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EASTERN AND SOUTH-EASTERN EUROPE

## MA DISSERTATION

**«THE BLACK SEA ECONOMIC COOPERATION (BSEC):  
AS A DETERMINANT AND MULTILATERAL FACTOR IN THE  
BLACK SEA REGION AND EUROPEAN UNION»**

**NESTOROUDI ANGELIKI  
A.M. 17/09**

### TWO MEMBERS COMMITTEE

<b>Tzionas Ioannis</b>	<b>Professor</b>	<b>UNIVERSITY OF MACEDONIA</b>	<b>Supervisor</b>
<b>Paraskevopoulos Christos</b>	<b>Assistant Professor</b>	<b>UNIVERSITY OF MACEDONIA</b>	<b>Member</b>

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Approval of the present post- graduate degree project from the Department of Slavic and Oriental Studies, of the University of Macedonia doesn't imply acceptance of the writer's views.

*«Man should love light, no matter its place of appearance. He should cherish the rose no matter its ground. He must be a truth researcher no matter its source. Commitment to the lamp doesn't mean to love the light. Commitment to the earth isn't suitable, but it's worth enjoying the rose, which comes from the earth. Dedication to the tree isn't useful, but eating its fruits is beneficial. Delicious fruits should be enjoyed by man no matter their origin or their place where they grow. The truth should be accepted no matter the language in which it is pronounced. Absolute truth must be accepted no matter their book of origin. Prejudice is the cause of deprivation and ignorance....*

*It's important for all of us to learn from every step and every action in the past, in order to progress in the future. Our faults can be pivots and equipment for a further pure and healthy life like vaccines, which are used to fight undesirable elements in human body, with the help of these elements».*

**Bahá'u'lláh**

## Acknowledgement

*«Show tolerance, kindness, love to each other. If anyone of you isn't capable of comprehend a particular truth or struggles to understand it, show –while discussing with him- a spirit of particular kindness and good willing.»*

The application of all these words, I have felt it intensively from all the teachers and other students, apart from few exceptions from the beginning of my attendance till today, when my postgraduate degree project is being completed. Some have been singled out due to closer cooperation with me, related to the composition of this project.

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No matter how many things I try to include here, it won't be possible to communicate all these things I would like to express. A “thank you” cannot include all my feelings. For that reason, as a least sample of my feelings for all your offers to me, I would like to share with you the optimistic messages of Bahá'u'lláh below:

*«Get rid of prejudice, so you will cherish the Sun of Truth from every point of the horizon it raises. Research of the Truth means to be willing to part from our previous knowledge, all these, which could stop our steps towards the path of the truth. We shouldn't hesitate, if it's necessary to start again from the beginning our education. We shouldn't allow our love for every personality to blind our sight and let us become prisoners of prejudice. When we escape from all these chains, searching with our mind free, then we'll reach our target!» «Justice is the practical expression of*

the awareness that in order to achieve human progress, individual profits as well as social ones are ineffably associated.» «Humanity's prosperity, peace and harmony are impossible unless its unity is secured.... Because humanity is an organism, individual welfare depends on not only his behavior, but also on each other's behavior. If a person does something unfair, more or less, everybody suffers, while if someone does something fair, all the others benefit from it.» «The one who should be proud is the one who loves the world and not just his country.»

My wish is to continue being strong, creative and happy in the way of transmission of knowledge!

Nestoroudi Angeliki

**«The Black Sea Economic Cooperation (BSEC): As a determinant and multilateral factor in the Black Sea region and European Union»**

## **Abstract**

«The Black Sea Region is an essential and unique part of southern Europe because of its geographical, cultural and historical features. It is the cradle of European civilisation, together with Greece and Rome. For centuries it neighboured onto and interacted with the cultures of the northern and southern Mediterranean, the Christian and Muslim worlds, and was the route of conquerors of nations, economic and trade relations, the history of wars and civilised relations of neighbouring countries.»(Kotlyakov- Uppenbrink and Metreveli 1998, 505).

«The BSEC project is a regional co-operation arrangement established on 25 June 1992 by 11 states –Albania, Armenia, Azerbaijan, Bulgaria, Georgia, Greece, Moldova, Romania, the Russian Federation, Turkey and Ukraine- covering a vast economic area from the Adriatic to the Pacific with a total population bordering 325 million.

Its main objective is to develop and diversify existing economic relations among its members by making efficient use of the advantages arising from their geographical proximity, their traditional ties, the complementary nature of their economies and large economic space and market. This development is to be in line with the principles of pluralist democracy and the dynamics of competitive market economics. It has a sound political base and the backing of a strong political will transcending military conflicts. Being the functional, comprehensive and project- oriented initiative that it is, the BSEC is an exemplary contemporary model of neo- regionalism.» (Ozer 1996).

«Efxinos Pontos Financial Collaboration (BSEC) is a peculiar association of financial integration of a shape like no other regional association has existed till nowadays. The BSEC opens new ways of extension of commercial and financial relationships towards the mutual benefit among the countries of Efxinos Pontos area. It can contribute to the establishment of peace, stability and wellness, which will encourage mainly towards the peaceful solution of national and religious conflicts.» (Σίσκος 1998).

«BSEC's uniqueness lies in the fact that it expresses a new concept of multilateralism in the Black Sea region based upon market economies and the dynamism of the private sector with the aim of developing a common economic

language and multiple, diverse economic relations between countries in this respect.» (Dikkaya & Orhan).

«In the area we observe various unsettled problems. The most essential possible danger of destabilization are the “frozen conflicts” in the area of Moldavia, Georgia and between Armenia and Azerbaijan, while the situation gets seriously charged by the internal problems of the states in this area, as the organized crime, illegal immigration, environmental downgrading etc.» (Σιούφας- Βαληνάκης- Χρυσανθόπουλος- Kaplan- Τριανταφύλλου- Japaridze- Γιαννής- Καραγιάννης- Κυρκιλής- Μακρυγιάννης- Στριμπής- Μπόνας- Φιλιππίδης- Τσαντούλης- Μανώλη, 2008).

«With a composite of member countries, the BSEC was a rather unique initiative as a regional arrangement for various reasons: First and foremost, it was one of the first regional organizations that aimed to develop economic cooperation between NATO member states (Greece and Turkey) and former member countries of the Warsaw Pact, two adversaries from the Cold War era which had just ended.<sup>1</sup>

Secondly, there were many disputes and unsettled issues between the ex- Soviet Republics who joined (as between Armenia and Azerbaijan), as well as varying degrees of bilateral conflicts and grievances such as those between Albania and Greece, Armenia and Turkey, Moldova and Romania, and Greece and Turkey. Thirdly, formation of the BSEC also marked the first time that countries bordering from the Caspian to the Adriatic Sea shared membership within the same organization.

Despite possible variations in motivations underlying their participation, one common expectation was to become better integrated into Europe and the rest of the world. In this respect, the BSEC served as a new channel of communication for neighboring states who were willing to take steps towards shaping up their regions future rather than being bystanders in the aftermath of profound and potentially destabilizing changes. The BSEC generally can be argued to have been founded on a commonly shared: a) understanding about economic cooperation as a means of

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1. The Central European Initiative (CEI) started in 1989 and the Council of the Baltic Sea States (CBSS) formed a few months prior to the Istanbul Summit were the only other initiatives aimed at increasing economic cooperation between centrally planned and market economies. See O. Anastasakis- V. Bojicic- Dzelilovic, *Balkan Regional Cooperation and European Integration*, The Hellenic Observatory Discussion Paper, London: The London School of Economics and Political Science, 2002.

avoiding conflict, b) view of regionalism as a means of integration to the global economy and c) desire to prevent new divisions in Europe.»<sup>2</sup> (Sayan 2005).

«The international importance of the wider area of the Black Sea has been identified with the idea of energy and energy safety mostly because of its strategic position as a junction concerning the transit of oil and gas towards the international market.» (Σιούφας- Βαληνάκης- Χρυσανθόπουλος- Kaplan- Τριανταφύλλου- Japaridze- Γιαννής- Καραγιάννης- Κυρκιλής- Μακρυγιάννης- Στριμπής- Μπόνας- Φιλιππίδης- Τσαντούλης- Μανώλη, 2008).

During a period in which the whole region is experiencing a dramatic transformation, the establishment of the BSEC has led to the creation of an environment conducive to the initiation of rapid reform towards the development of market economies as the basis for economic recovery and prosperity in the region.

An important aspect of the BSEC is its flexible and outward oriented nature. The BSEC is both open to and supportive of the cooperation of other interested states through membership or as observers. This also applies to other groups of countries, international organizations and companies wishing to contribute and benefit from this process. It may be worth noting that Austria, Egypt, Israel, Italy, Poland, Slovak Republic and Tunisia have asked for and been granted observer status in the BSEC.

«In general, since 2000 the Efxinos Pontos area has achieved positive and in some cases impressive rates of financial enlargement. Whereas problems and challenges still exist like the infrastructure issues, the environmental protection issue, safety issues and frozen controversy issue, but also the big external deficit, which are related to the kind and the extension of the progress of industrial reconstruction.» (Σιούφας- Βαληνάκης- Χρυσανθόπουλος- Kaplan- Τριανταφύλλου- Japaridze- Γιαννής- Καραγιάννης- Κυρκιλής- Μακρυγιάννης- Στριμπής- Μπόνας- Φιλιππίδης- Τσαντούλης- Μανώλη, 2008).

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2. P. Manoli, "The Role of the Black Sea Economic Cooperation (BSEC) in the Stability of the Region," in *Shaping an Environment for Peace, Stability and Confidence in South Caucasus*, Camberley: Conflict Studies Research Centre, Defence Academy of the UK, 2002.



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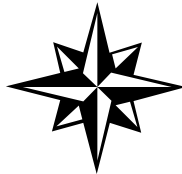
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## **List of Abbreviations**

- APEC: Asia Pacific Economic Cooperation
- BSEC: Black Sea Economic Cooperation
- BSEP: Black Sea Environmental Programme
- BSF: Black Sea Forum
- BSREC: Black Sea Regional Energy Centre
- BS-SAP: Black Sea Strategic Action Programme
- BSTD: Black Sea Trade and Development Bank
- CBSS: Council of the Baltic Sea States
- CEFTA: Central European Free Trade Agreement
- CEI: Central European Initiative
- COMECON: Council for Mutual Economic Assistance
- CPEs: Centrally Planned Economies
- CSCE: Conference on Security and Cooperation in Europe
- CTIS: Computerized Trade Information System
- EBRD: European Bank for Reconstruction and Development
- ECE: Economic Commission for Europe
- ECO: Economic Cooperation Organization
- EIB: European Investment Bank
- EKEM: Ελληνικό Κέντρο Ευρωπαϊκών Μελετώ
- FDI: Foreign Direct Investment
- EU: European Union
- Eurostat: Statistical Office of the European Communities
- FYROM: Former Yugoslavia Republic of Macedonia
- GATT: General Agreement on Tariffs and Trade

ICBSS: International Center for Black Sea Studies

IMF: International Monetary Fund

LAFTA: Latin American Free Trade Association

MMFA: Meeting of Ministers of Foreign Affairs

NAFTA: North American Free Trade Association

NGO's: Non- Governmental Organizations

OECD: Organization for Economic Cooperation and Development

OPEC: Organization of the Petroleum Exporting Countries

PABSEC: Parliamentary Assembly of the Black Sea Economic Cooperation

PERMIS: Permanent International Secretariat of the BSEC.

PHARE: Poland Hungary Assistance for Economic Construction

SECI: South East Cooperative Initiative

SEE: Southeastern Europe

SP: Stability Pact

UN: United Nations

UNDP: United Nations Development Programme

UNESCO: United Nations Educational Scientific and Cultural Organization

UNIDO: United Nations Industrial and Development Organization

WB: World Bank

WEC: World Energy Council

WEU: Western European Union

WGs: Working Groups

WTO: World Trade Organization

## **Preface**

«Economists have been preaching free trade for centuries. From the perspective of welfare maximization on a global scale, the complete absence of barriers to restrictions on flows of goods, services and factors of production is the best of all possible worlds as has been shown numerous times both theoretically and empirically. Yet, the nations of the world have kept acting against this basic result and formed regional blocs to coordinate protectionist practices against third parties and preferential treatments to other members.

For most of post- World War II history, free trade has been a public good everybody wants to benefit without paying for: The best world for an individual nation would be the one where it could sell its products freely without facing any barriers, while it would have the liberty to impose restrictions on its imports. This would be the best but obviously not possible. So, the next best solution for individual nations would be to sign economic integration agreements with a group of other nations, and that is what they actually did.» (Sayan 1998). One of these agreements is the BSEC organization.

«Since ancient times the Black Sea area has been the cradle of different civilizations, the renowned crossroads between Asia and Europe where people of different nationalities, trades, cultures and religions intermingled. In no way was that process an easy one; periods of peace and tranquility were followed by protracted conflicts and wars.

But even in that climate the Black Sea area was well known for its developed trade relations and contacts. Attempts were undertaken to build bridges of rapprochement. It is sufficient to mention the famous Silk Road, which linked the countries of Europe and Asia. A valuable experience of contact among the peoples of the two continents as well as of the cohabitation and mutual enrichment of different cultures has been accumulated.

Only in the last decade of the twentieth century however, when the atmosphere of the cold war, suspicion and mistrust has receded, have the countries of the Black Sea area been able to undertake bold steps in that direction. They could come together and decide how, in the age of the globalization of economies, valuable assets in their possession, such as geographical proximity, common history, cultural bonds and the

interdependence of their national economies could be efficiently employed for mutual benefit and prosperity.» (Naskou – Perraki 2001).

«So the transition process started late, the conditions were unfriendly and the financial and social cost high. Despite the common acceptance of the target of the establishment of a functional economy of the market and the incorporation of the international market, reformative policies differ through the states and include different types of gradual transition, shock treatment or state capitalism, while cases where a country has passed through one type of transitional policy to another according to the political coincidence or the change of governments are numerous as the cases where the same type of policy is applied in a different way in every country, for example, more or less methodically, with more or less effective manners etc.» (Σιούφας- Βαληνάκης- Χρυσανθόπουλος- Kaplan- Τριανταφύλλου- Japaridze- Γιαννής- Καραγιάννης- Κυρκιλή- Μακρυγιάννης- Στριμπής- Μπόνας- Φιλιππίδης- Τσαντούλης- Μανώλη, 2008).

«The real breakthrough occurred when in June 1992 the Heads of State and Government of eleven countries: Albania, Armenia, Azerbaijan, Bulgaria, Georgia, Greece, Moldova, Romania, Russia, Turkey and Ukraine met upon the invitation of the Government of Turkey in Istanbul. This Summit was successfully crowned with the signing of the historic document: "Summit Declaration on Black Sea Economic Cooperation."

The day of 25 June 1992 launched the process known to the world today is the Black Sea Economic Cooperation and the BSEC has become a symbol for a new regional cooperation model.

The Black Sea Economic Cooperation is based on the principles laid down in the Helsinki Final Act, the follow-up Conference on Security and Cooperation in Europe (CSCE) documents and, particularly, in the Paris Charter for a New Europe and on shared values such as democracy, human rights and fundamental freedoms, prosperity through economic liberty and social justice and equal security for all the Participating States.

The goals and principles embodied in the Summit Declaration of the Black Sea Economic Cooperation are in full conformity with the provisions of the United Nations Charter. As a unique and promising model aimed at fostering interaction and harmony among the Participating States, the BSEC will undoubtedly contribute to the creation of a future Europe-wide economic zone and promote mutual understanding, peace and security in the region. One of the basic objectives of the BSEC, proclaimed in the "Summit Declaration", is to ensure that the Black Sea becomes a sea of peace,

stability and prosperity, encouraging friendly and good-neighborly relations.» (Naskou – Perraki 2001).

The present essay considers the experience of BSEC project as a rather special case in point. The aim of this essay is to assess the dynamics of regional cooperation in the Black Sea region -as opposed to the patterns of conflict- to investigate whether the regional cooperation process can provide a stable systemic environment for peaceful systemic change, facilitate the enlargement of the EU to the black Sea region and to highlight the future prospects of the BSEC area in general. This implies that the aim of this essay was to provide a “bridge” between past and future.

The plan of the paper is as follows. The next chapter presents a brief overview of the Black Sea Economic Cooperation Area and the conditions that were predominated there, it gives some details about the establishment of the organization, its aims and objectives and also its members. Chapter II develops the structural and institutional framework of the organization. Chapter III discusses the relationships between EU, Greece and the BSEC, gives an evaluation of the operational history of the organization and a strategy for the future. Finally, the essay concludes with conclusion remarks.

«Given the existence of fragile and conflict- ridden political circumstances in the Black Sea area, the initiation and the following institutionalization of the BSEC has been an important achievement.» (Aybak 2001).

## **CHAPTER I**



## 1.1 The Black Sea Area: Historical Dimension

«In ancient times, the Black Sea was named the inhospitable sea or *Axenos*. Later the ancients called it the *Euxine* or ‘hospitable’ sea. These metaphors summarize, in a way, the history of the Black Sea.»(Aybak 2001).

«The geographical region, which consists the BSEC area, was never a core pole of the international economic system, during the last seven centuries. However, it was the bridge between Asia and Europe. The silk from the East used to travel to the West via this region. Furthermore, the fact that the Black Sea Economic Cooperation countries were isolated from the West until 1991 (with the exception of Greece and Turkey) and experienced a command economy inside the COMECON makes the BSEC a problematic region.»(Salavrakos 1999).

During the Cold War, the Black Sea area drew little attention mainly due to the fact that the delicate and uneasy balance in the region made it undesirable to have tensions there. With the collapse of the Soviet Union and new coming into play, facing a combination of economic, political, social and administrative problems, the Black Sea area started experiencing a major transition. Since then, the geo- strategic portrait of the region has changed completely. It is widely acknowledged that, with the end of the Cold War, the Black Sea area has assumed a more central international role. Some of the underlying reasons, which played a part in this change, are the following:

- a) The vast economic potential that has the region. The rich natural and human resources of the region has enabled the Black Sea countries to have remarkable economic growth and development over the past five years, parallel to a steady increase in their share in the world economy.
- b) The quest for the diversification of energy sources is yet another dimension of the growing profile of the region. Following the events of September 11 and the wars in Afghanistan and Iraq, the search started for alternatives, in terms of energy sources, 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.
- c) The Black Sea 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.

d) The region 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.

e) 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 led to the growing importance of the Black Sea region. This stems from the geostrategic position of the region. Located on one of the transit routes of trafficking and the air corridor to some of the neighboring areas in turmoil. It is of such importance that it is nowadays being called the "Black Sea Security Corridor".

f) With the accession of Bulgaria and Romania, the EU has become a littoral of the Black Sea and its interest in furthering stability and prosperity in the region has grown even greater. Among the countries in the region, Turkey is negotiating for membership to the EU, the Russian Federation is a strategic partner of the EU and Armenia, Azerbaijan, Georgia, Moldova and Ukraine are Partners of the European Neighboring Policy. Serbia and Albania, on the other hand, are among the countries of Stabilization and Association Process and are potential candidates.

«The Black Sea is a traditional transit area, one of the most diverse and complex regions of Europe. It is characterized by countries at different stages of the state-building process, transition to democracy and market economy and different rates of economic growth.

The 21<sup>st</sup> century will offer to the above countries new opportunities for economic cooperation and rapid reform towards the development of market economies as the basis for economic recovery and prosperity in the region.

On 25 June 1992, the Heads of State or Government of eleven countries signed in Istanbul the Summit Declaration setting a new regional economic organization, the BSEC. This organization, which came in force on May 1<sup>st</sup>, 1999, is aiming to create a multilateral cooperation in various fields of economic activity.

The member's states declared that they want to create "an area of peace, stability and prosperity based on shared values such as pluralistic democracy, social justice, human rights, rule of law, fundamental freedoms, free-market and economic prosperity".» (Naskou- Perraki 2001).

«As mentioned above, some of the inter-relations are sensitive due to historical factors among the BSEC countries. For instance, Azerbaijan and Armenia have frozen

their diplomatic relations as a result of clashes in the Karabakh region. Since the Russian Federation has supported Armenia in this debate, there is tension between Azerbaijan and the Russian Federation as well. Similar tension is present between Georgia and the Russian Federation because of the Abkhazia problem, and between Moldova and the Russian Federation due to the Dniester debate. Another fundamental debate is between Turkey and Greece that can be traced back to the collapse of the Ottoman Empire. However, recent developments between the two countries have reduced the tension.» (Dikkaya & Orhan).

«The BSEC is not a regional security organization. However, it offers an external regional environment within which the smooth transition to democracy and market economy can be accelerated. Its functionalist style and piecemeal approach to regional issues, in the long run, may generate a regional sense of common interest and the establishment of regional economic infrastructure may create incentives for further regional economic cooperation.

In this sense, the BSEC provides a safeguard in the enlargement of the EU to the Black Sea region. Moreover, it also acts as an intellectual lifeboat in which to cross the choppy political waters of the Black Sea, giving a sense of direction to diplomats, business circles and politicians in the twenty-first century.» (Aybak 2001).

Today, BSEC covers a geography encompassing the territories of the Black Sea littoral States, the Balkans and the Caucasus with an area of nearly 20 million square kilometres. The region is located on two continents. BSEC represents a region of some 350 million people with a foreign trade capacity of over USD 300 billion annually. After the Persian Gulf region, it is the second-largest source of oil and natural gas along with its rich proven reserves of minerals and metals. It is becoming Europe's major transport and energy transfer corridor.

«The Organization has already developed a comprehensive multilateral cooperation scheme covering various fields, ranging from banking and finance to exchange of statistical data and economic information, from energy, transport and telecommunications to trade and industry, from agriculture to environment, from tourism to technology.

The BSEC relies mostly on the dynamics of the private sector for its development, to which it gives priority and an important role to play. It also introduces characteristics, which distinguish it from other regional economic cooperation organizations as far as its institutional structure is concerned. This structure is built on four sectors including the intergovernmental, interparliamentary, business, finance, academic and public with the local administrations to play a complementary role. To

the above we should add the role of the academic society and that of the Non-Governmental Organizations (NGO's).

In the 21st century, the BSEC comes to play a balanced role in the area and creates a forum for useful and multicultural dialogue on many and different levels.» (Naskou-Perraki2001).

## **1.2 Objectives – Areas of Cooperation**

«The idea of the Black Sea Economic Cooperation was conceived by a senior Turkish diplomat, Sükrü Elekdağ and adopted by the then President Turgut Ozal in 1990.

In order to understand the background characteristics and the political motivations behind the BSEC initiative, it is worth explaining the circumstances under which it emerged. The application for EC membership in 1987 and the instigation of the BSEC in 1992 was due to the determination of Turkish foreign policy makers to integrate Turkey fully into the global economy as well as their desire for modernization and transformation from inward- looking to outward- looking economic policies.

The end of the Cold War economic trends, the success of the European Community and the Single European Market, and structural changes in the world economy, all in a way, pressed Turkey towards expanded collaboration within regions. BSEC was conceptualized as an alternative regional initiative to European integration.

The Bosphorus Declaration confirms that BSEC's main aim is to achieve 'a better commercial, financial and legal environment to improve and boost the economy of the region and help it integrate into the European and World Economy'. In fact since the beginning of the process, the BSEC has been conceived and elaborated as 'an integral part of Europe's new architecture' and as 'an instrument directed to achieve higher degree of integration to the European and World Economy. It has never be considered as an alternative to any existing groups in Europe'.» (Aybak 2001).

«The Foundation Manifesto refers to the principles of the Final Act of Helsinki and underlines the need for a financial cooperation among member- states. Its target is the establishment of a wider European financial space and the incorporation of Efxinos Pontos area in a global financial system.» (Μπαμπανιάσης 1997).

«BSEC was originally established as a forum or process. It lacked the legal status of a regional organization. With the recent completion of the ratification process of

the Charter of the Organization by the member states, initiated in the Yalta Summit in June 1998, BSEC finally acquired its official regional organization status in May 1999.

As a result of the ratification of the Charter, the formative stage of BSEC has come to an end. This has transformed the Black Sea Economic Cooperation process into a proper organization. However, its declared objectives must be assessed against its structural characteristics and achievements.» (Aybak 2001).

«According to the Article 3 of the Charter of the organization of the Black Sea Economic Cooperation (Yalta, 5 June 1998) the following principles and objectives shall be promoted through the BSEC activities at various levels:

- a) To act in a spirit of friendship and good neighborliness and enhance mutual respect and confidence, dialogue and cooperation among the Member States,
- b) To further develop and diversify bilateral and multilateral cooperation on the basis of the principles and rules of international law,
- c) To act for improving the business environment and promoting individual and collective initiative of the enterprises and companies directly involved in the process of economic cooperation,
- d) To develop economic collaboration in a manner not contravening the international obligations of the Member States including those deriving from their membership to international organizations or institutions of an integrative or other nature and not preventing the promotion of their relations with third parties,
- e) To take into account the specific economic conditions and interests of the Member States involved,
- f) To further encourage the participation in the BSEC process of economic cooperation of other interested states, international economic and financial institutions as well as enterprises and companies.

In accordance with the agreed principles and with the aim of utilizing more effectively their human, natural and other resources for attaining a sustained growth of their national economies and the social well-being of their peoples, the Member States shall cooperate in the following areas (Article 4, Charter of the organization of the Black Sea Economic Cooperation -Yalta, 5 June 1998-): trade and economic development, banking and finance, communications, energy, transport, agriculture and agro- industry, health care and pharmaceuticals, environmental protection, tourism, science and technology, exchange of statistical data and economic information,

collaboration between customs and other border authorities, human contacts, combating organized crime, illicit trafficking of drugs, weapons and radioactive materials, all acts of terrorism and illegal migration, or in any other area, following a decision of the Council.» (Naskou- Perraki 2001).

### **1.3 Establishment of the BSEC**

As mentioned before the BSEC-Black Sea Economic Cooperation was initiated in 1992 as an informal intergovernmental meeting on Black Sea Economic Cooperation and was converted into an international economic organization on 1 May 1999, with the coming into force of its Charter signed in June 1998 in Yalta. «The foundation texts of BSEC consist: The Summit Declaration on BSEC and The Bosphorus Statement (Appendix B,C.), which define the association targets, the promotion of the bilateral and multilateral cooperation among member- states through which, the integration of the area in the global financial organization will succeed and peace and safety will be established through the area.» (Μαλκίδης 2002).

More specifically, on 25 June 1992, the Heads of State and Government of eleven countries signed in Istanbul the Summit Declaration and the Bosphorus Statement giving birth to the Black Sea Economic Cooperation (BSEC). It came into existence as a unique and promising model of multilateral political and economic initiative aimed at fostering interaction and harmony among the Member States, as well as to ensure peace, stability and prosperity encouraging friendly and good-neighbourly relations in the Black Sea region.

More specifically, the member states declared that they want to create “an area of peace, stability and prosperity based on shared values such as pluralistic democracy, social justice, human rights, rule of law, fundamental freedoms, free market and economic prosperity”.

The BSEC Headquarters - the Permanent International Secretariat of the Organization of the Black Sea Economic Cooperation (BSEC PERMIS) - was established in March 1994 in Istanbul.

With the entry into force of its Charter on 1 May 1999, BSEC acquired international legal identity and was transformed into a full-fledged regional economic organization: Organization of the Black Sea Economic Cooperation.

The enlargement of the Organization was decided upon in the Council of Ministers of Foreign Affairs of the BSEC member states (BSEC Summit, Yerevan -

18 April 2003), with the inclusion of Serbia and Montenegro as well as FYROM. The State Union of Serbia-Montenegro acceded to the Organization on 14 April 2004. Today, only Serbia takes part in the BSEC as the successor to the abovementioned state union. With regard to FYROM, the Organization sent an invitation for accession to FYROM, in implementation of what was agreed upon at the Council of Ministers of Foreign Affairs of the BSEC member states, under its UN-recognized name, but this invitation has not been met with a response to date. Once it was established, the regional countries gradually came to realize that the BSEC could be utilized as a framework for cooperation within which regional interdependence can be managed.» (Aybak 2001).

Founding members are: Albania, Armenia, Azerbaijan, Bulgaria, Georgia, Greece, Moldova, Romania, Russia, Turkey, Ukraine, while later member is Serbia. Even though the BSEC is built around the Black Sea as an organizing principle, its membership is not strictly limited to status with borders on the Black Sea. For instance, Albania, Armenia, Azerbaijan, Greece, Moldova, and Serbia do not have a coastline on the Black Sea. Montenegro's application was vetoed by Greece after Turkey vetoed the previous application of the Republic of Cyprus, prompting Greece to cease to approve future applications from any country.

At present, Austria, Belarus, Croatia, Czech Republic, Egypt, France, Germany, Israel, Italy, Poland, Slovakia, Tunisia, United States have Observer status. While observer organizations are the: International Black Sea Club, Energy Charter Secretariat, [Black Sea Commission](#), Commission of the European Communities, The Marmara Group Strategic and Social Research Foundation. The membership of the BSEC is very diverse and broad. The divergent interests and wide scope of its geographical area constitutes an impediment to the widening of regional cooperation.

«The region constitutes a market of more than 300 million consumers and is one of the most promising growth areas in the world, having rich natural resources, developed industrial base and skilled labor force, thus offering great opportunities to the rest of Europe and the world.

The Organization has already developed a comprehensive multilateral cooperation scheme covering various fields, ranging from banking and finance to exchange of statistical data and economic information, from energy, transport and telecommunications to trade and industry, from agriculture to environment, from tourism to technology.

The BSEC relies mostly on the dynamics of the private sector for its development to which it gives priority and an important role to play. It also introduces

characteristics, which distinguishes it from other regional economic cooperation organizations as far as its institutional structure is concerned. This structure is built on four sectors including the intergovernmental, interparliamentary, business, finance, academic and public with the local administrations to play a complementary role.

To the above we should add the role of the academic society and that of the Non-Governmental Organizations (NGO's).

In the eve of the 21<sup>st</sup> century, the BSEC comes to play a balanced role in the area and creates a forum for useful and multicultural dialogue on many and different levels. We believe that its cooperation with other European Organizations and initiatives will open a new opportunity to the integration of the region with Europe.»(Naskou- Perraki 2001).

«BSEC is a flexible organization and its decision- making style is not limited by rigid rules. The member's states agreed to avoid the over- bureaucratization of the organization and the rigidity of established rules. In this sense it is not a self- limiting but an open- ended process with a piecemeal approach to the low politics issues of a technical nature. Given that the BSEC consists of 11 countries with different national interests, political and economic structures, this piecemeal approach has advantages over strictly defined rules.» (Aybak 2001).

«The Organization of the Black Sea Economic Cooperation is the only inclusive, full- fledged, <sup>3</sup> regional organization possessing complete institutional structures, and the clearly expressed political will to cooperate with EU institutions on a regular basis for the achievement of agreed goals. The regional ownership and profile of the Organization are emphasized by the fact that the initiative to create it came from within the region and then developed a dynamic of its own, in line with the relevant provisions of the United Nations Charter, with the OSCE documents and with the established European and international practice and procedures. In creating this Organization, the BSEC Member States showed their determination to gradually establish a space of enhanced regional cooperation in the wider Black Sea area, including SE Europe, the littoral states of the Black Sea and the Caucasus.» (Sayan 1998).

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3. The flag of the Black Sea Economic Cooperation is white on pure blue and shows the BSEC oval logotype in its centre, with the organization's usual name across the top ("Black Sea Economic Cooperation") and triple stylized waves across the bottom. The blue field represents the Black Sea, and the wavy lines under the logo reinforce the symbolism by representing the Black Sea's waves (besides balancing the composition). The proportions are 2:3. The flag isn't specifically defined by the Organization's charter and seems to be an ad hoc design. (Appendix III).



## **CHAPTER II**

## **2.1 Structural and Institutional framework**

«The BSEC related bodies, that have their own budgets, shall perform their function in accordance with their basic instruments and with due respect to the principles of the BSEC set forth in the ‘Summit Declaration on Black Sea Economic Cooperation’ of 25 June 1992.» (Demircan- Elver 2004, p144).

These bodies reinforce the expansion of civil society in all the member states. Thus, the actors behind regionalist projects are no longer only states, but actually a large number of different types of institutions, organizations and movements, which nevertheless contributes to the development of democracy within, and stable relations between, the state concerned.

## **2.2 Council of Ministers of Foreign Affairs**

The Council of Foreign Ministers is the ultimate authority, which charts the course of the BSEC process and is equipped with decision-making power. A Committee of Senior Officials acts on behalf of the Ministers, functioning as a board where all BSEC matters are discussed and presented to the Council for final approval. The Council shall, in principle, be convened at least once every six months. Additional meetings of the Council may be held upon the request of one or more of the Member States, subject to consensus of the Member States.

«The BSEC is strictly an intergovernmental regional organization. The Council of the Ministers of Foreign Affairs, which meets bi-annually in April and October, decides on all issues pertaining to the functioning of the BSEC and considers all matters submitted by the Subsidiary Organs. It can adopt resolutions, decisions or recommendations. While resolutions are only adopted by unanimity, decisions and recommendations can be adopted by two-thirds majority vote. All the participating states, which vote in favor of a decision, have to abide by the provisions of that decision if adopted.

The bulk of the BSEC’s work is being carried out by 20 different subsidiary bodies (working groups). Each subsidiary body has a specific mandate endorsed and assigned by the Council of Ministers. Since the foundation of the BSEC several permanent expert working groups and six ad hoc working groups have been established.

These groups are assigned to explore different avenues for regional cooperation on specific issues such as transport, energy, banking and finance, trade and industrial cooperation, exchange of statistical data and economic information, agriculture, environmental protection, health care and pharmaceuticals, cooperation in science and technology, legislative information, cooperation and tourism and communications. Working groups form their own agendas and adopt their rules of procedure. The working groups play an important role in the decision making process.» (Aybak 2001).

«These WGs are subsidiary bodies established by the MMFA to deal with concrete issues of cooperation in the areas listed above. Some of the WGs established so far are: WG on Agriculture and Agro- Industry, WG on Banking and Finance, WG on Energy, WG on Environmental Protection, WG on Exchange of Statistical Data and Economic Information, WG on Promotion of Technology Transfer, WG on Cooperation in Science and Technology, WG on Cooperation in Tourism, and WG on Avoidance of Double Taxation. These WG have been instrumental in completion of several projects designed the develop cooperation in respective fields including the establishment of the BSEC Coordination Center for the Exchange of Statistical Data and Economic Information, and the Black Sea Trade and Development Bank.» (Sayan 1998).

*The 20th Meeting of the Council of Ministers of Foreign Affairs of the BSEC,  
Yerevan, 16 April 2009.*



The 20th Meeting of the Council of Ministers of Foreign Affairs of the Organization of the Black Sea Economic Cooperation (BSEC) was held in Yerevan on 16 April 2009. The Republic of Armenia hosted the meeting. H.E. Mr. Edward

Nalbandian, Minister of Foreign Affairs of the Republic of Armenia, chaired the meeting in his capacity as the Chairman-in-Office of the Organization.

The Council of Ministers of Foreign Affairs examined the effects of the global financial crisis and the possible ways to reduce its negative consequences in the BSEC Region. The Ministers also focused on measures to further improve the efficiency and effectiveness of BSEC. The Council made appointments to positions at the Secretariat of the Organization. Ambassador Leonidas Chrysanthopoulos was reappointed as the Secretary General of the BSEC Permanent International Secretariat, while Ambassador Sumru Noyan was appointed as the First Deputy Secretary General.

The Council renewed the Observer status of the Republic of Tunisia and the Commission on the Protection of the Black Sea against Pollution. The Council also granted Sectoral Dialogue Partnership status to the Hashemite Kingdom of Jordan, the Islamic Republic of Iran and the Danube Commission. At the conclusion of the meeting, a ceremony took place whereby Armenia handed over the Chairmanship-in-Office of BSEC to Azerbaijan. The Republic of Azerbaijan will officially assume the Chairmanship as of 1 May 2009, for a period of six months until 31 October 2009.

## **2.3 Permanent International Secrétariat (PERMIS)**

The BSEC process is supported by a Permanent International Secretariat, called hereinafter PERMIS. The Secretariat plays a very important role since it is responsible for the practical coordination between the different levels of cooperation and it collects and compiles information which is needed to develop particular cooperation projects.

The Permanent International Secrétariat (PERMIS), founded in Istanbul, Republic of Turkey (March 1994), provides secretarial services under a Secretary General, and is essentially an intergovernmental body exercising its work and responsibility within the same parameter. «The staff of the PERMIS shall perform their duties as international officials with due regard to the principles and objectives of the BSEC. Their conduct shall always conform to the principles and objectives of the BSEC. Also principles of integrity and impartiality required for their work.

In the performance of their duties the staff of the PERMIS shall not seek or receive instructions from any government or from any authority external to the BSEC. They shall refrain from any action which might reflect on their position as international officers responsible only to the Organization.»(Naskou- Perraki 2001).

As mentioned before, the Secretariat plays a very important role since it is responsible for the practical coordination between the different levels of cooperation and it collects and compiles information, which is needed to develop particular cooperation projects. In spite of this great importance attached to the work of the secretariat it is still too weak to be an effective powerhouse for the cooperation process since its staff comprises a very limited number of civil servants from different BSEC states – not exceeding ten persons or so and some supporting staff.<sup>19</sup> Even though the BSEC is not aiming at comprehensive cooperation it would be necessary to provide the secretariat with more professional staff even if it is only to allow it to fulfil its current tasks.

## **2.4 Parliamentary Assembly of the Black Sea Economic Cooperation (PABSEC)**

«The establishment of the Parliamentary Assembly of the BSEC PABSEC in 1993 has added another dimension to regional cooperation. Its aim is to consolidate parliamentary democracy in the participating states. More specifically, the PABSEC aims to provide the legal ground for the realization of the principles and goals of the BSEC, to promote the rule of law and human rights.

The highest PABSEC body is the General Assembly of representatives of the national parliaments. They meet twice a year. The PABSEC is not an integral part of the BSEC structures but its activities are coordinated with the BSEC. The BSEC is a comprehensive and multilayered regional organization. Even though it is the product of top-down state initiatives, the bottom up regional activities are also gaining ground.» (Aybak 2001).

The Parliamentary Assembly is composed of parliamentary groups from the eleven national parliaments and provides BSEC with constant support, especially in legislative matters. PABSEC and PERMIS operate in a regular interaction.

«The Assembly has accomplished important work as for the achievement of its constitutional targets. Simultaneously, the Assembly has turned out to be an essential device for the consolidation of the cooperation, the friendship and the joint action of the member states.

Keeping steady and open the ways of communication among international parliaments of the twelve member states of the area of the Black Sea PABSEC nowadays is a vigorous forum of interparliamentary communication and

collaboration. Moreover, it is a principal channel of communication among the governments and the citizens of the area through their elected representatives.» (Σιούφας- Βαληνάκης- Χρυσανθόπουλος- Kaplan- Τριανταφύλλου- Japaridze- Γιαννής- Καραγιάννης- Κυρκιλής- Μακρυγιάννης- Στριμπής- Μπόνας- Φιλιππίδης- Τσαντούλης- Μανώλη, 2008).

PABSEC is composed of 70 members, who are all members of national parliaments of the BSEC states. The number of seats per country is calculated on the basis of the size of the country's population. The smallest delegations comprise four members (Albania, Armenia, and Moldova) and the largest delegation comes from Russia, which sends 12 members.

In a formal sense the BSEC and PABSEC are two separate cooperation structures. However, PABSEC has always expressed its interest in closer cooperation with the BSEC. PABSEC has established three permanent committees covering broadly economic, political and cultural issues. The committees submit reports and draft recommendations to the PABSEC plenary session which approves the reports and adopts the recommendations by absolute majority. As a result of the fact that PABSEC and BSEC formally constitute two distinctive cooperation structures, the recommendations of PABSEC are not officially taken into consideration by the BSEC.

## **2.5 Black Sea Trade and Development Bank**

«The financial issues are to be handled by the Black Sea Trade and Development Bank (BSTDB), which was established in Thessaloniki, Greece. This bank is responsible for financing common regional projects and providing financial resources to the countries engaged in such projects. The members of the bank are the representatives of the BSEC countries and some international banks. The BSEC is a fruitful milieu to generate dialogue between member countries and produce projects towards a sustainable growth for the region.» (Dikkaya & Orhan).

More specifically, the BSEC Trade and Development Bank (BSTDB) is the financial pillar of the organization. It was founded in March 1998 and started operation in July 1999, located in Thessaloniki. According to the Article 1 (chapter I) of the Agreement Establishing the Black Sea Trade and Development Bank (Tbilisi, 30 June 1994): «The purpose of the Bank is to effectively contribute to the transition process of the Member States towards the economic prosperity of the people of the

region and to finance and promote regional projects and provide other banking services to projects of the public and private sectors in the Member States and trade activities among the Member States.»(Naskou- Perraki 2001).

It operates on commercial principles and follows private banking norms. Its initial capital is composed of quotas assigned to the member states in accordance with a special scale and is expected to reach an authorised capital level of SDR1bn (c. US\$1.35bn) upon fulfilment of quota purchases. The Bank's niche is the promotion of regional cooperation as an integral component of economic development. It has a dual function: to finance bankable projects in the BSEC region and to cultivate channels of investment flows by developing active relations with international banking and financial circles.

The Black Sea Trade and Development Bank is an international financial institution that supports economic development and regional cooperation by providing trade and project financing, guarantees, and equity for development projects supporting both public and private enterprises in its member countries.

Objectives of the bank include promoting regional trade links, cross country projects, foreign direct investment, supporting activities that contribute to sustainable development, with an emphasis on the generation of employment in the member countries, ensuring that each operation is economically and financially sound and contributes to the development of a market orientation.

Unlike the BSEC and PABSEC which do not have a solid legal base for their cooperation agreement, the Bank is an international organization like the European Bank for Reconstruction and Development (EBRD). It is governed by a Board of Governors. Every Member State of the Bank is represented on the Board by a Governor and an Alternate Governor.

The competences of the Board of Governors are wide ranging and cover, inter alia, the power to amend the Bank agreement and (temporarily) suspend Member States if they do not meet their commitments resulting from the agreement.<sup>34</sup> Decisions on these issues require a unanimous vote of the Board. Unlike the vote in the MMFAs the votes of each of the Governors are weighted according to the financial contribution of each Member State to the Bank's founding capital. The Board of Governors elects a President from among its number.<sup>4</sup>

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4. Agreement Establishing the Black Sea Trade and Development Bank, Tbilisi 30 June 1994, Article 23.

«Given that the majority of countries are transition economies, foreign direct investment is needed to promote the regional economy. The decision to establish the Black Sea Trade and Development Bank, was an important step towards generating regional financial resources for investment.» (Aybak 2001).

## **2.6 International Center for Black Sea Studies (ICBSS)**

The International Center for Black Sea Studies –bearing the abridged title “DIKEMEP”- is located in Athens, constitutes an independent Legal Entity of Private Law and has an international character. The main purpose of the Center is its contribution, through the undertaking of specific activities, to the realization of the objectives of the BSEC, particularly in the sectors of the economy, industry, technology, training and administration, taking into account the priorities which have been set in the Founding Declaration, of the BSEC signed in Istanbul on June 25, 1992.

Its aim is to promote scientific and technological cooperation towards the solution of different problems in the region. It serves as a forum that brings together scientist, scholars, researchers and academics to create an impetus towards development of joint projects out of diverse scientific, technological and intellectual resources of the region.

In order to attain its aims the Center may enter into cooperation agreements with international organizations, such as the UN and its specialized agencies, the EU, other regional organizations, governmental bodies, private enterprises and Banks, institutions, educational and professional bodies and research and cultural centers. A 17- member Board of Directors administer the Center.

In other words the ICBSS performs a dual function: As an independent research and training center the ICBSS pursues applied, policy-oriented research, builds capacity and promotes knowledge on the Black Sea region both within and outside its boundaries. As a related body of the Organization of the Black Sea Economic Cooperation (BSEC) it strives to fulfill in the best possible way its institutional role and the assignments received by carrying out studies, offering policy advice and coordinating activities.

The Project Development Fund is another valuable tool for developing regional economic cooperation, providing funding opportunities for member state public and private agencies entrusted with carrying out preliminary feasibility studies for



development projects. This Fund operates within the framework of the BSEC International Secretariat.

The ICBSS is governed by an [international Board of Directors](#), formed by senior representatives from the diplomatic and academic communities of all BSEC member states. The Board also includes the Secretary General of the BSEC Permanent International Secretariat and three professionals of international standing from outside the Black Sea region.

## **2.7 BSEC Business Council**

«The dynamic role of the regional business associations is seen as instrumental in transforming the region into a regional trade and investment area. Towards this goal the Black Sea Business Council, representing the interests of the private sector as well as governments, was established.» (Aybak 2001).

It is composed of representatives from the business circles of the Member States. Expresses itself in the intergovernmental platform, is indicative in nature, providing encouragement and support to the private sector with the aim of opening all possible channels to trade and business interaction within the region and outside. The engine in BSEC is the private sector.

More specifically, the BSEC BC was established in 1992 by the representatives of the business communities of 11 countries to contribute to the efforts of their Governments to secure the greater integration of the Black Sea region into the world economy. «The Business Council is an international, non-governmental, non-profit organization consisting of the representatives of the business communities of the BSEC Member States: Albania, Armenia, Azerbaijan, Bulgaria, Georgia, Greece, Moldova, Romania, Russia, Turkey, Ukraine who signed:

- on 25 June 1992 in Istanbul, Turkey the “Summit Declaration on Black Sea Economic Cooperation” and

- on June 1998 in Yalta, Ukraine the Charter of the Organization of the Black Sea Economic Cooperation.

The purpose of the BSEC BC is, as a BSEC Related Body, to act for the business environment in the BSEC region and to promote individual and collective initiatives of the private sector of the member states, economies, enterprises and companies involved in the process of economic cooperation in the region as envisaged in the BSEC Charter.»(Naskou- Perraki 2001).

The BSEC Business Council is equipped with a Secretariat in Istanbul, operates under a Secretary General and run by a Board of Directors. It functions as a forum for BSEC businessman. It expected to develop into an enduring center of interaction by way of wide ranging business- oriented activities. The Business Council is designed to promote joint ventures, private business, multilateral, bilateral and country- specific investment projects through international financial institutions.

The new Vision of the BSEC Business Council calls for creating maximum value for our business communities and for becoming a strong Agent of Change in the Black Sea Region. To fulfil this Vision, the Business Council is developing a comprehensive, self-consistent strategy.

This strategy is along two main axes: Internal Integration and External Integration. Internal integration is the process of creating increasing inter-dependence between business people in the Region. To contribute to this Regional Integration the Business Council is promoting networking and cooperation among business people through sectoral Conferences and Fora. It is also offering to business people a special Web site, [www.bsbin.com](http://www.bsbin.com) where they can get information on business opportunities and locate partners in other countries.

## **2.8 BSEC Club (IBSC)**

International Black Sea Club (IBSC) is a non-governmental, voluntary organization, which has the status of Observer in the organization "Black Sea Economic Cooperation" (BSEC) and the special Consultative Status with the Economic and Social Council of the United Nations (ECOSOC), which are given only to the organizations, which have received world recognition. IBSC is also a member of the International Union of Local Authorities (IULA) and the European Council for Small Business (ECSB). It is included in the Yearbook of the International Organizations in Brussels. The Club is created for business cooperation strengthening and development between cities-ports of the Black Sea basin countries.

It is founded on December 5, 1992 on 1st Assembly in Odessa. The International Black Sea Club includes 26 cities of the Black Sea region: Bourgas, Varna, Piraeus, Thessaloniki, Kavala, Constanta, Galati, Odessa, Nikolayev, Sebastopol, Ilyichevsk, Kherson, Yuzhniy, Mariupol, Yalta, Feodosiya, Trabzon, Samsun, Izmit, Azov, Taganrog, Trieste (represents the Mediterranean basin), Sukhum, Tiraspol, Batumi, Poti. The purposes of the IBSC creation - a high degree of

integration achievement between the Black Sea region countries, coordination of social and economic, ecological, cultural and educational development in the Black Sea region.

IBSC Objectives are the following:

- 1) Participation in development, coordination, organization and performance of joint investment projects in the field of economy, ecology, tourism and culture.
- 2) Creation of conditions for free business, expansion of trade.
- 3) Problems solution of rational natural-resource potential usage and the Black and Azov Seas protection against pollution.
- 4) Organizational and economic, scientific and technical, commercial and cultural connections system strengthening between cities and regions of the Black Sea basin.

The main IBSC managing body is the General Assembly that is held at least once a year in series in each of the member-cities. According to the Club's Statute the Assembly accepts and makes changes in the Statute, accepts the annual balance, financial report and approves the budget for the next fiscal year, forms the Club's policy by acceptance of the Club's activity annual programs, chooses the Club's Board and its Chairman, accepts the report on their activity, accepts new Club's members, determines the rate of the entrance and member fees, makes a decision on the Club's activity termination. The Club's Board consisting of 5 persons, headed by Chairman of Board, which gathers not less than once in 3 months, carries out the following functions: develops perspective Club's programs, discusses financial issues; solves operative questions; determines date, place of holding and the agenda of the next Assembly.

## **2.9 Other collaborations**

«Subregional cooperation organizations have proliferated in Central and Eastern Europe, especially since 1996. Black Sea countries are members of numerous sub regional organizations in and around the region, including the Royaumont Initiative, the Southeast Europe Cooperative Initiative (SECI), the Southeast European Cooperation Process (SEEC), the Southeastern Europe Defense Ministers (SEDM), the Black Sea Economic Cooperation Organization (BSEC), and the new Stability Pact for Southeastern Europe. All of these organizations and many of their member

states, have emphasized that regional cooperation is complementary to their ultimate goal of EU membership.» (Ram 2003).

A key objective of the BSEC is to develop a regional strategy. This strategy should not only highlight the comparative advantages and the economic role of the region in context of the wider European economy, but more importantly should promote its regional image. In this sense the future transformation of the BSEC into a dynamic full- fledged regional economic organization opens up opportunities to elaborate on a new strategy for its development.

This strategy requires a new sense of partnership, based on trust and confidence and higher level of political and economic collaboration with other regional blocs. The BSEC has already developed inter-regional relations through other regional cooperation and holds coordination meetings in collaboration with the Adriatic-Ionian Initiative (AII), the Danube Cooperation Process (DCP), the Southeast European Cooperation Initiative (SECI), the South East European Cooperation Process (SEECF), the Central European Initiative (CEI), and the Stability Pact for South Eastern Europe (SP). The BSEC has developed a particularly close relationship with the CEI in the field of transport infrastructure, based on common interests in developing the great European transport corridors. The BSEC also participates as an observer on SP activities.

Other International Organizations, which BSEC is collaborate are: United Nations (UN), United Nations Economic Commission for Europe (UN/ECE), United Nations Development Program (UNDP), United Nations Environment Program (UNEP), United Nations Industrial Development Organization (UNIDO), United Nations Food and Agriculture Organization (UN/FAO),  
World Bank (WB), World Trade Organization (WTO),  
Energy Charter Secretariat,  
Eurasian Economic Community (EAEC),  
Intergovernmental Commission Traceca (IGC TRACECA).

## **CHAPTER III**

### **3.1 Multilateral Cooperation Areas**

«The main aim of BSEC is to develop commercial, economic, scientific and technological cooperation with the help of geographical proximity and complementary characteristics of the economies of BSEC Countries. With this main aim, in the short term, it has been anticipated to form an appropriate condition for the region's countries and to increase the commerce of goods and services among them. One of the most important steps towards that target is the development and diversification of both bilateral and multilateral economic cooperation in the region

Today the BSEC activities include, inter alia, trade and industrial cooperation, science and technology, communications and transport, informatics, standardization and technology, communications and transport, informatics, standardization and certification of products, energy, mining and processing of mineral raw materials, tourism, agriculture and agro- industries, veterinary and sanitary protection, health care and pharmaceuticals.» (Dorsan - Onur).

In general, Black Sea is an important region at the heart of three major continents. It is an important transportation and trade routes and energy corridors. With its huge economic and human potential as well as natural resources including energy, the international focus on this region is growing.

### **3.2 Trade and Investment**

The Republic of Turkey is the Country Coordinator for the Working Group on Trade and Economic Development for the term November 2007 - October 2009. BSEC represents a huge market of some 350 million people with a foreign trade capacity of over 300 billion US dollars annually. Due to its geographical location, the BSEC region is an attractive destination for both trade and investment.

Since it was established in November 1992, the BSEC Working Group on Trade and Economic Development has considered a wide range of issues relating to the trade exchanges and economic cooperation in the Black Sea region. In February 1997, the Ministers of Foreign Affairs and the Ministers responsible for economic affairs from the BSEC Member States adopted the Declaration of intent for the establishment of a BSEC free trade area.

The Member States agreed to start the examination of the ways and means to establish progressively a BSEC Free Trade Area as part of the European architecture through free trade agreements between the members of the BSEC, as well as through similar future arrangements and existing links between the BSEC members and the European Union, taking into account the European Agreements and relevant provisions of the Partnership and Cooperation Agreements between them, duly observing the obligations resulting from EU and WTO, and other international organizations and arrangements.

«In particular, the Commission of the EU, OECD and WTO representatives helped to organize seminars and discussions on trade liberalization and harmonization of the trade regimes of the BSEC countries.» (Aybak 2001).

Last meeting of the Working Group held in February 2008 considered the possibility to create a preferential trade regime in the BSEC region. Due to different status of the BSEC Member States regarding their membership in the EU and WTO as well their trade obligations towards third parties, the participants suggested that it is more reasonable now to concentrate on trade facilitation rather than on trade liberalization or preferential trade.

The Working Group also considered the issue of establishing an appropriate mechanism for elimination of non-tariff barriers on trade in the BSEC region. At the initial stage it was agreed that the public or private organizations would report to the BSEC Business Council any trade barriers in the Member States.

«The Black Sea region covers a market of more than 300 million. This is a sizable market by anyone's criteria. There are broad and diversified trade opportunities for EU countries in this vast space.» (Ozer 1996).

### **3.3 Energy**

«Energy is another issue that is high on the agenda of the BSEC. Available resources of oil and natural gas are very rich and concentrated in the Caspian Sea area. All the countries of the Black Sea, except Russia and Azerbaijan, which have access to energy resources in the Caspian Sea, are heavily dependent on external energy resources.

Current industry estimates place the Caspian Oil reserves as being more than those of any other region outside the Persian Gulf. Apart from oil, 27 per cent of the world's natural gas reserves lie in the Caspian region. The management of

interdependence in energy issues constitutes the most challenging task in the activities of the BSEC. Demand for energy, with the growing regional economies, is constantly increasing.

An important institutional development in the regional cooperation in energy has been the establishment of the Black Sea Regional Energy Centre (BSREC) at the beginning of 1995 in Sofia. This project was sponsored by the EU.

The main aim of the center is to reinforce cooperation between the EU and the Black Sea countries in the energy sector. It is believed that cooperation in the energy sector will consequently strengthen political and economic stability and promote peace and greater prosperity in the region. Apart from the BSEC members the EU energy representatives from the Energy Directorate participate in the meetings.» (Aybak 2001)

More specifically the Republic of Armenia is the Country-Coordinator for the Working Group on Energy for the term May 2007 - April 2009, while the Republic of Turkey is the Country Coordinator for the Ad Hoc Working Group of Experts on Electrical Networks for the term November 2008 - October 2010 and also for the Ad Hoc Working Group on Cooperation among BSEC Member States in Exploration and Extraction of Hydrocarbon Resources for the term November 2007 - October 2009.

Vast energy resources of the region, including the Caspian basin, second only to the Gulf area in the world, are not only a major, strategic asset but also an unavoidable subject in bilateral and multilateral economic cooperation. Other major projects are the following: Energy-rich BSEC Countries, various Member States, major industrial economies and multinational companies will have to join forces for their realization. This will be a major, meaningful investment towards enduring security and stability in the region.

Interconnection of electric power systems encompassing all the member states is a striking project under progress guided by the Ministers of Energy of the Member States. The objective is to bring about a rational and more effective production and utilization of electric power in the region. The Terms of Reference of the feasibility study are already endorsed.

A Steering Committee established at the level of Deputy Ministers of Energy is charged with the follow-up of implementation of the Terms of Reference. The feasibility study is about to begin. Enquiry for financing is under way. The energy ministers emphasize the need to focus on: a) Energy Efficiency, b) Renewable Energy, c) Oil and Gas Transportation, d) Creation of a Data Bank on Energy Programs, e) Other Energy Related.



The Member States also cooperate in the fields of Electrical Networks and Hydrocarbon Resources. As far as the Black Sea countries are concerned, energy is potentially the most important sector, one that will generate functional regional interdependence and cooperation in the Black Sea area. Therefore, the management of energy resources remains a critical issue for the Black Sea countries.

### **3.4 Transport and Communication**

The BSEC also claims to lay the basis for a regional infrastructure to generate interdependence and to accelerate regional economic, energy and social flows. The poor regional infrastructure facilities stemming from Cold War divisions had prevented the countries of the Black Sea from horizontal social and economic engagement.

In particular the BSEC envisages promoting functional cooperation in transport, communications, energy and raw materials. Towards this goal, communication and transport projects are crucial for the construction of the foundations of regional infrastructures. So the Working Group dealing with transport and communications proposed several important projects with the strategic aim of linking the Black Sea countries within a regional integrated communications network.

«More specifically, several sub regional projects have already begun in the field of telecommunications, including an agreement to connect Azerbaijan, Georgia and Turkey through a system of fiber optic cables and radio links. Cooperation in the area of transportation has also been a topic of many discussions. The most important projects focus on removing barriers to trade, investment, and capital flows through connecting electricity networks of the member countries and with Western Europe, building communication and transportation infrastructure, and building gas and oil pipelines.

BSEC has the potential to become one of the most important multilateral organizations for promoting cooperation in Eastern Europe. Focusing on the economic and social development of participating states through cooperation, the diversity of its members is both its strength and weakness. Given that many of its members have had long- standing differences and even armed conflicts, the regular meetings of BSEC alone are an important step towards regional stability and security.» (Ram 2003).

The transport sector is another area of functional cooperation that aims to lay the basis for a regional network. The strategic aim as defined by the Working Group is to create a trans- European transport network to the east extending as far as Central Asia. This will provide a Transport Corridor Europe- Caucasus- Asia (TRACECA).

«In general, transportation, telecommunications and energy issues have now gained a prominence in the trans- European economic and political sphere at large. The infrastructures of these networks are powerful tools for economic and social transformation at national and regional levels. If the EU wishes to reach out to the Black Sea region, there is a need for efficient, coherent, inter- modal systems and networks of transportation, telecommunications and energy fitting into the trans- European system.» (Ozer 1996).

### **3.5 Tourism and culture**

Georgia is the Country-Coordinator for the Working Group on Cooperation in Tourism for the term November 2008 - October 2010. Black Sea area is a region to be rediscovered -wealthy in natural landscapes, diverse and colorful in life-styles, rich and long in history, offers innumerable opportunities in tourism-. BSEC is focusing its attention to take advantage of the great potential in this field.

It is a priority area cooperation in which Black Sea countries are engaged since the very establishment of the BSEC Organization, namely from 1994. Cooperation in this field among Black Sea countries is based on finding ways and means for the overall valorization of the natural wealth and abundant heritage of the region. The forms of activities are the following:

- Encouragement and engagement within BSEC and towards others in promoting the rich potential.
- Joint programs and projects should be essential tools to the activities among Member States.
- Establishing institutionalized bodies for the promotion of tourist potential.
- Incorporating private sector in BSEC tourist activities.
- Establishing a website and promoting mutual participation at the fairs and tourist manifestations in the region and on a wider scale.
- Creating a common branding of the Black Sea region as tourist destination.

«All Black Sea countries are invited to combine their efforts in elaboration of the plan for sustainable tourism. It can be considered both an important element of socio-

economic development and a tool for nature conservation. Protected areas play a central role in eco-tourism. For eco-tourism to be successful and not destroy the very basis on which it flourishes, it is essential to develop clear guidelines and to put control mechanisms in place.»(Kotlyakov- Uppenbrink and Metreveli 1998, 510).

### **3.6 Environment**

«The Black Sea region is well known for its unique combination of natural and biological diversity and cultural richness. It is situated between two continents of Europe and Asia and thus forms a “bridge” that brings a large number of different ecosystems and human cultures into contact with each other.»(Kotlyakov-Uppenbrink and Metreveli 1998, 505).

As far as environment protection is concerned, BSEC established an Action Plan for Cooperation in the Field of Environmental Protection, as a general framework to promote cooperation among the BSEC member countries. Among the main objectives of the Plan are to sustain the efforts of each country in achieving a clean and healthy environment and to contribute to the improvement of the quality of life in the region, to promote the integration of the protection of the environment into the economic and social national policies, and to preserve and manage the region’s natural resources in line with the principles of sustainable development.

«Because all countries bordering the Black Sea depend directly on its environmental stability, the man-made factors that are threatening the environment of the region are at the same time seriously endangering the future peace and stability of the region. A successful collaboration of the countries involved in the solution of the environmental problems and in the conservation of the region’s biological diversity will thus contribute to international peace and cooperation.»(Kotlyakov- Uppenbrink and Metreveli 1998, 505).

Romania is the Country Coordinator for the Working Group on Environmental Protection for the term November 2007 - October 2009. The Black Sea itself is under serious threat. Elaborate work needs to be done in this sphere individually and collectively by the Member States and with the support/involvement, when and where needed, of the Third Parties who are also responsible, albeit partly, for the existing pollution. The NGO support and active participation in combating pollution is an effective way and needs to be propagated.

### **3.7 Information**

In order to ensure data compatibility and to create the basis for a common economic language, the Member States agreed on a need to harmonize statistical methods and definitions and to utilize international classifications in all their activities. They agreed on the necessity at a regional level for:

- A system of exchange of statistical data and economic information.
- The compilation of data.
- The realization of common projects.
- Representation under a regional identity in the international fora.
- A technical assistance program.
- A joint program for the harmonization of statistical methods and definitions and the use of international classification.

The Member States also agreed to establish within the State Institute of Statistics of Turkey the BSEC. The Working Group on Exchange of Statistical Data and Economic Information in its third Meeting on 5 October 1993 in Ankara established the BSEC Coordination Center for the Exchange of Statistical Data and Economic Information as a unit within the State Institute of Statistics of Turkey located in Ankara. The purpose of this Center is to collect statistics and economic information, fulfilling secretarial functions, coordinate these data and circulate them under various titles to the Member States.

The Center so far has issued several publications on trade, which needs to be expanded to cover all the Member States and their entire flow of trade within the BSEC and the third countries. Collection of data in order to publish main social and economic indicators of the Member States is under progress.

Presently the different statistical systems in the region have been the main obstacle in the preparation of such studies. A more regular horizontal flow of information between the Member States and the Center will facilitate the coming of such publications, which are needed for a better understanding of the state of economies within the region and the trends therein.

Moreover Thessaloniki will be the permanent seat of the newly established Earthquake Protection Agencies Association of the Black Sea Economic Cooperation Organization. The association's founding charter was approved by the 11 member-

states of the organization in a conference organized by the Technical Seismology and Anti-seismic Constructions Institute in Thessaloniki. The main goal of the association will be the earthquake protection of population, buildings, infrastructure and cultural heritage of the Black Sea Economic Cooperation member-states.

With the establishment of the permanent International Secretariat in Istanbul, the Black Sea Trade and Development Bank in Thessaloniki and the BSEC coordination center for the exchange of statistical data and economic information in Ankara, the BSEC has created the necessary institutional, financial and analytical instruments for its efficient functioning and for the attainment of the objectives set forth in the summit declaration.

### **3.8 Organized Crime and Emergency assistance**

«BSEC has a reasonably good record of regional cooperation in combating organized crime, especially in dealing with illegal migration, trafficking in human beings, drugs and arms, asylum, money laundering and financial and economic crime. To that end, efforts have been made to strengthen the judiciary in the Member States and increase police and judicial cooperation.

Furthermore, particular attention has been given to cooperation concerning the emergency assistance including the natural and the man-made disasters. A comprehensive regional approach and enhanced interaction with EU institutions would greatly facilitate further progress through administrative support, training schemes and cross-border cooperation programmes.

The existing BSEC intergovernmental Agreements, in particular those concerning cooperation's, as well as their additional Protocols that establish proper implementation mechanisms offer a sound legal basis for regional cooperation and interaction with the EU institutions in these particular fields.» (Sayan 1998).

«As a consequence, the BSEC provides additional channels for multilateral and bilateral dialogue, and brings neighboring countries around the table which have often viewed each other and still view each other with deep suspicion and distrust.<sup>5</sup> The BSEC could thus gradually play an indirect role in the further de-escalation of local conflicts by acting as an informal forum for consultation». (Tsardanidis 2005).

5. See Pavliuk O., “The Black Sea Economic Cooperation: Will Hopes Become Reality?” in A. Cottey (ed.), *Subregional Cooperation in the New Europe. Building Security and Solidarity from the Barents to the Black Sea*, op.cit, p.142.

## **CHAPTER IV**

## 4.1 Greece and BSEC

Greece is a founding member of the BSEC, is actively involved from the beginning of the creation of Black Sea Cooperation forum. Greece is a very significant player in terms of commerce and investment. The number of commercial transactions between BSEC countries and Greece almost quadrupled between 1992 and 2003 and is continuing to increase rapidly.

«In Ministry of foreign affairs there is a Greek Coordinative Committee which is responsible for the coordination of the BSEC relative actions and the mapping of Greek common policy. The National Economy Ministry was responsible for the preparation and the function of the Black Sea Trade and Developing Bank. The Greek Business Council has been set up in order to represent the Greek Business World at the Business Council of the BSEC.

After a Greek initiative the establishment of the International Center for Black Sea Studies (ICBSS) was accepted by the Ministers of Foreign Affairs with the financing of the European Union and of other international financing associations. Main target of the Center is the research of ways of collaboration in economy, industry, technology and other sectors.» (Μπαμπάνας 1997).

«Moreover, Greece has traditionally supported tenaciously and in various ways (financial support, diplomatic support, know-how transit etc) the multilateralism in its neighborhood, as it has been manifested after the “Cold War”, through the creation of regional structures of cooperation. That’s the reason why Greece takes an active part in all regional fora and supports the regional initiatives in its area. Since 1995, Greece has played an active role aiming mainly at those targets:

- i. Boost of financial relationships among countries of the area mainly through the rise of the volume of trade and foreign investments.
- ii. Support of European trend of the countries around the area, taking as characteristic example the support of Turkey's European trend.
- iii. Propulsion of creation of a regional financial/ commercial zone.
- iv. Contribution to the realization of essential projects, mainly infrastructure projects.

Moreover, concerning Greece’s regional policy, it must be underlined that since 2004, when Greece took up BSEC precedence (November 2004- April 2005) business like cooperation’s have been put on, as far as energy, transport, tourism, trade, decent

governing and organized crime sectors are concerned, while Greece's contribution to acceleration and simplification of the process on the thorny question of supplying visas as on the application of two Cooperation Memorandum about the road traffic in the area of the Black Sea and about the development of Sea Ways in the same area. The most important achievement has been the substantial strengthening of BSEC and EU.

Particularly, the supplying of observation status to European Union and the promulgation of the Committee Announcement towards the Council and the European Parliament titled "Efxinos Pontos Complicity". A new initiative of regional cooperation giving substantially for the first time a civil identity to the wider area of the Black Sea, in addition to a presence on the political map of Europe» (Σιούφας- Βαληνάκης- Χρυσανθόπουλος- Kaplan- Τριανταφύλλου- Japaridze- Γιαννής- Καραγιάννης- Κυρκιλής- Μακρυγιάννης- Στριμπής- Μπόνας- Φιλιππίδης- Τσαντούλης- Μανώλη, 2008).

In total, there are now more than three thousand Greek firms active in the BSEC. These companies have 4 billion dollars invested in the region and are active in both commerce and service provision. For Greece, the economic and social development of the countries within the BSEC, their incorporation into global economic and consumer systems and their ultimate accession into the European Union are of major importance. As a result, Greece is taking systematic measures to help reconstruct these countries economically and understand their need for capital and for greater alignment with European Union institutions.

Improved infrastructure, stable state mechanisms and successfully open markets in each of these countries are all key prerequisites if these nations are witness economic growth and improved living standards. Even today, there are still problems with infrastructure, legislative frameworks, the operation of banking systems, promotion networks and goods distribution systems. These all have negative impact on business operations. If solutions can be found to these structural and institutional problems, it will boost Greek investors confidence and encourage greater investment, guaranteeing thereby long- term, stable and beneficial cooperation.

Moreover, Greece is the top financing contributor of the BSEC. The Council of BSEC Foreign Ministers (Kyiv, 17/4/2008) decided to set up the BSEC Hellenic Development Fund with a capital of 2 million for four years (2008-2011) aimed at supporting small development projects in the broader region of the Black Sea mainly in the areas of transport, renewable sources of energy, environment, business cooperation, facilitation of trade, tourism and culture.



«Greece with its relatively strong economic base and stable macroeconomic structure is an important Balkan and Black Sea country. Although it is difficult to predict the direction of Turkish- Greek relations in the long run suffice it is to say that developments at the end of 1999<sup>6</sup> point in the direction of cooperation rather than conflict. As the EU enlarges towards the Black Sea, the BSEC as an organization will gain in significance. Thus, the EU's role in the Black Sea area deserves a special section.» (Aybak 2001).

## 4.2 EU and BSEC

«For the regional countries, the BSEC is a preparation ground for integration with a larger Europe. It aims at establishing among its members co-operation patterns in various fields, which would facilitate European integration. Consequently, it may be asserted that the BSEC is an important pillar of overall European architecture. The BSEC would promote suitable means for the dissemination and adoption by its members of certain norms, standards and practices as well as principles and policies of the EU, which have taken shape over years of accumulated experience and which have stood the test of time.»(Ozer 1996).

«Since the collapse of the Cold War the EU has emerged as an important actor in the Black Sea region. The EU has been developing bilateral relationships with the Black Sea countries through cooperation and association agreements.» (Aybak 2001). As 'Agenda 2000' stated 'the importance of regional cooperation will increase as the Union enlarges, as its development will promote the openness of the enlarged Union towards its neighbors, so that no dividing lines are drawn on the European continent.

The wider Black Sea area is of increasing political and economic importance for the EU, presenting unique challenges and opportunities. The EU has a major interest in promoting political stability and economic prosperity in the Black Sea region and

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6. The tragic earthquakes that hit Turkey and Greece in 1999 created a favorable environment between the two countries. Turkish and Greek civil society organizations provided assistance in kind and rescue teams from both countries arrived to help one another in emergency aid and operations. The social interaction between both countries has triggered a new process of rapprochement between both countries.

stimulating the development links both within the region and with the EU. The region also provides a potentially important market for EU goods.

Furthermore, Black Sea region is a vital transit route for energy resources to Europe. Apart from the energy, transport and communication facilities connecting the Black Sea to Europe, regional commercial cooperation and the creation of favorable conditions to attract EU and foreign investment, sustainable development, environmental protection and nuclear safety areas have been emphasized as priorities.

The EU has also been active in providing financial assistance to the Black Sea region for regional development and cooperation projects. These include the modernization of oil and energy transportation facilities, the establishment and the coordination of the activities of the Black Sea Energy Center, and the Black Sea environmental action programmes.

The EU also contributed to the Black Sea Trade and Development Bank's business activities. Technical assistance is provided exclusively through existing instruments, mainly Tacis, Phare and Meda external aid programmes.

«BSEC continues to make efforts to strengthen its relationship with the EU, as exemplified by its April 1999 "Platform of Co-operation BSEC- EU." EU candidate countries hope participating in BSEC will boost their international reputation and help them join the EU. The EU and other international financial institutions are also an important source of BSEC's funding. Between 1991 and 1996, the EU spent approximately \$540 million on Black Sea regional integration in addition to individual support to BSEC members.

As most of the proposed projects of BSEC are large- scale infrastructure projects, the participation of the private sector and international financial institutions, including the EU, are critical to their implementation. Member countries thus welcome the EU's decision to offer assistance to BSEC projects through existing financial assistance programs (such as Phare and Tasis) and to be a permanent participant in BSEC meetings.» (Ram 2003).

The EU's role in the promotion of the Black Sea cooperation cannot be underestimated. In fact, the BSEC countries welcomed the conclusions of the EU Council of Ministers in 1997 as a first step towards a comprehensive strategy in its policies in the Black Sea region. In the same way, the BSEC has also been seeking the EU's support for its long-term objective: integration into Europe. In this sense, the BSEC is, and will be, increasingly seen by both parties as a preliminary and complementary cooperation process for joining the European integration as part of an overall Pan-European strategy.

More specifically, the European Commission issued on 11.04.2007 the Communication Black Sea Synergy, a New Regional Cooperation Initiative, which forms the basis for a future EU-BSEC cooperation. The granting of observer status to the European Union is another important step in favor of further cooperation between the two organizations.

«The European initiative of regional cooperation named “Black Sea Synergy”, is another proof of the wide interest of Europe for the area and is based upon the common priorities and efforts about development, welfare, democracy. It includes collaboration during a row of essential sectors like the boost of political cooperation between governments and national parliaments, the confrontation of new challenges and threats, the fighting of terrorism, the protection of the environment, the consolidation of democratic institutions and the protection of human rights, the trade, the energy, transports, tourism, telecommunications, sciences, research and technology.» (Σιούφας- Βαληνάκης- Χρυσανθόπουλος- Kaplan- Τριανταφύλλου- Japaridze- Γιαννής- Καραγιάννης- Κυρκιλής- Μακρυγιάννης- Στριμπής- Μπόνας- Φιλιππίδης- Τσαντούλης- Μανώλη, 2008).

The strengthening of the institutional relationship between the two organizations was substantially bolstered with the Council of BSEC and EU Ministers of Foreign Affairs (Kyiv, 14/2/2008) on the implementation of the abovementioned initiative on EU-Black Sea regional cooperation.

At the end of the meeting, the Foreign Ministers issued a joint communiqué expressing their will to promote closer cooperation between their countries on a number of priority areas such as developing transport and energy infrastructure, environmental protection through the creation of sectoral partnerships, whilst recognizing the BSECs important role. Furthermore, the previous special council of BSEC Foreign Ministers (Kyiv, 14/2/2008) adopted a Statement of Foreign Ministers of BSEC Member-States on a reinforced BSEC-EU relationship.

Concluding we could say that the Black Sea regional constellation has substantially changed in the past years and will continue to evolve. In these conditions, the EU’s new regional cooperation initiative would usefully complement its existing wide- ranging bilateral and sectoral activities.

The European Union’s presence in the Black Sea region opens a window on fresh perspectives and opportunities. This requires a more coherent, longer- term effort, which would help to fully seize these opportunities, to bring increased stability and prosperity to the region. Greater EU engagement in Black Sea regional cooperation will contribute to this objective.

### 4.3 Evaluation of the operational history

The BSEC project is a regional economic co-operation arrangement established June 1992 by 11 states. Its main objective is to develop and diversify existing economic relations its members by making efficient use of the advantages arising from their geographic proximity, their traditional ties, the complementary nature of their economies and economic space and market.

«With such a composite of member countries, the BSEC was a rather unique initiative as a regional arrangement for various reasons:

First and foremost, it was one of the first regional organizations that aimed to develop economic cooperation between NATO member states (Greece and Turkey) and former member countries of the Warsaw Pact, two adversaries from the Cold War era, which had just ended.<sup>7</sup>

Secondly, there were many disputes and unsettled issues between the ex- Soviet Republics who joined (as between Armenia and Azerbaijan), as well as varying degrees of bilateral conflicts and grievances such as those between Albania and Greece, Armenia and Turkey, Moldova and Romania, and Greece and Turkey.

Thirdly, formation of the BSEC also market the first time that countries bordering from the Caspian to the Adriatic Sea shared membership within the same organization. Despite possible variations in motivations underlying their participation, one common expectation was to become better integrated into Europe and the rest of the world. In this respect, the BSEC served as a new channel of communication for neighboring states who were willing to take steps towards shaping up their regions future rather than being bystanders in the aftermath of profound and potentially destabilizing changes.

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7. The Central European Initiative (CEI) started in 1989 and the Council of the Baltic Sea States (CBSS) formed a few months prior to the Istanbul Summit were the only other initiatives aimed at increasing economic cooperation between centrally planned and market economies. See O. Anastasakis- V. Bojicic- Dzelilovic, *Balkan Regional Cooperation and European Integration*, The Hellenic Observatory Discussion Paper, London: The London School of Economics and Political Science, 2002.

The BSEC generally can be argued to have been founded on a commonly shared: a) understanding about economic cooperation as a means of avoiding conflict, b) view of regionalism as a means of integration to the global economy, and c) desire to prevent new division in Europe.»<sup>8</sup> (Sayan 2005).

«Pivotal to three continents, Europe- Asia- Africa, and encompassing a large portion of the Eurasian landmass, the BSEC covers an area of nearly 20 million sq. km. It spreads across nine time-zones, includes eight seas –some in land- where important sea lanes cross, has a market of 330 million people and annual foreign trade exceeding US\$300BN, and possesses large crude oil and natural gas reserves second only to the Gulf.

Moreover, the BSEC region is home to a rich and diverse population ranging from top scientists, academicians, well- educates professionals, experienced technicians to both skilled and unskilled labor. The region has a broad- based industrial capacity, extensive fertile agricultural land and abundant forests. It has a large and diverse food processing potential, wealth in basic commodities and intermediary goods and rich tourism- base waiting to be discovered and exploited.

With these appealing assets, can the Black Sea region uplift itself and assume its deserved place and role in the larger European theatre. The two actors are in effect the main agents united in their objectives. Moreover, this unity could develop into active partnership if the BSEC could demonstrate that closer cooperation would yield “value added” results.

«The BSEC has opened a new and special chapter in Black Sea regional history. Established at a time when the Balkans and the Caucasus were facing great unrest and difficulties coupled with ethnic conflicts, the BSEC has proved itself to be a forum where the participating states put aside their differences to undertake joint economic projects for their mutual benefit. It proved to be a regional arrangement where economic motives transcended political conflicts. The BSEC is an attempt to develop the necessary roots of long- term security and stability in the region by weaving patiently the delicate fabric of peace with the strong threads of economic cooperation.» (Ozer 1996).

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8. P.Manoli, The Role of the Black Sea Economic Cooperation (BSEC) in the Stability of the Region, in *Shaping an Environment for Peace, Stability and Confidence in South Caucasus*, Camberley: Conflict Studies Research Center, Defense Academy of the UK, 2002.

«BSEC is considered a political success and economic integration because it is bringing together in a forum the Black Sea States.» (Demircan- Elver 2004). «During the tenth Assembly of Foreign Ministers in Kiev in October 1997, they have decided to turn BSEC into Regional Financial Association, the related Manifesto was signed in Yalta in June 1998, among Prime Ministers and Governments, where the first review of the function and the actions of the Association took place and the definition of the future policy.

With the financial Agenda 2000, through the example of European Agenda, the sectors and the targets of the financial activity and cooperation in the area were set. The most important targets of the Agenda, which was adopted in July 2000 Assembly are the following:

- ❖ Stabilization of economy of member states of BSEC and through necessary policies transition in market economy and meanwhile pursuit of integration of states, which aren't members of the WTO.
- ❖ Enactment, development and boost of trade relationships within BSEC, which is charged to play a constantly rising role in the area.
- ❖ Cooperation with the European Union with a target of creation of “BSEC of an extent”, following the example of Northern Extent.» (Μαλκίδης 2002).

The success of BSEC depends on the concreteness and effective implementation of common projects. The main emphasis needs to be placed on more effective use of available programmes and funds. Better coordination of policies, activities, financial instruments and resources is of crucial importance for meaningful progress in that direction.

Considerable progress has been registered, compared to the situation during the previous decade (real economic growth and expansion, a reasonable level of macroeconomic stability expressed in declining inflation, increased foreign direct investment and lower poverty rates). It clearly follows that the BSEC region as a whole presents increasingly attractive economic opportunities that can be turned to good account through regional and inter- regional cooperation, to the mutual benefit of the peoples of the BSEC and EU Member States.

According to its Charter, BSEC is defined as a regional economic organization, thus spelling out the main focus of its policies and activities, while setting certain limits to its involvement in other matters of regional importance (e.g. conflict resolution, peace keeping and peace building, etc). In practice, the scope of BSEC activities has expanded over the years, branching out into new areas, more or less

related to its principle economic concerns, which roughly coincide with the priority fields set forth in basic EU documents. The considerable progress achieved so far is the result of solid commitments and work, considering the Organizations and its Member States overall capacities.

Over the years, BSEC has successfully elaborated policy documents and legal instruments establishing its aims, structures, mechanisms and operational procedures, and fostering cooperation in specific areas. In that process, BSEC has developed a coherent set of institutional structures, functional mechanisms and policy instruments which display a relative symmetry –in regional context and within the confines of the BSEC statutory documents- with their EU counterparts. The continuing process of reform is meant to increase the effectiveness, transparency and accountability of all the components of the BSEC institutional family, and therefore is likely further to improve their administrative capacity and operational ability to interact with the EU institutions in a meaningful way.

Greece and Turkey have an edge over the rest of the BSEC member states with the establishment and operation of free- market economies. Thus, both Greece and Turkey bilaterally –and within the multilateral framework of BSEC- are capable of helping and assisting other member states. A more dynamic, motivated participation on their part in the BSEC process can only expand the contribution of the organization. All member states need and expect this to occur.

BSEC not only has an economic and social function<sup>9</sup>, but also a political and security function. BSEC has a function with respect to the taking democratic values. Providing political stability depend on democratic values. In fact the BSEC was established at a time when a new era of peace and security appeared.

In the course of seventeen years of activity, BSEC has developed into a well-defined, institutionally mature, treaty- based, regional organization that has acquired a great deal of experience in dealing with regional issues in a multilateral format.

For the year 2008, the growth in real GDP reached the figure of 5.8% and given the stable macroeconomic bases, the annual growth of real GDP in the Black Sea is

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9. It can be argued that complement regional co-operation schemes may serve pan- European integration as the members these groupings prepare the necessary and sufficient conditions for EU members. In the long run, free movement of capital, goods and services.

expected to reach rates of around 5-6% in the forthcoming years. This means that the Black Sea countries will reach a level of convergence with the richer economies of Central and Western Europe, in terms of per capita income, indicators of prosperity and living standards.

In 2006 the Board of Governors approved the Bank's Business Plan for the period 2007-2010, which sets out targets to double the portfolio of outstanding operations to SDR 600, to diversify sectors and expand financing of cross-country operations. With a view to achieving targets and objectives the BSEC Bank established an upfront loaded Action Plan, which incorporates among many features an enhanced marketing with a more country based focus, an increase of the Single Obligor limit to 7.5% of paid-in capital, reserves and surpluses, as well as the objective of attaining an A3 rating by end of 2010.

«The Black Sea region is a strategic energy corridor to the EU, Turkey, and the Balkan Peninsula, and its significance will increase as a major transit region for energy exports from the Caspian Sea region and Central Asia. The import reliance of the EU on external energy supplies (expected to increase to more than 80 percent for natural gas and more than 90 percent for oil by 2030), and its need to diversify energy sources and import and transport routes, will only further enhance the strategic role of the Black Sea region». (Biscop- Lembke 2008).

«The BSEC has traveled a long way toward becoming a notable instrument of cooperation, development and stability in the wide Black Sea region. With the entering into force of the agreement establishing the Black Sea Trade and Development Bank, the BSEC is in the position of working out and implementing specific programmes and projects for regional co-operation. It can thus play an increasing role in fostering the economic and social progress of the countries of the area and in promoting European integration as well as peace and stability in the Black Sea region and, hence, in the whole of Europe». (Micu 1997).

The Black Sea Economic Cooperation is an imaginative vision responding to the spirit and expectations of the 21st Century. It represents a golden opportunity to build upon a commonality of interests, which should not be missed. Its member states alone will determine its momentum and success.



## 4.4 Proposals

«Nature conservation and sustainable development in the region around the Black Sea are an effective contribution to the economic, social and political stabilization in the border area between Europe and Asia.

The international community, especially the countries of the EU should be required to support the conservation activities of the Black Sea countries by scientific and practical cooperation and also by financial support for concrete projects. All available measures have to be undertaken to ensure public participation in the development and implementation of biological diversity legislation within the Black Sea region.»(Kotlyakov, Uppenbrink and Metreveli 1998, 505).

«The BSEC can serve as a useful means for the regional transformation to pluralistic democracy and market economics. It also offers important mechanisms to its member states to develop and diversify their foreign economic relations. The BSEC should be an instrument for smoothing the Black Sea countries integration not only with Europe but also into the world political, economic and social system.» (Ozer 1996).

«The European Commission is already contributing to the BSEC's affiliated institutions, such as to the business plan for the Bank for Trade and the Development Bank, the International Center for the Black Sea Studies, and the Black Sea Regional Energy Center in Sofia. The EU is also the single largest collateral contributor to the Black Sea environmental projects through its PHARE and TACIS programmes. These contributions should be increased in value, volume and form. The EU may extend programmes for this region as a corollary to its Med programmes.

The PHARE, TACIS and SYNERGY programmes may be extended to cover the BSEC states or a special programme may be developed solely for the BSEC.

The European Commission may share the EU's accumulated knowledge and experience of customs standards, competitive behavior, intellectual property protection, standardization and certification with the BSEC countries in the form of technical assistance.

The Commission may add its voice, counsel and contribute to the activities of the BSEC Business Council. Thus, the BSEC Business Council may find opportunities to introduce its projects to prominent EU or other businessmen coming from different points of compass.

Given the foregoing, the BSEC should be developed in the shade but not in the shadow of the EU. It has a life of its own.» (Ozer 1996).

«It is undeniable that successful cooperation among the BSEC nations in the economic field is likely to bring about a more favorable political climate in which acceptable solutions to outstanding issues could be more easily reached.»<sup>10</sup> (Tsardanidis 2005).

«Taking into consideration the fact that the wider area of Black Sea is an integral, important and vigorous part of the wider European area, the close and constructive collaboration with the European Parliament and the other European Organizations is a main conviction of the parliamentary Assembly from its constitution.

Towards this direction, the Assembly ought to intensify its efforts for the enactment of its relationships with the European Parliament. It is certain that the PABSEC actions will intensify and complete up to an essential point the work of the European Parliament. The permanent and stable collaboration, which is based upon a specific plan of action, will boost and enrich the relationship between these two organizations and as a result mutual benefits will occur.»(Σιούφας- Βαληνάκης- Χρυσανθόπουλος- Kaplan- Τριανταφύλλου- Japaridze- Γιαννής- Καραγιάννης- Κυρκιλής- Μακρυγιάννης- Στριμπής- Μπόνας- Φιλιππίδης- Τσαντούλης- Μανώλη, 2008).

«From the European vantage point, the EU-BSEC dialogue must be conducted not only with governments and the private sector, but also with socially relevant groups, political parties, industrial associations, trade unions and academic institutions. The whole of Europe must be actively involved in this dialogue. Such a policy would be successful only to the extent that the people in the EU are made aware of the problems and needs as well as comparative advantages of the BSEC.

The BSEC is a partnership for democracy and development. Democratic values such as pluralism, democracy, respect for human rights and fundamental freedoms need to take root in the Black Sea region. Help to build democratic institutions and nurture the political culture.» (Ozer 1996).

«Greece, as the state which institutionally has the richest experience as a historical member of euroatlantic institutions but also as a country which has very good relationship with the most important countries of the area, can be a central pivot of

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10. Micu N., "Black Sea Economic Co-operation (BSEC) as a Confidence Building Measure", Perceptions, Vol.1, No.4, December 1996- February 1997, <http://www.mfa.gov.tr/grupa/percept/i4/I4-5.htm>

propulsion of regional cooperation and a connection between the area and the European Union.

An ulterior purpose here is the shaping of a climate, which will reduce mistrust and promote discussion and collaboration. In order to succeed in this target, political will and complete strategy within vision and programmes are necessary.» (Σιούφας- Βαληνάκης- Χρυσανθόπουλος- Kaplan- Τριανταφύλλου- Japaridze- Γιαννής- Καραγιάννης- Κυρκιλή- Μακρυγιάννης- Στριμπής- Μπόνας- Φιλιππίδης- Τσαντούλης- Μανώλη, 2008).

## **Conclusion**

«The Black Sea is strategically located between southeast Europe and Asia Minor and it connects its littoral countries to the Mediterranean Sea and the world beyond. In 1992, at Turkey's initiative the countries of this region signed a declaration that set up the Black Sea Economic Cooperation bloc.

The new organization was confronted, however, with problems of cultural diversity, economic stagnation and opposing geopolitical agendas. On the other hand, the Black Sea Cooperation initiative is a promising project, with excellent ideas and substantial goals but with limited resources and a modest record of achievement.

The objectives of the BSEC are the promotion of economic cooperation for achieving peaceful settlement of disputes and for assisting the participant states in their integration in the European and world economy.

Summarizing, the basic aims of BSEC can be as follows: a) By developing the friendship and good neighborhood relations among member states, to make the sea a stability and welfare zone, b) To provide close cooperation among the members states and to support the economic, social and technologic developments in the member states.» (Demircan- Elver 2004).

«The recognition of the BSEC by the EU as a complementary cooperation framework to the European integration has reinforced its status and legitimacy in other countries, quest to join Europe. For the newly independent states of the Soviet Union, the BSEC also provided a platform outside Russia's influence and hegemony. The BSEC enables these countries to have an equal voice with Russia.

The BSEC is not a regional security organization. However, it offers an external regional environment within which the smooth transition to democracy and market economy can be accelerated. Its functionalist style and piecemeal approach to regional

issues, in the long run, may generate a regional sense of common interest and the establishment of regional economic infrastructure may create incentives for further regional economic cooperation.

In this sense, the BSEC provides a safeguard in the enlargement of the EU to the Black Sea region. Moreover, it also acts as an intellectual lifeboat in which to cross the choppy political waters of the Black Sea, giving a sense of direction to diplomats, business circles and politicians in the twenty-first century.» (Aybak 2001).

«As Kutovoi points out, “having emerged as a new regional structure of multilateral and multidimensional cooperation at the crossroad of three continents, the BSEC duly reflects the specificity of this part of the world”.» 11 (Tsardanidis 2005).

«Today, the BSEC is the most comprehensive and institutionalized framework Cooperation in the Black Sea and its contribution to establishing peace and stability is important. Thanks to the principle of non-discrimination and realistic goals to be implemented on the basis of programs, has gathered at the same table the countries of the wider Black Sea region in a climate of mutual trust and constructive cooperation.» (Σιούφας- Βαληνάκης- Χρυσανθόπουλος- Kaplan- Τριανταφύλλου- Japaridze- Γιαννής- Καραγιάννης- Κυρκιλής- Μακρυγιάννης- Στριμπής- Μπόνας- Φιλίπιδης- Τσαντούλης- Μανώλη, 2008).

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11. See Kutovoi E., “Black Sea Economic Cooperation/ BSEC/: Current Activities, Prospects for the future”, Romanian Journal of International Affairs. Vol.3, No.1, 1997, p.83.

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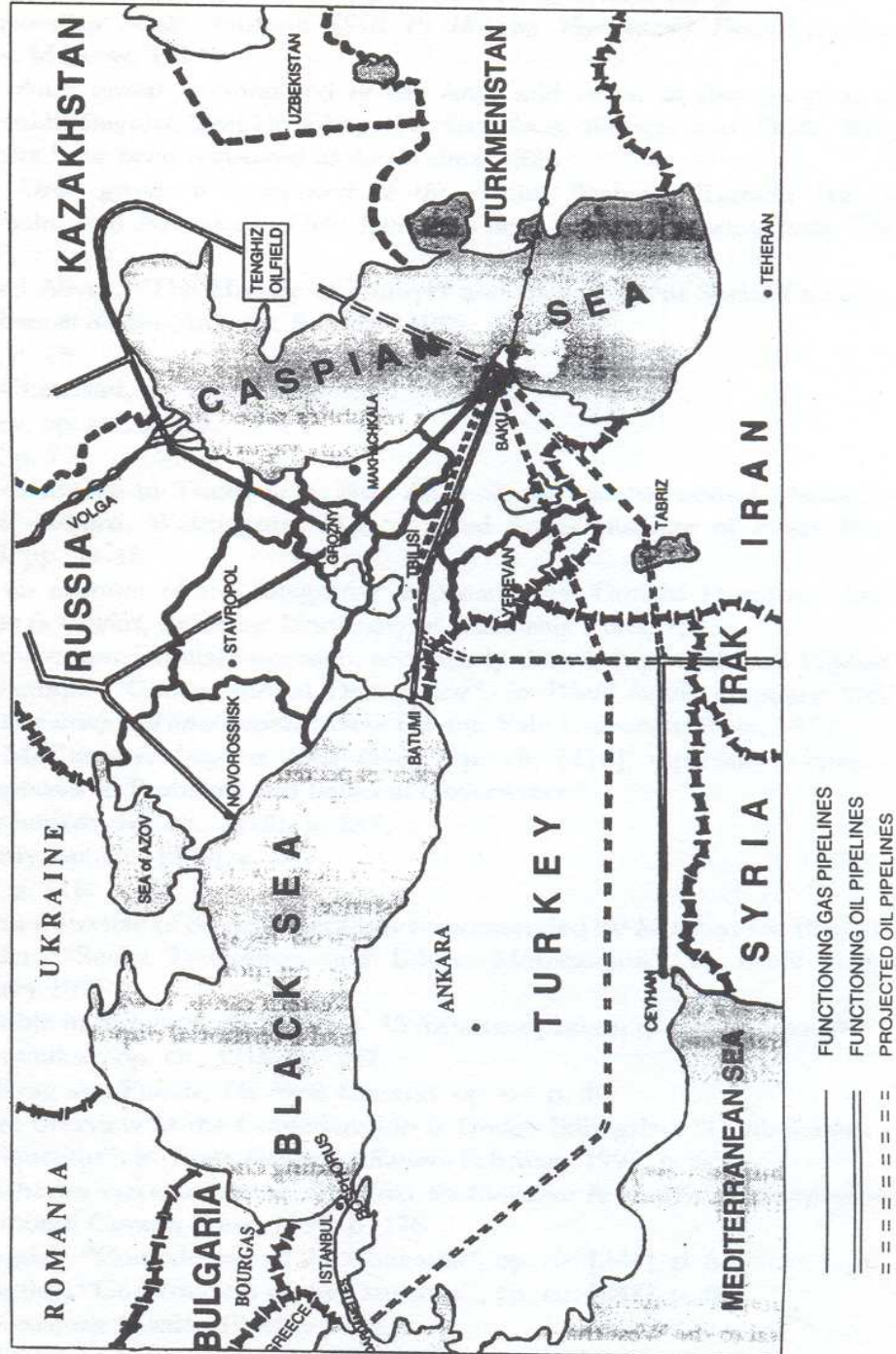
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# Appendix A

## Map of Black Sea Region

### Energy Routes Around the Black Sea



## **Appendix B**

### **1. THE BOSPORUS STATEMENT**

**(Istanbul, 25 June 1992)**

The Heads of State and Government of Albania, Armenia, Azerbaijan, Bulgaria, Georgia, Greece, Moldova, Romania, Russia, Turkey and Ukraine met and signed on 25 June 1992 in Istanbul the Declaration on Black Sea Economic Cooperation.

The Heads of State and Government,

Mindful of the historic need to further the implementation of peaceful and constructive relations among their peoples, based on the general principles of the UN charter and the CSCE documents and with the objective of creating adequate conditions for a mutually beneficial prosperity,

Sharing the basic approach that freedom must also extend to the field of the rights and rules governed by the free market economy,

Recognizing that their efforts so far must be further upgraded by the establishment of solid and effective mechanisms in order to achieve a higher degree of economic cooperation,

Noted that the signing of the declaration signaled the beginning of a new partnership between them inspired by the values of democracy, rule of law and respect for human rights.

The Heads of State and Government reiterated their commitment to act in a spirit of friendship and good neighborliness and enhance mutual respect and benefit, cooperation and dialogue in the relations between them.

They recognized that this occasion could usher in an era of peace, stability and development in the region and agreed that they would all strive in good faith to achieve these ends.

The Heads of State and Government stated that by the Black Sea initiative, they could better realize Concrete schemes of cooperative action that would contribute directly to the well-being and prosperity of their peoples and the region. They affirmed that feasible and practical possibilities for cooperation in all fields identified in the Declaration be encouraged and actively pursued.

The Heads of State and Government acknowledged that the region is already faced by serious conflicts and that there is the danger of new tensions arising. They therefore emphasized the need for the peaceful settlement of all disputes by the means

and in accordance with the principles set out in the CSCE documents to which they all subscribe. They further reaffirmed their determination in resisting aggression, violence, terrorism and lawlessness and their resolve to help establish and restore peace and justice.

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

The Heads of State and Government welcomed the results of the Meeting of the Ministers of Foreign Affairs held on 24 June 1992. They further noted the possibility of convening similar summit meetings in the future.

The participants expressed their gratitude to the Government and the people of Turkey for the kind hospitality extended to them during the Summit.

## **Appendix C**

### **1. SUMMIT DECLARATION ON BLACK SEA ECONOMIC COOPERATION**

**(Istanbul, 25 June 1992)**

The Heads of State or Government of Albania, Armenia, Azerbaijan, Bulgaria, Georgia, Greece, Moldova, Romania, Russia, Turkey and Ukraine;

1. Taking into account the profound and rapid changes in Europe and the determination of the peoples of the continent to shape a new era of peace and security on the basis of the principles laid down in the Helsinki Final Act and follow-up CSCE documents and particularly in the Charter of Paris for a new Europe,

2. Recognizing that a prosperous and unite Europe will evolve on shared values such as democracy based on human rights and fundamental freedoms, prosperity through economic liberty and social justice, and equal security for all countries,

3. Taking into consideration the potential of the Participating States and the opportunities for enhancing the mutually advantageous economic cooperation arising from their geographic proximity and from the reform process and structural adjustments,

4. Conscious of the importance of the environmental problems of the Black Sea for the well-being of their peoples and recognizing that it is vital to ensure the environmental sustainability of their economic development,

5. Confirm the intention to develop economic cooperation as a contribution to the CSCE process, to the establishment of a Europe-wide economic area, as well as to the achievement of a higher degree of integration of the Participating States into the world economy,

6. Share the common objectives to achieve the further development and diversification of both bilateral and multilateral cooperation among them as well as with other interested countries, to foster their economic, technological and social progress, and to encourage free enterprise,

7. Agree that their economic cooperation will be developed in a manner not contravening their obligations and not preventing the promotion of the relations of the Participating States with third parties, including international organizations as well as the EC and the cooperation within the regional initiative,

8. Aim to ensure that the Black Sea becomes a sea of peace, stability and prosperity, striving to promote friendly and good-neighborly relations,

9. Declare that the economic cooperation among the Participating States will be developed on the basis of the principles of the Helsinki Final Act and the decisions in the subsequent CSCE documents, as well as of the other universally recognized principles of international law,

10. Agree that the economic cooperation will be promoted gradually and, while determining the priorities in this process, they will take into account the specific economic conditions, interests and concerns of the countries involved, and particularly the problems of the countries in transition to market economy.

11. Affirm that the whole economic cooperation among their countries is open for the participation of other interested States recognizing the provisions of this Document. As regards projects of common interests, individual countries, their economic and financial institutions, enterprises and firms as well as regional and international economic and financial institutions could be involved in their realizations,

12. Decide to develop comprehensive multilateral and bilateral Black Sea economic cooperation, covering the various fields of activity as specified below,

13. Affirming their determination to make best use of all possibilities and opportunities for expanding and multiplying their cooperation in the fields of economics, including trade and industrial cooperation, of science and technology and of the environment, the Participating States declare that they will take from now on concrete steps in this process by identifying, developing and carrying out, with the participation of their competent organizations, enterprises and firms, projects of common interest, inter alia, in the following areas:

- transport and communications, including their infrastructure
- informatics
- exchange of economic and commercial information, including statistics
- standardization and certification of products.
- energy
- mining and processing of mineral raw materials
- tourism
- agriculture and agro-industries
- veterinary and sanitary protection
- health care and pharmaceuticals
- science and technology.

14. In order to promote their cooperation, the Participating States will act to improve the business environment and to stimulate individual and collective initiative of the enterprises and firms directly involved, mainly by:

- facilitating via bilateral negotiations, the prompt entry, stay and free movement of businessmen in their respective territories and encouraging direct contacts among enterprises and firms.
- providing support for small and medium-sized enterprises
- contributing to the expansion of their mutual trade in goods and services and ensuring conditions favorable to such development by continuing their efforts to further reduce or progressively eliminate obstacles of all kinds, in a manner not contravening their obligations towards third parties
- ensuring appropriate conditions for investment, capital flows and different forms of industrial cooperation, notably by concluding and putting into effect, in the near future, agreements on the avoidance of double taxation and on the promotion and protection of investments
- encouraging the exchange of information on international tenders organized in the Participating States so as to give the opportunity to their enterprises and firms to participate therein, in accordance with the national rules and practices;
- encouraging cooperation in free economic zones.

15. The Participating States will take appropriate steps, including by promoting joint projects, for the protection of the environment, particularly the preservation and the improvement of the environment of the Black Sea, and the conservation, exploitation and development of its bio-productive potential.

16. The Participating States will consider or encourage the conclusion of appropriate credit and financial arrangements at the governmental and non-governmental -level and will seek to mobilize funds, including through international institutions and third parties, for the purpose of expanding their mutual economic and commercial cooperation and implementing specific projects of common interest in the Black Sea area. In this context, they will consider the possibilities and the ways of establishing a "Black Sea Foreign Trade and Investment Bank".

17. Meetings of the Foreign Ministers of the Participating States will be convened regularly on rotation basis, at least once a year, to review progress and to define new targets. By common understanding, ad hoc and permanent working groups of experts are to be set up to purpose the necessary arrangements concerning the cooperation in different fields. The Participating States consider that at this stage of their co-operation it is necessary to ensure institutional flexibility. Representatives of the



business community should be invited to this process so as to benefit from their practical experience.

18. Those States which commit themselves to the observance of the provisions of the present document can join, with the approval of the Participating States, the whole process of cooperation. Organizations, enterprises and firms of third parties will also be given the possibility of indicating their interest in projects of common interest and, in case of agreement, of taking part in their implementation. Regional and international economic and financial institutions may also contribute in the carrying out of these projects.

