



# Policy Brief #1

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## Reflecting on the BSEC: Achievements, Limitations and the Way Forward

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In June 2007, the Organisation of the Black Sea Economic Cooperation (BSEC) celebrates fifteen years since its inception. This is a good opportunity to undertake a “reality check” on how BSEC has performed so far as a regional Organisation.

### *What has the BSEC achieved?*

Despite its limited resources and the heterogeneity of its membership, the BSEC has managed to achieve some concrete results. First of all, it has cultivated a spirit of cooperation among its member states, providing a forum for constant dialogue, exchange of ideas, experience and best practice.

A basic element that distinguishes the BSEC from other initiatives in the region is that it has built a permanent and extensive institutional framework for cooperation that covers all levels of governance (intergovernmental, parliamentary, corporate and financial).

Organisational complexity may come as a surprise, given the persistent political and security problems as well as the varying degree of commitment by member countries to the implementation of regional binding agreements. Thus, the political preconditions for well-developed institutional structures have been hardly propitious at the early stage. The years 1994 and 1998 were significant landmarks in the institutional development of the BSEC. Until 1994, permanent executive structures were non-existent. By 1994, a permanent secretariat (PERMIS) was established but the BSEC’s organisational framework was not yet well structured. The turning point for the BSEC’s institutionalisation was the year 1998 when the BSEC Charter was signed signalling the transformation of BSEC from an ‘initiative’ into an ‘international economic organisation’ equipped with articulated organs and mechanisms with increased capacity and responsibilities.

Today, the BSEC has developed into a relatively mature regional economic organisation, with a broad and comprehensive institutional basis. The highest decision-making body is the Council of Ministers of Foreign Affairs (MFA). A Committee of Senior Officials sets the agenda of the Council and coordinates work under the guidance of the Chairman-in-Office and the assistance of the Permanent

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International Secretariat which is based in Istanbul. The BSEC Charter envisages a troika system and subsidiary organs (Ministerial Meetings, Working Groups, and ad hoc Groups of Experts). Most of the practical activities in various fields of cooperation are performed in sectoral Working Groups under the guidance of a Country Coordinator appointed for a two-year term.<sup>1</sup> Apart from those, a number of related bodies are also recognised in the Charter, being of mainly consultative nature: a Parliamentary Assembly; a Business Council; a Trade and Development Bank and the International Centre for Black Sea Studies.

The process of the BSEC's institutionalisation lasted for a long period of time, absorbed a lot of resources and involved considerable interstate bargaining. Notwithstanding a web of permanent secretariats, working groups and committees, those institutions have largely failed to create a wider regional 'regime' in terms of multilateral agreements and conventions, not to mention common attitudes. In fact, it has been the existence of subregional institutions *per se* that has provided the main argument or proof for the existence of the Black Sea region itself. Thus, *institution building within the BSEC framework has underpinned regioness in the Black Sea area.*

So far, the BSEC member states have concluded just a couple of binding agreements and common sectoral action plans within the framework of the Organisation and in fields that originally lay outside its main focus. The *Agreement on Combating Organized Crime* and its Protocols as well as the *Agreement on Cooperation in Emergency Situations*, both signed in 1998 are such examples.

Furthermore, the BSEC has taken measures to enhance its project-oriented character, generating concrete regional projects (e.g. interconnection of electric grids, identification of trade obstacles, etc.), and networks (e.g. creation of a network of liaison officers in combating organised crime). To support its project-based approach, and despite the financial constraints and limited resources of its member states, it has developed its own financial bodies; the Black Sea Trade and Development Bank and the Project Development Fund.

#### *What problems does the BSEC face?*

It is often cited by those who work closely with the BSEC or monitor its activities, that the Organisation lacks effectiveness and efficiency. The criticism is directed to several aspects of the Organisation's functioning: decision-making, capacity, policy implementation, project implementation, visibility and coordination with other institutions and among its related bodies.

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<sup>1</sup> The BSEC has permanent Working Groups with sectoral responsibilities in agriculture and agro-industry, banking and finance, combating organised crime and terrorism, education, emergency assistance, energy, environment, exchange of statistical data and economic information, health care and pharmaceuticals, information and communication technologies, institutional renewal and good governance, science and technology, small and medium enterprises; tourism, trade and economic development, transport. Ad hoc Groups of Experts with a temporary remit have been established on BSEC-EU interaction, regional security and stability, customs services, interconnection of electrical networks, shipbuilding, shiprepairing and shipping, visa facilitation for business people, and visa simplification for lorry drivers.



In general, there are two types of problems that the BSEC encounters, emerging either from its very nature as a regional Organisation or reflecting problems of its member states. Critics of the role of international Organisations in world politics often charge them with inefficiency and delay in delivering responses. The diversity of the member states' interests and policies, lack of political might, budgetary constraints and the time consuming decision-making processes (especially when based on consensus) undermine the ability of international Organisations and institutions to act efficiently and speedily. They, hence, often perform as 'talk shops', spending more time on exchange of views and debate rather than on actions and concrete projects.

The BSEC's functioning reflects also the specific problems that its member states face and are witnessed throughout the Black Sea region, and may be summarised as: economic difficulties and limited financial resources, hard security problems, and difficulties related to state building. The transition to market economy has been particularly difficult for the Black Sea countries which are lagging behind the Central European ones. Disruption of production and trade flows, poor infrastructure, limited investment opportunities and thriving corruption placed the Black Sea region in the periphery of world economy during the 1990s. Economic development has stagnated partly due to the complexity of the security problems that persist throughout the region. Frozen conflicts and unresolved interstate disputes have often prevented a smooth process of modern state-building while in some cases they have precluded the development of regional cooperation and made it sound like empty rhetoric.

The heterogeneity of the twelve member states of the BSEC<sup>2</sup> in terms of their size, economic development, security concerns and foreign policy priorities have thus blurred the identity of the BSEC and the sense of common purpose and have often led the Organisation to 'paralysis'.

An internal dialogue on the reform of the Organisation has already started with a view to increase the effectiveness, transparency and accountability of all the components of the BSEC institutional family, and thus to improve their administrative capacity and operational ability to interact among themselves and with international structures in a meaningful way.

#### *What the BSEC has to offer?*

*The legal status of the BSEC.* The Organisation of the Black Sea Economic Cooperation is a legal entity based on a binding agreement under international law, and it represents the most advanced expression of regional cooperation in the Black Sea area.

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<sup>2</sup> Albania, Armenia, Azerbaijan, Bulgaria, Georgia, Greece, Moldova, Romania, Russia, Serbia, Turkey and Ukraine.



*The comprehensiveness of the BSEC's agenda and its relevance to the region's needs.* The BSEC was established as a regional initiative with the mission to promote a lasting and closer cooperation among its member states and became, following the adoption of its Charter in 1998, a full-fledged regional organisation. The vision presiding its foundation was to build peace and stability through prosperity. The relevance of the BSEC's agenda to the needs of the Black Sea area is manifested in the established BSEC Working Groups such as on energy, transport, telecommunications, science and technology, education, good governance, environment, finance, trade and economic development, electrical networks, pharmaceuticals, etc.

*Rich experience in regional cooperation.* The experience accumulated over fourteen years of regional interaction, demonstrates the BSEC's unique ability to work out creative solutions on issues of common concern and to achieve consensus among countries that are so diverse in terms of size, power, level of economic and social development, international affiliation and even system of governance.

*The BSEC's inclusiveness.* The Organisation is based on an inclusive concept of cooperation which is demonstrated by its diverse membership which includes countries stretching from Greece to Azerbaijan and Russia, the number of the states that have acquired an observer status with the Organisation, as well as the participation of non-governmental actors of the civil society in its work. It is worth-mentioning that BSEC grants observer status not only to states and intergovernmental organisations but also to non-governmental organisations (NGOs).

*The BSEC's local ownership.* The BSEC has a strong sense of local ownership, as a cooperative initiative reflecting the priorities of its member states and the needs of the region on a collective basis. Initiated by Turkey in early 1990s and embraced by Russia and all other Black Sea states, it is an initiative that emerged from within the region and one that still enjoys collective support by the local political elites.

### *What can be done to enhance the effectiveness of BSEC?*

#### *1. Adapting to a new environment*

During the last fourteen years the BSEC has proved viable, however, it needs to adapt to the new environment that evolves in Europe and improve its operational tools. Foremost, the BSEC itself needs to assess challenges that are linked directly to its member states. The accession of Bulgaria and Romania to the EU will bring the number of the EU states that are also BSEC members up to three. Such a development will lead to fundamental changes in the Organisation in terms of its future orientation, agenda and policy-making. At the same time, several BSEC states are going through a period of a more confident and pro-active re-orientation of their foreign policies towards Euro-Atlantic structures while their internal political systems are swept by the current 'democratisation' trends. Key factors however, in the shaping of the regional agenda are Russia and Turkey, two countries that initiated the BSEC back in early 1990s and are to remain central in



its future development. Their current 'strategic alliance' which seems to be underpinned by geopolitical considerations and economic interests has altered the overall political economy in the Black Sea area and might bring positive effects on regional cooperation too.

Following the double expansion of the NATO and the EU, a new Euro-Atlantic policy towards the Black Sea region seems to be evolving while the EU is currently searching for a new relevant regional dimension. A rapidly evolving European landscape requires an organisation like the BSEC not only to play a constructive role in preventing the emergence of new dividing lines but furthermore to act as a credible partner in the implementation of development policies and projects for the region. The member states of the BSEC need thus to assess the current developments and to enable the BSEC with the necessary tools to act as a partner for other international actors in the region.

## *2. Strengthening unity of purpose*

To increase the effectiveness of the BSEC, the Organisation needs to create a stronger sense of common purpose among its participants, to make the member states feel that they have a stake in the Organisation.

The Black Sea states have sought to achieve their development and security goals through fora other than the BSEC, raising thus concerns over their commitment to regional cooperation and raising doubts about the convergence of their views regarding the BSEC's main purpose. As new regional initiatives (GUAM – Organization for Democracy and Economic Development, Black Sea Forum, etc.) emerge, the Black Sea countries need to restate their expectations of the BSEC and to turn their political declarations into concrete action including the allocation of necessary resources to revive the Organisation.

At the political level, a renewed commitment to the priorities its leaders have signed up to since 1992 is necessary. Member states need to reaffirm the core business of the BSEC and its main purpose of existence. As stated in its Charter, the BSEC is a regional economic organisation whose mission is "to promote a lasting and closer cooperation among the states of the BSEC region". Its members share a common vision of their regional cooperation as "a part of the integration process in Europe, based on human rights and fundamental freedoms, prosperity through economic liberty, social justice, and equal security and stability, which is open for interaction with other countries, regional initiatives and international Organisations and financial institutions".

Stronger political leadership and management of the Secretariat would contribute to the desired coherence and long-term relevance of the Organisation's agenda. The work of the Secretariat, the subsidiary organs and related bodies must also be coherent and consistent with the priorities of the Organisation so that a common focus and strong external profile is maintained.



### *3. Comparative advantages and focus*

To achieve unity of purpose, the BSEC should focus its work on those areas where it has comparative advantages and where multilateral cooperation can bring added value. A stronger focus and coherence of action would shape a stronger BSEC identity with a common perception of the BSEC's goals both for its member states and the international community. The basic priorities and sectoral action plans agreed upon must thus have a long-term perspective.

The advantages of the BSEC compared to other regional initiatives, as laid down earlier, will be instrumental in implementing policy goals set by its member states. A comprehensive list of BSEC areas of activity is detailed in the *BSEC Economic Agenda* (adopted in 2001) which however does not really clarify what the main priorities are. Indicative domains where regional cooperation is an essential aspect of efficient policy-making and where the BSEC itself has an objective vocation are: energy, transport, environmental protection and combating organised crime (anti-trafficking). Member states need to thoroughly revise the BSEC's agenda, identify where focus is to be maintained and especially in which domains the BSEC can offer its mechanisms as a partner to other organisations active in the region.

### *4. Structural Reforms*

In order to improve its effectiveness, the BSEC requires substantial structural reform. A number of changes are necessary to address the issue of the Organisation's profile and identity, its management and leadership, its decision-making processes and its capabilities. Such reforms may evolve around the following axes:

#### *- Improving consultative and decision-making processes*

The current decision-making process, in which the Council of MFA is the central decision-making body for almost all issues, has proved cumbersome and time-consuming. As the Organisation has set off to become more project-oriented, a new delegation of powers in the statutory organs of the Organisation is required.

Delegation of powers to other decision-making bodies becomes urgent so that the Organisation is able to respond promptly and to allow more time for the Council to consider important political issues. Today, the agenda of the Council meetings has been overloaded with reports and decisions that can be dealt with by the Committee of Senior Officials. Tabled proposals on the reform of the Organisation include revising and bringing up to date its rules of procedure, making a more effective use of informal discussions, better use of existing mechanisms such as the country coordinators, the observer status and the troika, and more efficient work of the subsidiary organs. Consensus shall be maintained but other options may be considered for less sensitive issues.

#### *- Enhancing the operational aspects*

The BSEC needs to enhance its operational capacities and to make a breakthrough on project conceptualisation and implementation. The Organisation is at the moment lacking mechanisms of speedy coordination and communication among its member states, as well as its institutions and related bodies. At the same time,



the issues of project selection (i.e. through the BSEC Project Development Fund) and the replenishment of the resources allocated to projects as well as the monitoring of the implementation of the Council's decisions have become critical.

*- Clarifying the role of the Chairmanship and the Secretariat*

When addressing the division of labour between the Chairmanship and the Secretariat it is necessary to have a more precise definition of their roles to increase effectiveness.

The role of the Chairman-in-Office shall be to lead the political, rather than the operational activities of the Organisation. Thus, the Chairmanship shall continue executing the political leadership of the Organisation, preparing the Council, introducing new political initiatives and proposals and assisting in building consensus.

The role of the Secretariat shall be further enhanced so as to represent the public face of the Organisation, to be able to communicate a long-term, coherent identity of the BSEC and its activities. The Secretariat should be strengthened and, to this end, should receive additional capacities in terms of human and financial resources. An enhanced role of the Secretary General will also ensure that the Organisation has a central point of contact for other international organisations and NGOs for all aspects of operational issues. Such changes entail the need for more resources to enable the Secretariat to carry out its mandate.

*- Strengthening the BSEC's profile*

The identity of the BSEC has probably been one of the least known among subregional groups and initiatives in Europe. As the BSEC activities expand, emphasis should be placed on strengthening the BSEC's profile especially within its member states and the peoples of the region. Better interaction with the relevant national authorities and actors at all levels (governmental, business, academic, etc.), and more professional conduct of the public affairs of the Organisation are required.

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*Note: An early version of this paper was presented at the International Conference 'Development of the Organisation of Black Sea Economic Cooperation (BSEC) as a Contributor to Regional Stability' (Friedrich Ebert Stiftung and National Institute of International Security Problems of Ukraine, Kyiv, 12-13 May 2006)*



The [International Centre for Black Sea Studies \(ICBSS\)](#) was founded in 1998 as a non-for-profit organisation. It has since fulfilled a dual function: on the one hand, it is an independent research and training institution focusing on the wider Black Sea region. On the other hand, it is a related body of the Organisation of the Black Sea Economic Cooperation (BSEC) and in this capacity serves as its acknowledged think-tank. Thus the ICBSS is a [uniquely positioned expert on the Black Sea area and its regional cooperation dynamics](#). Through all its activities, [the ICBSS aims to foster multilateral cooperation among the BSEC member states as well as with their international partners](#).

The ICBSS is a [proactive member of the BSEC institutional family](#) with a predominantly consultative role. Its representatives participate in the deliberations of the BSEC decision-making, related, and subsidiary bodies. To this end, the ICBSS drafts policy documents (ministerial declarations, action plans, background papers), coordinates the work of ad hoc Groups of Experts in areas such as BSEC-EU Relations and Security and Stability, and actively participates in permanent BSEC Working Groups such as those on Institutional Renewal and Good Governance, and Science and Technology. The ICBSS regularly reports on these activities to the BSEC Committee of Senior Officials.

As an [independent research and training institution](#), the ICBSS exploits synergies with its institutional role and develops complementary activities. This includes the elaboration and publication of independent research papers and studies, the organisation of a variety of events, the management of research projects on a contract basis, as well as networking activities. Most notably the ICBSS' recent programmes and publications include:

- The ICBSS Annual Conference
- The Black Sea Research Network: Creating a multidisciplinary system of research and policy institutes in the Black Sea region
- The ICBSS Outreach Programme: Inviting experts and engaging stakeholders in Greece and abroad.
- Project management: Two EU co-funded projects on Science and Technology Cooperation in the Black Sea region
- The [Xenophon Paper](#) series of policy papers
- The [Black Sea Monitor](#): a quarterly electronic review on the wider Black Sea region
- Contribution to the [Journal of Southeast European and Black Sea Studies](#), published by Taylor & Francis Group (Routledge, London)

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