

REVIEW ARTICLE

Two decades of cooperation in the Black Sea Region: the Organization of the Black Sea Economic Cooperation and its future

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1. Introduction

It is widely acknowledged that the international focus on the Black Sea area has been growing steadily since the end of the Cold War.

Parallel to this growing international focus, enhancing regional economic cooperation has become increasingly important for maximizing the potential that the region holds. At the heart of such cooperation lies the Black Sea Economic Cooperation (BSEC).

1.1. Underlying reasons for the increased international focus on the Black Sea region

There are various reasons which led to an increased international focus on the Black Sea region. Firstly, the Black Sea area is an important region at the heart of three major continents. It is on strategic transport and trade routes and energy corridors in Eurasia. Secondly, it has significant economic and human resources. This has enabled the Black Sea countries to have remarkable economic growth and development over the past few years, parallel to a steady increase in their share in the world economy. Today, the members of the BSEC encompass an area of approximately 20 million square kilometers with 340 million people. This can be translated as a huge economic potential. The region represents 7.6% of the overall world economy. Its GDP grew by 6% annually. Its total GDP amounts to around 3.4 trillion USD.

The quest for the diversification of energy sources is another dimension of the growing profile of the Black Sea region. The region has vast energy resources. Following the events of September 11 and the wars in Afghanistan and Iraq, the search started for alternatives, in terms of energy resources, to the Middle East which has approximately 65% of the oil and 40% of the natural gas reserves of the world. The Black Sea and the Caspian Sea regions, rich in oil and gas, proved important for this pursuit.

The region has also been steadily gaining importance as a key energy supply route for Europe and the rest of the world. Just a quick glance over a map of existing and planned oil and gas pipeline projects is enough to reflect the significance of the Black Sea region as a prime energy supply route. Another dimension of the growing significance of the region is that it is seen as Europe's final frontier on the east, with windows opening onto completely dissimilar regions, the Caucasus, Central Asia and the Middle East, requiring different policy responses.

After September 11, the fight against terrorism and the efforts to dry up the financial sources of terrorism, which are mostly linked to various forms of organized crime such as the trafficking of arms, drugs and human beings, have also increased the significance of the Black Sea region. This stems from the geo-strategic position of the region, located on one of the transit routes of trafficking.

With the accession of Bulgaria and Romania in 2007, the EU has *de facto* become a littoral of the Black Sea and its interest in furthering stability and prosperity in the region has grown even greater. As a matter of fact, all BSEC Member States have different levels of relations with the EU. Among the countries in the region, Greece is also an EU Member, Turkey is negotiating for EU membership, Serbia has very recently obtained candidate status, the Russian Federation is a strategic partner of the EU and Armenia, Azerbaijan, Georgia, Moldova and Ukraine are Partners of the European Neighboring Policy and Eastern Partnership. Albania, on the other hand, is among the countries of the Stabilization and Association Process and is a potential candidate. Frozen conflicts in the region constitute yet other reasons for the increasing international interest in the Black Sea area.

1.2. Development of BSEC

When the Cold War came to an end, Turkey took the lead to launch a regionally owned initiative to help transform the centrally planned economies of the Soviet era and integrate them into the world economy. The objective was to maximize the potential of the region.

BSEC was launched on 25 June 1992 when the Heads of State and Government of eleven countries signed the Summit Declaration and the Bosphorus Statement in Istanbul. The founding fathers of BSEC had a vision to create an organization that could promote peace and stability in the Black Sea region, through economic cooperation. The main pillars of this initiative have been inclusiveness, transparency and regional ownership. These principles are important as they are the very principles that have ensured the prevention of creating new dividing lines in the region.

On 1 May 1999, BSEC acquired international legal identity and was officially transformed from an initiative into a regional cooperation organization, with the entry into force of the BSEC Charter adopted in Yalta in 1998, becoming the Organization of the Black Sea Economic Cooperation. In the 20 years since it was launched, BSEC has built a permanent and extensive institutional framework of cooperation that covers all levels of governance. In addition to its Permanent International Secretariat (PERMIS) based in Istanbul, BSEC also has four Related Bodies — namely the Parliamentary Assembly of BSEC (PABSEC), the BSEC Business Council (BSEC BC), the Black Sea Trade and Development Bank (BSTDB) and the International Centre for Black Sea Studies (ICBSS) — which deal with the parliamentary, business, financial and academic dimensions of cooperation, respectively.

With the accession of Serbia and Montenegro in April 2004, the Organization's Member States increased to 12.

The 12 members of BSEC (Bulgaria, Georgia, Romania, the Russian Federation, Turkey and Ukraine which are littorals of the Black Sea, as well as Albania, Armenia, Azerbaijan, Greece, Moldova and Serbia) vary in terms of their development level, size, population and political aspirations. With its inclusive approach and pragmatic project-oriented vision, BSEC has brought together all these countries in a spirit of confidence and constructive cooperation.

1.3. BSEC cooperation, activities and projects

The success of BSEC depends on the concreteness and effective implementation of common projects.

Today, BSEC is focusing on becoming a project-oriented organization which serves as a forum for cooperation in a wide range of areas. Transport, environmental protection, trade and economic development, energy, migration management, combating organized crime, communications and information technology, science and technology, healthcare and pharmaceuticals, institutional renewal and good governance, education, culture, tourism and customs matters are among the most active fields of cooperation within the framework of the

Organization. A lot has been done and is currently underway in these spheres. This fosters the spirit of cooperation in our region.

There are two BSEC transport projects of major significance. These are the Black Sea Ring Highway project and the project on the development the Motorways of the Sea in the BSEC region. They are related to the development of transport links in the region. They are expected to do much to foster intra-BSEC trade, as well as tourism, infrastructure and transport investments and economic prosperity among the countries of the Black Sea. They will be the contributions of BSEC to the Euro-Asian transport links. Most importantly, they will make a concrete difference in the lives of the people of the region and bring them closer together.

The Black Sea Ring Highway project envisages a four lane ring highway system, approximately 7700 km long, to connect the BSEC Member States with each other. The project on the development of the Motorways of the Sea in the BSEC region, on the other hand, is about strengthening the maritime links among the ports of the BSEC Member States.

Besides transport, one of the areas where the potential of Black Sea economic cooperation is most visible is in the area of trade. Currently, intra-BSEC trade and investments are not at the desired level. Therefore, various initiatives have been launched within BSEC to contribute to the improvement of the trade situation. For example, BSEC has been cooperating with the United Nations Development Programme (UNDP) on this matter. Within this framework, the Black Sea Trade and Investment Promotion Programme (BSTIP) - the first joint project between the two organizations – launched in 2006, continues. The project, which is co-financed by Greece, Turkey, the UNDP and BSEC, aims to develop trade and investment linkages among the BSEC Member States, with the direct participation of the business communities.

The Memorandum of Understanding on the Facilitation of Road Transport of Goods in the BSEC Region, which was signed in 2002 and which went into force in 2006, is another concrete step taken by the BSEC countries to facilitate regional trade.

An important additional step has been taken in the sphere of road transport facilitation. Within this framework, a pilot project on the establishment of a BSEC Permit system for the road transit of goods has been launched in 2010, with the participation of seven BSEC Member States. This pilot Permit system is expected to facilitate the work of the road transporters and to contribute to trade relations among the participating countries. With this project, BSEC has become the first regional organization to issue such transit documents. Encouraged by the positive results which have been achieved, the participating

states have decided to extend the duration of the pilot project for an additional year for the second time.

The BSEC Agreements on Simplification of Visa Procedures for the Businesspeople and for the Professional Lorry Drivers Nationals of the BSEC Member States, signed in 2008 in Tirana, will also surely contribute to intra-regional trade.

In energy cooperation, green energy and supporting projects that promote sustainable energy development are priorities for BSEC. Another main priority is to ensure the stability and security of energy supplies by developing a BSEC regional energy strategy and a 2020 strategy. BSEC is also committed to efforts towards ensuring the integration of the energy markets of BSEC and the EU by developing a joint BSEC-EU Plan of Action in energy and encouraging cooperation with the Energy Community.

Another area of focus of BSEC is the human dimension of sustainable development. The Organization tries to serve as a catalyst to ongoing activities on migration management and combating human trafficking.

As far as migration management is concerned, migration is an essential and inevitable component of the economic and social life of every state. If managed properly, migration can be beneficial for both individuals and societies. A joint project on migration management has been conducted with the International Organization for Migration (IOM) on formulating migration policy recommendations for the BSEC Member States to prevent irregular migration flows and simultaneously facilitate legal ones.

Human trafficking, on the other hand, is a crime which, by nature, has a transnational character and is highly damaging to human security and sustainable development. The challenge for all countries, rich and poor, is to target the criminals who exploit desperate people and to protect and assist victims of trafficking and smuggled migrants, many of whom endure unimaginable hardships in their bid for a better life.

Unfortunately, the Black Sea region is a major source of and transit and destination for the trafficking of women, men and children for the purpose of commercial sexual exploitation and forced labor. According to the United Nations Office on Drugs and Crime (UNODC) database on global human trafficking patterns, human trafficking affects all BSEC Member States.

BSEC has agreements among its Member States on cooperation in combating organized crime. BSEC, IOM, UNODC and many other relevant bodies in the region are cooperating to fight human trafficking which is one of the most prevalent forms of organized crime in the Black Sea area.

BSEC, together with the UNODC, launched a regional project on strengthening the criminal justice response to human trafficking in the Black Sea region. Within this framework, a Regional Action Plan was jointly devised. Along with its policy development and capacity building aspects, the Action Plan gives special consideration to three basic elements in fighting human trafficking — namely, prevention, protection and prosecution.

Fighting corruption is another goal for BSEC. Corruption endangers economic and social development, justice, democracy and the rule of law. Transparent and accountable governance, uncompromising to corruption, is what is needed everywhere.

In this context, the Ministers of Interior of the BSEC Member States adopted a Joint Declaration on Regional Efforts on Preventing and Combating Corruption in April 2011, in Bucharest. The Declaration envisages the elaboration of a BSEC Action Plan to prevent and combat corruption, increase public awareness and promote ethical behavior. The Action Plan is expected to facilitate the development of a network among the national bodies mandated to enforce anti-corruption measures.

1.4. BSEC activities in the area of environmental protection

Another area where BSEC is active is environmental protection. The gradual degradation of the environment in the Black Sea region in the last decades is a source of grave concern. This degradation has brought about the need to undertake measures to rehabilitate, protect and preserve the environment for future generations. The reasons of degradation show that regional and international cooperation is indispensable for this.

The inflow of untreated sewage into the Black Sea is a serious threat to the population and economies. This leads to public health problems and damage to ecosystems and the tourism industry.

The intensive agriculture of the past decades and the overuse of fertilizers and pesticides led to the over-fertilization of the sea with nitrogen and phosphorus compounds, mainly through rivers. This over-fertilization, along with waste discharges from agricultural, domestic and industrial sources, is responsible for the phenomenon of “eutrophication,” which has turned the Black Sea into an oxygen-free and asphyxiated zone. It is estimated that the six littoral countries are accountable for the 70% of these substances flowing into the water, while the remaining 30% comes from the upper Danube. Eutrophication is blamed for the vast alterations in the Black Sea ecosystems.

Another problem is the introduction of alien species, transported via ships that empty their ballast water into the Black Sea. These species adapt quickly in their new environment, since they have no natural predators, and they manage to displace or decrease the numbers of native populations.

Furthermore, over-fishing leads to the exhaustion of certain species and the drastic decline of catches, creating serious economic damage in the fishing industry. It is mainly driven from poverty (and the potential of quick profit) and the increased international demand for black caviar. This drop in fish catches is also connected to eutrophication and the sea pollution from untreated sewage and waste waters.

The inadequate management of solid waste is another pollution source in the region. This form of pollution originates either from the coastal cities or from the ships. Either way, garbage ends up on the shores creating sources of pollution and degrading the coastal zone, the rural landscape, as well as the touristically developed areas.

Within this framework, exchange of scientific and technical information, increasing public awareness and incorporation of environmentally friendly approaches in economic development, with particular attention to the promotion of innovative and resource saving technologies, comprise priorities for BSEC.

It is important that public awareness raising projects also address children and the youth, as the notion of environmental protection should be instilled at a young age. It is in this context that the “Black Sea Box” education project, which is comprised of teaching materials pertaining to the protection of the Black Sea environment, was prepared with the joint cooperation of BSEC, World Wildlife Fund – Turkey (WWF-Turkey), the UNDP and the Coca-Cola Company. The “Black Sea Box” is set to be introduced to classrooms across the BSEC Member States and incorporated into various educational subjects at primary and secondary school level.

Currently, BSEC Members are discussing the modalities of establishing an information exchange mechanism for environmental protection. There is also an ongoing study on the possibilities of strengthening cooperation with other organizations, institutions and partners on issues related to the protection and rehabilitation of the Black Sea marine environment.

Learning to live with climate change is an absolute priority for humanity. The BSEC Council of Ministers of Foreign Affairs, in its meeting in Thessaloniki in November 2010, adopted a Joint Declaration on Combating Climate Change in the wider Black Sea Area. This important policy document was submitted to the United Nations Climate Change Conference in Cancun, in December 2010, constituting a contribution of BSEC to the UN Framework Convention on

Climate Change negotiations. Also, a project on introducing climate change in the environmental strategy for the protection of the Black Sea will be soon launched, jointly with the UNDP.

1.5. Relations with third parties

BSEC is viewed by the international community as an anchor of cooperation in the Black Sea area today. Germany, Austria, France, Italy, Poland, the Czech Republic, Slovakia, Belarus and Croatia, as well as non-European countries such as the United States, Egypt, Tunisia and Israel have Observer status in BSEC. The UK, Hungary, Montenegro, Iran, Jordan, Japan, Slovenia and the Republic of Korea, on the other hand, as well as various regional organizations, have Sectoral Dialogue Partnership status.

The European Union is also an Observer in BSEC. A partnership in the area of environment has been launched in 2010, while partnerships in transport and energy are being considered within the framework of the Black Sea Synergy.

BSEC, which has Observer status in the UN General Assembly, has very close and fruitful working relations with the UN system and its specialized agencies. BSEC has Cooperation Agreements with the UN Economic Commission for Europe (UNECE), UN Environment Programme (UNEP), UN Industrial Development Organization (UNIDO) and the UN Development Programme (UNDP). It also has close relations and active cooperation with the UN Food and Agriculture Organization (FAO), World Trade Organization (WTO), World Bank, UN Office on Drugs and Crime (UNODC) and the International Organization for Migration (IOM).

BSEC attaches importance to the improvement of respect, understanding and cooperation among nations and peoples of different cultures and religions and to counter the forces that fuel polarization. Any effort in this direction is valuable in promoting sustained peace, security and stability. It is within this framework that BSEC has become a member of the Group of Friends of the United Nations Alliance of Civilizations in 2009. BSEC wishes to more actively support this highly important initiative, co-chaired by Turkey and Spain, through promoting projects aimed at building bridges among diverse cultures and communities.

The BSEC Permanent International Secretariat maintains a close relationship also with the Office of Economic and Environmental Activities of the Organization for Security and Co-operation in Europe (OSCE) through exchange of information on activities, as well as participation in events.

1.6. BSEC from 1992 to the future

Twenty years have passed since the Black Sea Economic Cooperation initiative was launched. The members of BSEC, since its inception, have endorsed multilateral economic cooperation and development in the region through joint efforts and dialogue to the benefit of the Member States and their peoples with the aim of promoting peace, stability and prosperity in the region.

In two decades, BSEC has become the most inclusive and comprehensive organization in the wider Black Sea area. Today, BSEC, consisting of 12 Member States and having 17 Observers and 17 Sectoral Dialogue Partners, has evolved into a solid institution.

In line with the principles and objectives defined in its Charter and with the aim of utilizing more effectively their human, natural and other resources, BSEC has defined the common policy approaches of its Member States in summit and ministerial declarations, inter-governmental agreements, plans of action and strategy documents and has launched projects and initiatives which are of interest to them.

Preserving security and stability in the region is of great significance. Today's threats and challenges differ from those of the past. In the past, the concept of security meant the prevention of conflict and war between states. Today, the international community is faced with new security threats and challenges which not only threaten the security of states, but also human security, therefore requiring urgent action. To name a few, these include poverty, contagious diseases such as HIV/AIDS, environmental degradation, climate change, internal violence and conflicts, terrorism, transnational organized crime, human trafficking, corruption and the proliferation of nuclear and chemical weapons. The work and mechanisms of BSEC address many of the new threats and challenges to security.

Frozen conflicts in the region, to a certain extent, do pose an obstacle to the BSEC cooperation process. BSEC has not tackled the frozen conflicts in the region, since it is not empowered to do so by its Charter.

Nevertheless, BSEC does serve as a useful forum where even the representatives of Member States that do not have diplomatic relations or have serious bilateral political or other problems, meet together.

Also, BSEC cooperation in the fields of culture, tourism, transport infrastructure projects, institutional renewal and good governance, border controls, customs procedures and combating organized crime and terrorism all contribute, whether directly or indirectly, to the strengthening of security and stability in the region.

BSEC will be commemorating its 20th Anniversary in 2012. The BSEC Member States are determined to make use of the potential of the Organization as a platform of dialogue to play a more proactive, effective and constructive role in promoting the common goal of a peaceful, stable and prosperous BSEC Region to the interest of all stakeholders, in a spirit of partnership.

For this, a new vision and framework for joint action is needed to give new impetus to economic regeneration in the region for the next ten years.

On 27 April 2001, the BSEC Council of Ministers of Foreign Affairs adopted the BSEC Economic Agenda for the Future as a roadmap outlining the action needed to meet the goals set by the BSEC Charter. In the context of its 20th Anniversary, a new BSEC Economic Agenda will be introduced to face the new challenges and opportunities in the global and local environment. This regionally shared strategy will highlight the comparative advantages of the region, priority sectors for investments, the benefits of regional cooperation and the economic role of the region in the context of the European economy.

The document will provide a comprehensive vision for the role and strategy of BSEC in short and medium terms, taking into account the developments that have taken place since the establishment of BSEC, both inside the Organization itself and in the broader international environment, including the EU enlargement process and the new challenges in the region. It will define priorities, approaches and implementation mechanisms in line with the growing significance of BSEC within the framework of the Black Sea region's geo-strategic location, size, natural and human resources.

One of the most significant tasks ahead is certainly strengthening the project-oriented dimension of the Organization by increasing the scale and impact of joint projects. Priority should be given to projects in the sectors of the economy which will bring tangible benefits and at the same time stimulate internal reforms and the integration of the national economies in the region. There is a need to consolidate the budget of the Permanent International Secretariat by allocating significantly greater financial resources in the annual budgets for project development. The resources available should be substantially increased, including through the contributions of Observers and Sectoral Dialogue Partners and from other available sources. It is also necessary to create a greater synergy between the work of BSEC and the Black Sea Trade and Development Bank in the elaboration and implementation of multilateral projects of regional impact and in attracting investments from outside the region. The role of the private sector in developing feasible projects in the region needs to be enhanced. Closer day-to-day contacts and cooperation with non-governmental and civil society organizations should be fostered with regard to concrete projects.

The harmonization of legislation and upgrading of standards in all spheres, which can contribute to internal reforms and sustainable development in the region, also deserve greater focus.

Another priority is to continue the efforts to improve the functioning of the Organization. BSEC has embarked upon a reform process to increase the effectiveness and efficiency of the Organization, starting with the Meeting of the Council of Ministers of Foreign Affairs which took place on 1 November 2006, in Moscow. This ongoing process to strengthen the Organization has resulted in the adoption of very important documents which include the “Guidelines on Improvement of the BSEC Efficiency” in 2008 and the Annex to the said Guidelines titled “Enhancement of the Status, Capacities and Capabilities of the PERMIS in Planning and Implementation of BSEC Activities” in 2010.

There is still much room for improvement. Member States should allocate increased attention, material and human resources to BSEC for a stronger, more proactive, result-oriented and viable Organization. The effectiveness, efficiency and consistency of the work of the BSEC Working Groups should be increased through ensuring continuity in the participation of the same experts in the Working Group meetings as representatives of the Member States on a long-term basis. Enhancing the coordination and interaction with the BSEC Related Bodies is also essential in creating new synergies to improve both the content and mechanisms of the work of the Organization.

An improved communication is essential in presenting BSEC’s objectives, activities, projects and achievements in a clear manner to its stakeholders and ultimately to the general public. Within this framework, it is important to finalize and implement the new BSEC Public Communication Strategy to enhance the visibility of the Organization.

Conclusion

The importance of the Black Sea is on the rise. There is every reason to believe that this trend will continue. A significant responsibility rests with BSEC, which is the only full-fledged and the most inclusive cooperation organization in the Black Sea area today, despite the various challenges it faces. Increased cooperation in the Black Sea region through BSEC mechanisms not only generates economic benefits, but also contributes to building confidence and reducing persisting bilateral tensions. This, in turn, consolidates stability and security in the region, which is the common interest of the Black Sea area, the Eurasian region and the international community.

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