions
EU role	EC holds the Secretariat
Goals/Activities	To provide a platform for cooperation in protecting water and water-related ecosystems of the wider Black Sea Region (e.g., the entire Black Sea basin including all tributaries)
2001	GUAM Organization for Democracy and Economic Development
Type	Regional international organisation
Participation	Azerbaijan, Georgia, Moldova, Ukraine (originally included Uzbekistan, which later withdrew)
EU role	none
Goals/Activities	To strengthen trade and economic ties; develop transport and communication arteries; strengthen regional security; interact in the framework of international organizations; fight international terrorism, organized crime and drug trafficking
2001	South Caucasus Anti-Drugs (SCAD) Program
Type	Programme
Participation	Azerbaijan, Armenia, Georgia (initiating parties: UNDP, EU)
EU role	Initiating party, funding institution

Goals/Activities	Focuses on drug epidemiology/information; legal assistance; prevention of drug use; treatment for drug addicts; regional law enforcement training
2004	International Federation for Sustainable Development and Fight Against Poverty in the Mediterranean-Black Sea
Type	Association
Participation	Various institutions in: Albania, Algeria, Armenia, Belgium, Bosnia & Herzegovina, Brazil, Bulgaria, Cyprus, Egypt, France, Georgia, Germany, Greece, Ireland, Israel, Italy, Jordan, Latvia, Lebanon, Luxembourg, Macedonia, Malta, Mauritania, Moldavia, Morocco, Portugal, Romania, Russia, Slovenia, Spain, Sweden, Switzerland, Syria, Tunisia, Turkey, Ukraine, United Kingdom, United States
EU role	Funds projects
Goals/Activities	To improve water management and demand; promote a more rational energy use and the use of renewable energy sources; support sustainable mobility through appropriate transportation management; assure sustainable tourism (with potential of becoming a leading economic sector); guarantee sustainable agricultural and rural development; provide incentives for sustainable urban development; encourage sustainable development at sea, along coastal zones, and in marine-related activities
2004	The Baku Initiative
Type	Policy dialogue
Participation	Azerbaijan, Armenia, Bulgaria, Georgia, Iran Kazakhstan, Kyrgyz Republic, Moldova, Romania, Tajikistan, Turkey, Ukraine, Uzbekistan
EU role	Participation of the European Commission. The INOGATE Technical Secretariat serves as a coordination mechanism for supporting the energy cooperation under the Baku Initiative
Goals/Activities	To facilitate the progressive integration of the energy markets of Black Sea and the Caspian Littoral States and their neighbours into the EU market as well as the transportation of the extensive Caspian oil and gas resources towards Europe
2004	Operation Black Sea Harmony
Type	Naval operation
Participation	Russia, Ukraine, (protocol signed in 2007), Romania (memorandum of understanding signed in 2009), Turkey
EU role	None
Goals/Activities	To increase shipping security along the Black Sea coast and track suspicious ships
2005	Community of Democratic Choice (CDC)
Type	Inter-governmental organisation
Participation	Georgia, Ukraine , Estonia, Lithuania, Latvia, FYROM, Moldova, Romania, Slovenia
EU role	Observer
Goals/Activities	To promote democracy, human rights and the rule of law
2005	Kyiv Initiative
Type	Council of Europe initiative
Participation	Armenia, Azerbaijan, Georgia, Moldova and Ukraine



EU role	none
Goals/Activities	To show the added value of coordinated and interdisciplinary planning across a range of key functions, including heritage and environmental protection, tourism, cultural development, education and economic development
2006	Black Sea Forum
Type	Regional platform
Participation	Armenia, Azerbaijan, Bulgaria, Georgia, Greece Moldova, Romania, Turkey, Ukraine, Romania
EU role	Extra-regional partner
Goals/Activities	Foster greater synergy among international and regional organisations to create political preconditions for the success of regional cooperation projects; shape a common vision and set a common agenda; promote good governance, strengthen tolerance and non-discrimination, civil society capacity-building, empower youth through better education and research opportunities, with a view to creating a regional environment conducive to the promotion of democracy and fundamental rights and freedoms; identify regional means and capabilities that can be mobilised to ensure sustainable development through more effective regional cooperation, and highlight the role and active involvement of the business community to this end; encourage regional cooperation by pooling relevant national experiences and best practices in crisis management, civil emergency planning, post-conflict reconstruction and environmental protection; bring regional priorities in line with European and Euro-Atlantic developments in these areas
2007	Black Sea Synergy
Type	EU regional cooperation policy
Participation	Armenia, Azerbaijan, Georgia, Moldova, Russia, Turkey and Ukraine
EU role	EU policy
Goals/Activities	To stimulate democratic and economic reforms; support stability and promote development; focus on practical projects in areas of common concern; respond to opportunities and challenges through coordinated action in a regional framework; develop a climate more conducive to the solution of conflicts in the region
2007	The German Marshall Fund/Black Sea Trust for Regional Cooperation (BST)
Type	Public-private partnership
Participation	Recipients located primarily in Armenia, Azerbaijan, Bulgaria, Georgia, Moldova, Romania, Turkey, Ukraine and Russia (the oblasts of Krasnodar and Rostov)
EU role	none
Goals/Activities	To rebuild trust in public institutions; affirm the value of citizen participation in the democratic process; strengthen a critical set of institutions that lie at the nexus of state and society; foster regional, cross-border ties in the public, private, and non-profit sectors
2007	Union of Black Sea and Caspian Confederation of Enterprises (UBCCCE)
Type	International union
Participation	Composed of central, private, voluntary, nationally representative, and horizontal business organizations in: Albania, Armenia, Austria, Azerbaijan, Bosnia & Herzegovina, Bulgaria, FYROM, Georgia, Germany, Greece, Iran, Iraq, Kazakhstan, Romania, Serbia, Turkey, Ukraine
EU role	none

Goals/Activities	To establish institutionalized cooperation between central, voluntary, private, non-governmental, horizontal business organizations from member countries with a view to assisting the economic and social development of the region; permit concerted action by these organizations vis-à-vis governments and the business community, favoring the adoption, where necessary, of policies conducive to the better functioning of a market economy under optimal conditions for member countries; promote the social and economic interests of the companies represented by its members
2008	Black Sea Euroregion
Type	International association
Participation	City of Idjevan, Municipality of Bourgas, Municipality of Nessebar, Municipality of Shabla, Municipality of Varna, Autonomous Republic of Adjara, Region of Cahul, County of Braila, County of Constanta, County of Galati, County of Tulcea, Municipality of Braila, Municipality of Constanta, Municipality of Mangalia (initiating party: Congress of Local and Regional Authorities of the Council of Europe)
EU role	none
Goals/Activities	To develop cooperation among members, represent and support their common interests and to cooperate with the existing Black Sea international organizations. Priority areas are: improving good governance practices; consolidating democratic stability; contributing to the sustainable development of the area with a view to safeguarding the sea and the main rivers of the basin by protecting the environment, fishing and biodiversity and preventing oil-spills and waste water disposal; developing infrastructures, including energy systems, transport and communication networks; promoting investments in renewable energies; contributing to the monitoring of maritime transport risks and the needs of coastal areas; management of migration flows and integration of immigrants; supporting initiatives to promote sustainable tourism; launching multilateral programmes in the fields of culture, science, education, health, sport and youth; supporting economic initiatives
2008	Regional Cooperation Council (RCC)
Type	International organisation (successor to the Stability Pact for Southeastern Europe 1999–2008)
Participation	Consists of 45 countries, organisations and international financial institutions: the participating states of the Southeast European Cooperation Process (SEECPP), the United Nations Interim Administration Mission in Kosovo (UNMIK) on behalf of Kosovo (in accordance with United Nations Security Council Resolution 1244), the European Union (represented by the Troika, consisting of the EU Presidency, the European Commission and the Council Secretariat), as well as donor countries, international organisations and international financial institutions
EU role	Troika is a member of RCC Board
Goals/Activities	To build cooperation in six priority areas: economic and social development, energy and infrastructure, justice and home affairs, security cooperation, building human capital, parliamentary cooperation

¹ States in bold are initiating states



E A Framework for Regional Cooperation Policies

The geopolitical and geoeconomic imperative

Before considering specific policy aspects and institutional dimensions for cooperation enhancement, one needs to acknowledge the importance of addressing the geopolitical and geoeconomic equation in the Black Sea area. In other words, what are the geopolitical and geoeconomic imperatives for cooperation? Though both terms might be confusing they point to the importance of the region's geography for the distribution of power and wealth both among the regional actors and beyond them.

Is there an underpinning geopolitical rationale for Black Sea cooperation? Given the Black Sea's extant geopolitical conditions, the regional project seems weak because it depends heavily on a common understanding being established between the largest powers on Black Sea shores, the EU and Russia (as well as Turkey). A shared mindset on regional cooperation as a preferred policy remains elusive at the moment, in large part because at least one key player – Russia – does not view the Black Sea as a stage for regional policies. Nevertheless, for smaller states in the region and the region as a whole, it is becoming increasingly important to not be trapped in the middle of a geopolitical competition that would lead to further fragmentation.

Economic rationales have been stressed in the past with respect to the importance of the Black Sea as a vital energy route, in particular for Europe. However, focusing solely on energy might introduce other problems, as energy is often linked to national security concerns. Given the effects of the global financial and economic crisis and the weakening of multilateralism worldwide, both of which underscore the need for regional solutions and mechanisms to coordinate collective responses, the (geo)economic imperative in the Black Sea might be more compelling. The Black Sea economies, most of them new entrants in the global economy, would be better served by positioning themselves as parts of a larger regional market. An under-used comparative advantage of the region's economies is their closeness to one of the largest and most innovative markets in the world, namely the EU, as well as their high growth rates (prior to the 2008 crisis), investment potential and their richness in human capital and resources.

Main challenges and policy concerns

More than fifteen years of Black Sea regional cooperation have shown that any such process faces several hurdles, including the following six main challenges:

Unresolved conflicts persisting in the Black Sea region (e.g., Transnistria, Nagorno-Karabakh, Abkhazia and South Ossetia) and bilateral disputes constitute a major challenge to the stability and sustainable development of the region. Therefore, efforts to relax security concerns are indispensable if regional cooperation is to take off.

Building common goals and will. Participating countries in a regional group and their leaders must adhere to the notion that individual interests at times have to be adjusted for the good of the larger group and that strengthening regional institutions can serve to support – not weaken – national interests. This kind of approach is critical to rethinking frameworks for cooperation in the Black Sea region, and for reinvigorating them, including their institutional, regulatory and enforcement mechanisms.

The purpose of regional cooperation in the Black Sea area is to foster sustained development. Regionalism cannot be treated as a “grand strategy” replacing bilateral relations (e.g., with the EU) or multilateral commitments (e.g., within the WTO framework). Instead, regionalism must address developmental concerns in the region and enhance actors’ networking abilities. It should not be approached from a state-based viewpoint as merely an inter-state construction; it should engage non-state actors as well.

Generating political commitment. Weak political commitment is the most serious hurdle to integration. In this part of Europe, regional cooperation has been undertaken during a long period of transition and state-building. As a result, it is rooted more in political interests than in any economic rationale. This means that measures agreed upon within regional structures are rarely incorporated into national policies. Those measures that are adopted, are nonetheless rarely implemented with any effect. A considerable number of regional agreements, protocols and action plans have either not been implemented or have been delayed in implementation, primarily due to the fear among decision-makers of short-term political consequences, a shortage of resources, inadequate expertise or merely a lack of interest.

Relying on adequate (own) financial and administrative resources. Black Sea cooperation suffers from inadequate budgetary support and administrative and managerial weaknesses. Self-financing mechanisms on the part of regional projects are almost nonexistent. As a result,



the human and institutional capacities of regional organisations (ROs) have been substantially undermined. Regional structures face a major challenge in acquiring the technical and financial capabilities needed to carry out the tasks and complex processes involved with meeting the requirements of cooperation agreements and projects. As a policy concern, both institutional and human capacity-building within regional structures should be an integral part of promoting regionalism.

Financing for regional projects in the area has so far come from external sources, not from within the region. This generates problems, as it blurs the core scope of regional cooperation and undermines the involvement of local actors. In other words, regional cooperation requires the commitment of adequate human and financial resources and means. Given the current “zero” real budget of local regional institutions and the very limited funds of local actors for regional programmes, much depends on external resources and financial instruments, with an emphasis on EU instruments. Nevertheless, it is important that the means match the regional purposes. It is important to acknowledge the limitations set by externally designed financial means and tools.

Expanding actors’ participation; engaging the private sector and civil society. Regional cooperation might be initiated at a high political level, but its implementation requires the active participation of the constituencies most affected. These constituencies, namely the private sector and civil society, are the main vehicles of cross-border cooperation. The growth of regional business, professional, and non-governmental network associations facilitates broader and more informed participation by private sector and civil society interests in the cooperation process. The expansion of actors’ participation has a double effect; on the one hand, it allows for more informed regional policy and faster project implementation, while on the other hand, it cultivates an understanding that regional cooperation has a direct impact on everyday life and individual citizens’ welfare.

Division of labour among regional institutions and projects. There is a range of regional initiatives sponsored by local states, the EU and international organizations in various areas such as environmental protection, energy and transport. Rationalising and revitalising the many regional institutions around the Black Sea as well as clarifying their mandates is a challenge that emerges in the framework of reinvigorating regional cooperation.

Sectors and levels to regionalise. Experts have suggested that regional policies targeting the Black Sea should be confined to sectors that have a truly regional character such as the environment, transport, internal security and democracy promotion.¹² However, we believe it is important to consider not merely the sectors, but also the level of interaction (cross-border, local, inter-governmental, etc.). Black Sea regionalism could develop around four key pillars: economic

¹² See Fabrizio Tassinari, A Synergy for Black Sea Regional Cooperation: Guidelines for an EU Initiative, Policy Brief no. 105, CEPS, June 2006, p. 6.

cooperation (cross-border infrastructure); trade and investment facilitation; regional public goods (e.g., environmental protection, communicable diseases, managing natural disasters, fighting trafficking); security dialogue. However, regional interaction should also be maintained within other important pillars including inter-cultural dialogue. The most pragmatic scenario would be to expect that the regional process will follow a multi-track, multi-speed approach over the coming years that would differ among the pillars.

Preconditions: emphasis on local actors' approach and the EU's impact. One of the most critical issues concerns the approach toward regionalism that the local stakeholders, including Russia, adopt. A consensus among the local states over the essence and purpose of regionalism is required. At the same time, a demand-driven approach through the activation of non-state actors would render the regional process more relevant and sustainable. The limited capacity of local states to implement regional policies is an obstacle that could be surmounted both through capacity-building on the part of states and through the activation of other actors.

Another aspect of Black Sea regionalism is its de facto link to the EU integration process. Even though regional cooperation in this part of Europe is not officially linked to a "pre-accession" process, its characteristics and efficiency strongly depend on EU dynamics, as several of the Black Sea countries are already EU members or candidate states.



F Concluding Remarks

Any discussion of regional cooperation cannot escape addressing the issue of an underlying concept. In other words, any such discussion must consider the question as to whether a given region is a geographical, socio-cultural or an elastic politico-economic construct?

In the case of the Black Sea, there is insufficient evidence of a regional identity (in cultural and ideational terms) that would underpin regional institutions. It is the elastic politico-economic dimension of the Black Sea region as a concept that is instead put forward. However, we should stress that even this concept is subject to debate because of the political and security fragmentation of the Black Sea area and the weak economic interlinkages within the regional market.

Though cooperation in an interdependent world is somehow inevitable, it is guided and often limited by political realities. In our case study, regionalism as a policy option is: a branch of a **two-track policy approach for a developed and stable Black Sea region; an issue-specific approach** to address security, economic development and governance aspects; and a **complementary regional one** to readdress disrupted links or generate new channels of cooperation. Striking a balance between the two approaches is not an easy task.

Though not a central issue in this analysis, there is an understanding that since Black Sea cooperation falls hostage to (armed) conflict, as well as local and primarily international stakeholders, we need to deploy a **policy of human development** in order on the one hand to enhance the sense of security among local peoples and, on the other, to generate fertile ground for regional efforts to take root (in a bottom-up logic).¹³

Finally, and without downplaying the weight of factors weakening solidarity and consensus, it is worth attempting from a policy perspective **to strengthen some early signs of a change regarding the way that the Black Sea as a regional identity and concept is perceived.** Perhaps for the first time since the 1990s, local elites have demonstrated that they do relate to the Black Sea as an entity and wish – at least to a certain degree – to identify with the Black Sea. Since the EU has reached the Black Sea shores, the Black Sea is no longer overlooked by local elites, nor is it perceived as being in competition with other processes in which local elites want to participate (e.g., Central Europe). **The Black Sea is now perceived as a European concept**, implying new policy options and funding opportunities. Finally, in comparison to frameworks such as those in the South Caucasus, it is perceived as a more cooperative and promising framework of interaction with neighbours.

¹³ See for example the policy outcome of a research conducted on the potential of regional cooperation in the South Caucasus, MacFarlane, S. Neil, and Schnabel, Albrecht. Human Security and Regional (Non-)Cooperation in the Southern Caucasus. Paper presented at The 46th Annual Convention of the International Studies Association, March 1–5, 2005, Honolulu, Hawaii, USA.

Policy Recommendations

Background

The ongoing attempt at policy coordination in the Black Sea region embodied in several regional institutions and multilateral fora continues to suffer from unfavourable conditions on the ground as well as a lack of regional and international political support. However, failed or delayed regional cooperation carries its costs for the peoples of the Black Sea region by exacerbating adverse economic conditions and frustrating trade integration. In turn, these problems slow growth and welfare throughout the region.

Setting up regional frameworks for policy coordination among local stakeholders that would ultimately reduce instability does not have to entail immense political or financial costs. Establishing such frameworks does, however, require a change in mind-set among policymakers, who to date, fail to recognize the value of regional approaches in policy-making.

Regional cooperation is not an end in and of itself. Instead, it is a gradual, multifaceted, long-term process. However, the process does need to generate some immediate impact in order to foster commitment. Greater attention should therefore be given to well-defined problems and making regional cooperation results more visible.

In the case of the Black Sea region, there are two opposing conditions on the ground that affect the potential for regionalism considerably, as they set the overall policy stage. On the one hand, economic difficulties and the need for managing regional public goods (e.g., environment, trade, financial stability, knowledge) have generated strong demands for regional cooperation and integration. These demands for policy coordination and regional responses need to be strengthened and be efficiently channelled into regional policy-making processes. On the other hand, persistent security dilemmas (e.g., border disputes, protracted conflicts, and crime) undermine demands for regionalism, substantially obstructing collective action and institutions. These adverse security conditions need to be eliminated or their impact mitigated. Targeted policy options addressing the above concerns are presented separately in the Commission of the Black Sea's relevant theme papers (i.e., economic development, security and democratic institutions and good governance).¹⁴

There is no single, general prescription for regional cooperation. At the same time, any relevant policy needs to consider the specific circumstances and the typology of actors present in each area.

¹⁴ See for example Panagiotis Gavras, "The Current State of Economic Development in the Black Sea Region", Policy Report I, Commission on the Black Sea, January 2010. Available at <https://www.blackseacom.eu>.



A phased approach for existing regional organisations might be the most appropriate means of facilitating regional cooperation. This approach would include:

- raising awareness among participating states of the importance of regional cooperation and confidence-building;
- implementing projects that would bring quick and tangible results;
- identifying long-term projects of significant regional impact.

The following policy options offer some measures and channels of action that interested parties and stakeholders could consider in order to unlock the opportunities offered by regional cooperation.

Adhering to regional cooperation as a beneficial policy option rather than a declaratory goal

- **Regional cooperation should be treated as part of a broader sustainable development strategy.** Policymakers primarily from the Black Sea countries should consider regional cooperation as part of a broader strategic development agenda, subordinating their national agendas. Integrating fragmented markets in the region can help attract the required capital, build competitive and more diversified economies, and alleviate poverty. Seen from this perspective, regional integration offers more economic opportunities in terms of investment, production and trade. At the same time, it strengthens Black Sea countries' integration into the global economy.
- **Regional cooperation is in the interest of all stakeholders in the region while the choice to opt out may be employed if needed.** This is best served, among other means, by:
 - elevating mutual trust-building activities between adversarial governments and through civil society dialogue, as well as establishing sustainable relationships aimed at attaining a defined common goal;
 - actively promoting local ownership, both governmental and non-governmental;
 - producing early visible effects that foster commitment and engage vested interests;
 - acknowledging and addressing asymmetries on a strategic and project level. Consider the strengths and weaknesses of members and if required, support the existing capacities of parties engaged in regional processes.

- **Setting attainable consensus targets.** A first step is to set, or reconsider consensus targets in optimal cooperation areas. Consensus targets should be developed with short/long-term attainable goals in mind and – where possible – be consolidated with measurable, short-term objectives.
- **Maintaining regular policy dialogues** between governments, the private sector, civil society, financing agencies and international organizations.

Enhancing the capacity and effectiveness of regional structures and institutions

- **Consider the dynamics of regional cooperation.** Build on opportunities for policy and administrative changes, new appointments or political commitments (at the local or international level); use interlocutors or mediators to overcome stalemates.
- **Apply differentiated integration** (variable geometry) when there are irreconcilable differences within a cooperation structure.
- **Streamlining or rationalizing existing institutions is not always an option.** The pressure for reform and the establishment of credible regional structures is clearly present, meaning that some institutions might have outlived their mission or new designs and processes need to be created.
- **Strengthening regional institutions through technical and advisory support.** Carry out analyses on the institutional strengths and weaknesses of regional schemes, and provide technical and policy advice as appropriate, enhancing the capacity of those groupings and giving them the potential to anticipate and manage the challenges of cooperation.
- **BSEC as an engine and coordinator of regional collective action.** As an institutional umbrella, the BSEC can be useful in engineering collective action. The decision to transform BSEC from a diplomatic forum into a platform for managing projects (along with other partners as appropriate) is a difficult process that needs sufficient political, financial and technical support if it is to succeed. Specific measures for restructuring the BSEC may include:
 - Generating benevolent leadership
 - Agenda prioritisation and specification (short-term action plans with milestones within a handful of optimal cooperation areas)



- Flexibility of decision-making process within project implementation (e.g., further use of a fast-track model) and enhancement of horizontal, sectoral communication (e.g., elevating the role of sectoral ministries in the structures and agenda of the organization)
 - Capacity-building (e.g., improving human capital and expertise, upgrading the role of its secretariat in the policy process)
 - Allocation of financial resources for the generation of projects generation implementing agreed action plans
- **Black Sea Trade and Development Bank (BSTDB) as a regional development tool.** As a success story of indigenous regionalism, the BSTDB should receive political and financial support in its role as the only regionally owned development bank. This includes the active stakeholder support of its financial partnerships with European and international financial institutions.
 - **Mainstreaming conflict sensitivity.** Conflict sensitivity measures should be integrated into regional projects from the design stage on, which includes the careful selection of partners and implementation frameworks.

Optimal cooperation areas

- **Support cooperation around optimal cooperation areas,** following a thorough analysis of the given regional and socioeconomic context. This could include:
 - the focus on themes that offer joint incentives and bring benefits to all parties;
 - applying a project-based approach with variable geometry logic, adopting the logic of sectoral partnerships.
 - enhancing or establishing cross-sectoral cooperation between experts in environmental concerns, natural resources, governance, economic issues and security, and within donor organisations, regional cooperation institutions, and civil society.
- **Prioritize action on regional public goods** such as security, knowledge, environment and natural resources, trade, and financial stability.
- **Place greater emphasis on alleviating poverty and social hardships.** Regional approaches and efforts that are better informed of local particularities are more likely to succeed and bring about a sustainable impact if encouraged and supported.
- **Foster physical and virtual connectivity** that enables the circulation of goods, people and ideas.

Specific recommendations for local stakeholders

- **Have a clear rationale on how a regional cooperation initiative aims to facilitate the attainment of development and stability goals.** This includes:
 - Making clear commitments to specific medium-term projects that can have even minimal impact.
 - Do not proclaim regional cooperation as an objective if there is no real intent, political support and a policy in place to achieve it.
 - Include a discussion item on Black Sea regional cooperation (e.g. ,BSEC) on the agenda of the cabinet once a year.

Specific recommendations to the EU and other multilateral actors

- **Have a clear strategy on how cooperation initiatives in the Black Sea region aim to contribute to sustainable development and peace or bring about change.**
This includes:
 - Measuring the impact of existing regional cooperation interventions such as sectoral programmes (e.g., DABLAS), policies (e.g., Black Sea Synergy) or institutional links to regional structures (e.g., the EC's observer status to the BSEC) in order to maximise their effect.
 - Make a long-term commitment with clear interim milestones. Where impact is not achieved, redesign initiatives and if necessary, revise the means and objectives.
- **Elevate the regional impact dimension in bilateral policies,** strategies and specific programmes with local stakeholders (e.g., within the framework of the EU-Russia Strategic Partnership).
- **Support cooperation actions around new issues.** Choose new issues (e.g., climate change, communicable diseases, etc.) that offer joint incentives and result in benefits to all parties, based on a thorough analysis of the regional political economy and the evolving global agenda.
- **Actively promote local ownership, both governmental and non-governmental.** Ensure that regional cooperation initiatives include all stakeholders of the cooperation effort, across and within national borders. Identify potential leaders and spoilers, and engage with them early in the process.



- **Support, politically and financially, the development and execution of training programmes designed** to train officials and raise public awareness as well as capacity-building programmes designed to enhance the functioning of regional institutions.

Other specific measures

- **Systematically undertake or support feasibility studies** and cost/benefit analysis on specific regional cooperation/integration projects to generate the greatest interest and sound policies.
- **Commission a study to compile** best practices for promoting regional cooperation in the given context.
- **Elaborate a regional sustainable development strategy** drafted by a collaborative team of experts from the Black Sea region and beyond.
- **Develop cultural dialogue**, as well as cooperation with other regions in the area of culture, including exchanges among schools and universities, joint high-publicity cultural events on a regional format, and so on.

The Commission on the Black Sea

The Commission on the Black Sea is a civil society initiative, jointly developed and launched in January 2009 by the German Bertelsmann Stiftung, Gütersloh; the Black Sea Trust for Regional Cooperation (BST – GMFUS), Bucharest; the Economic Policy Research Foundation of Turkey (TEPAV), Ankara; and the International Centre for Black Sea Studies (ICBSS), Athens.

Among members of the Commission on the Black Sea are a former vice prime minister, former ministers, current and former parliamentarians, public intellectuals and scholars from the whole Black Sea region, the European Union and the United States. The Commission's work has been supported and complemented by several individuals from different countries, who wish to remain anonymous due to their current official affiliations or for personal reasons. The names of those members who are willing to associate publicly are listed below. They all serve on the Commission in a personal capacity. Neither this report nor other publications of the Commission should be construed as reflecting the views of the states, governments, organizations or institutions with which the members are associated.

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