A Memo on How to Make the EU – BSEC Relations Relevant and Productive

By Tedo Japaridze*

Abstract

In light of the recent emergence of the “Black Sea Synergy” and the “Eastern Partnership”, and following the developments in the wider Black Sea area, the European Union and the Organization of the Black Sea Economic Cooperation (BSEC) need to explore in a more efficient and critical manner the perspectives of their interaction in the foreseeable future. The purpose of this Policy Brief is to consider certain built-in structural and institutional elements in the relations of these two institutions, and to identify balances, some loopholes as well as some risks in their interaction, reflecting on some regional perceptions and misperceptions which nourish or even re-shape the existing reality in the region and in the EU.

Keywords: Black Sea Economic Cooperation, Black Sea region, Black Sea Synergy, European Union, Eastern Partnership, European Neighbourhood Policy.

Introduction

The multiple diverse community constituting the Organization of the Black Sea Economic Cooperation (BSEC) needs more broad-based discussion on the wider Black Sea region and the BSEC itself, among other reasons because that is the only fully-fledged regional international format. Due to some recent explosive developments in the wider Black Sea area, these relations evidence some discord and should be recast to come effectively to grips with not only the diverse range of serious regional challenges, but must also address Europe as a whole and the European Union (EU) as an institution, to explore in a more efficient and critical manner the perspectives of their interaction in the foreseeable future. This has to come about specifically in light of the recent emergence of the “Black Sea Synergy” (BSS) and the “Eastern Partnership” (EaP)¹, in order to consider the practical viability of those projects for

The views expressed in the Policy Brief are personal and do not necessarily represent those of the ICBSS.

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¹ The Eastern Partnership (EaP), which is supposed to go beyond the traditional ENP tool, implied the introduction of the Association Agreements (AAs) as a contractual frame for
mutually beneficial cooperation and meet some short/long term goals by adjusting to changing realities in the wider Black Sea area and considerably beyond it.

As acknowledged in “A Comparative Analysis of the Black Sea Synergy and the Eastern Approach” – a background paper prepared recently by the ICBSS – the BSS initially constituted an attempt by the EU side to create a complementary format to the already existing European Neighbourhood Policy (ENP), the EU – Russia format and membership negotiations with Turkey. But following the Five Day War between Georgia and Russia in August of 2008, as that paper admits, the Polish – Swedish proposal initiated the EaP as a solid framework for multilateral cooperation. Despite the fact that the re-emergence of both the BSS and the EaP is a positive development for the entire wider Black Sea area and the BSEC – as a natural and potential partner of those formats – the local regional experts and pundits express their clear scepticism in regard to both initiatives. They expound on the parallelism and overlap between the BSS and EaP, particularly in regard to the potential for contribution, impacts and implications for the BSEC. The ICBSS comparative background paper exerts itself to dissipate those negative sentiments towards the BSS and the EaP, exploring in full detail the pros and cons of those new set-ups for the all-inclusive and sustainable economic development of the entire Black Sea area.

The purpose of the present article is to consider certain built-in structural and institutional elements in the BSEC – EU relations, and to identify balances as well as loopholes and risks in the interaction of those two institutions. This article will also reflect on some regional perceptions and misperceptions which nourish or even re-shape the existing reality in the entire region and beyond it, including the EU space. These perceptions and misconceptions are over-burdened by and embroiled with centuries old political interests, history and mythology. The time has come to reflect on ongoing dynamics that intersect with the wider Black Sea area and far beyond, to observe certain contours of the developing synergies (BSS, EaP) and some fresh regional approaches to the EU.

The Tumultuous Beginning

In 2005 I raised some “strategic questions” regarding BSEC – EU relations, confident that appropriate and adequate answers to them could have made the wider Black Sea area’s rapprochement with the EU more realistic and pragmatic. Regrettably, it seems that I was slightly naive in this regard: despite the visible activity of both sides for those years as well as the introduction and promotion of the above-mentioned BSS and EaP documents – and numerous meetings and discussions – the outcomes are minor and insignificant. Debates and their results have more to do with procedures and insignificant accomplishments rather than provide viable, practical and productive conceptual solutions.

Therefore, almost four years later and with some positive legacy of interaction between the BSEC and the EU, I would like to revert to my previous observations, suitably recalibrating and re-adjusting them. I shall attempt to interpret them through stronger engagement in order, as some experts say, to complement existing EU policies in the Black Sea area.
these new perspectives and dynamics, in the hope that in the near future the EU – BSEC interaction will come to be on the right track and that the BSS and EaP will lead the wider Black Sea area towards realistic and pragmatic developments.

At the outset, I would like to reflect briefly (as I did in 2005 and often before) that when trying to define an issue or a problem, it is worthwhile to start by looking at what it is not, before trying to describe what one believes it is. It seems that the relationship between the EU and the wider Black Sea region still is an appropriate subject for critical analysis.

Why do I say this? The never-ending debate over “equal partnership” between the EU and the BSEC deviates from the proper and adequate discussions about the real issues and problems and blurs the strategic focus of the BSEC decision-makers, unnecessarily irritating EU bureaucrats.

I would like to emphasize – as I did many times earlier – that the BSEC is not an alternative to the EU, even though the prime goal of the BSEC – in common with the EU – is to boost economic cooperation within a defined geographical area. I would also emphasize that the BSEC is not an economic competitor and will not be in the foreseeable future; if anything, it should be seen as a complementary economic partner and resource. Nor is the BSEC, as we well know, a nascent political union. Far from that! Unfortunately the recent acute developments in the wider Black Sea area, and specifically the Five Day War between Russia and Georgia reconfirmed that belief. The long-term strategic goals and aims of the BSEC member states are simply too complex and contradictory for such an assumption and the recent gas dispute between Ukraine, Russia and the EU reaffirmed that axiomatic notion. One needs to remember that the economic and political gravitational pull of the EU is too great to consider the BSEC an equal partner. However, as admitted above, relations between the BSEC and the EU, despite their still embryonic character, are budding. They are slowly progressing although they lack some obvious qualities and their agenda is somewhat blurred and unbalanced.

How should the wider Black Sea area as well as the BSEC address this new strategic landscape vis-à-vis the EU? The answer is the same as it was four years ago, when both sides were making the first initial and cautious steps in that direction: one has first to put oneself in the EU’s shoes and to look at the BSEC from the perspective of Brussels. When this happens, we shall see that to some extent there remains a deep-seated wariness, not concerning the region per se but the individual BSEC countries in Europe. This wariness stems in part from the internal politics of the EU itself, and in part from the seemingly endless debate on the “wider” versus “deeper” direction that the EU should take. In some quarters, the EU periphery is seen psychologically as a problem-ridden distraction that can no longer be completely ignored, but which can be contained or dealt with on an individual state basis, through aid and technical assistance. If I may be cynical for a moment, this was the rationale behind the ENP.

Will the BSS or the EaP expand the capacity and the quality of the EU and BSEC interaction? The answer is not at present. There is yet too much production of futile activities in a sort of bureaucratic vicious circle among the participant sides.

But even in more “enlightened” circles of the EU, there is a distinct wariness. It stems
in part from the fact that there is simply so much to do within the currently enlarged EU. Dealing with the new candidate countries as well as with major strategic issues such as trade, energy security, relations with the US, Russia, China, Japan and so forth is an overwhelming undertaking. There is however still within this camp a definite sense that more should be done, if only out of self-interest – always the best political motive in my opinion, since it is inherently sustainable. This segment of the EU community understands the growing energy importance of the wider Black Sea area to the EU and the recent gas dispute has reminded them about portentous dire consequences.

European decision-makers and experts can read a map and instinctively know that chronic instability and economic malaise on its borders is a dangerous combination. But this camp does not know what to do. It fears failure. Hence the BSS and the EaP are a sort of testing-balloon, launched by the EU towards the Black Sea area to gauge the political climate as well as economic perspectives in that vast area, to test the willingness and readiness of the regional actors to play their respective roles adequately and resolutely.

I realize that such an assessment may appear harsh and optimistic for the BSEC family. But perhaps the seeds of a strategy can be discerned in it as well. Ultimately, events on the ground (both political and economic), such as an expanding and interconnected energy infrastructure or the concept of the Motorways of the Sea, will drive and shape EU policy in regard to the region. They will demonstrate the potential of the wider Black Sea area.

There is a military concept known as “operating within your opponent’s decision cycle”. I am not suggesting that there should be a confrontation between the EU and the BSEC. But I think the concept is relevant here. A BSEC engagement strategy, built around serving the self-interests of the EU stands the greatest chance of success. And, ironically, it would also serve the best interests of the BSEC member states, those that are members, candidates or future candidates for EU accession and those that may never be considered for that status.

The EU needs new relationships in the Black Sea area, irrespective of whether it is motivated by fear of further exacerbation of instability on its own borders, including local wars or disputes, or of possible energy disruptions. The BSEC can help to affirm those relationships and the tangible, practical projects and initiatives they might produce. No one can predict where relationships might lead. In this case, the axiom that the journey is more important than the destination, or in corporate-speak, the process is more important than the product, is paramount.

If the BSEC were a high-tech company, I would envision it producing the “routers” that convey the ideas, issues and trends concerning the ENP, the BSS or the EaP around the Black Sea region and between the region and the EU. In high-tech speak, it would provide the high-level “connectivity” the EU needs. But the BSEC must also influence and produce the “content” that will help dispel any misconceptions, prejudices and fears the EU may harbour about the region. We all need to focus not only on the purely political and technical or the “technocratic side of the interaction but also deal with prejudices effectively and in a timely fashion.
In short, the BSEC must be seen in Brussels as an essential enabler of the EU policy that can help deliver the relationships and programs it will need to be effective. In so doing, the BSEC does not “sell-out” its role of promoting the self-interest of its members but quite the opposite. It actually positions itself to enhance that responsibility. In general, the BSEC should connect with other structures and organisations. It must do so in ways that do not simply duplicate efforts but are distinct and help other actors in the leverage of their efforts. In my opinion, the Davos-style format is an ideal approach. It will pull together the other related structures and organisations in a way that allows issues that are dealt with in a piecemeal, uncoordinated manner, to be seen in a more defined, and dare I use the word, “holistic” context. This may sound vague, but there is a grain of truth in there.

**A New Role for the BSEC: Be Complementary and Proceed Ahead Resolutely**

There are more drastic challenges than those existing in the wider Black Sea area and within the BSEC itself. So what role, for example, should BSEC play in harnessing the forces of globalisation that its member states, seeking to increase capacity, must understand and accommodate? That globalisation will grow in coming years and decades, will become more diverse, broad-based and potent as well as at the same time more individualised is a given fact, in spite of its economic, cultural and political dislocations. More than that – as Moises Naim, Editor-in Chief of the *Foreign Policy* Magazine put it – the growing number of actors empowered by globalisation has the potential and the capacity to cause large-scale damage and substantial loss of human lives and the on-going and escalating further economic crises may sharpen desperation and lead towards violence. Some governments might be more tempted to exploit international conflicts and disputes to distract their impoverished populations from those dire circumstances. And the wider Black Sea area is so greatly plagued with those low-intensity conflicts, disputes, external or internal stunting developments. Consequently the challenge for the entire wider Black Sea area and concretely for the BSEC is how to exploit the benefits of globalisation, while at the same time preserving and promoting the unique characteristics of individual economies and societies in the face of seemingly overwhelming forces, as well as in some “smart power” way to avoid its negative after-shocks and malaise. The EU, as an organisation more capable and of greater experience in this connection, through the implementation of the BSS and EaP, may become the most reliable partner of the BSEC – and mutually beneficial – if of course these perspectives are not marred by pointless discussions that serve only to satisfy some bureaucratic ambitions and ego so typical of any international organisation.

For the BSEC, I think there are several distinctive roles. The first is to help member states identify and understand the underlying technological, economic and commercial trends that intertwine to produce “globalisation,” and to what extent such developments may impact their economies and cultures. This would be a relatively high-level exercise which would fit well within the Davos-style meeting format. The

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key here is not to have airy, academic debates on the rights and wrongs of
globalisation, but to confine it to a level where its consequences, and thus any
consequent opportunities, are identified in a strictly Black Sea context. I think that the
EU, with its invaluable experience and legacy in this domain, may provide the
necessary experience and expertise for the entire BSEC area. If properly formatted,
perhaps the BSS and the EaP would be useful in this regard as well. The BSEC is also a
natural vehicle through which to identify and communicate the mainly economic and
business opportunities that globalisation can spawn. A vivid example is that the
Turkish construction company Tekfen was awarded the 2004 Environmental Prize by
the International Pipelines Contractors Association for its practices during
construction of the Baku – Tbilisi – Ceyhan (BTC) terminals at Sangachal and Ceyhan.

I once admitted that the developments within the BSEC are too often left in the hands
of “experts”. But most of those “experts” have never set up a business or met a payroll.
Investment bankers are often seen as the storm troopers of globalisation. One idea
would be to send EU-based investment bankers for some three-to-six months to
particular regions of individual BSEC members. There they would meet their regional
partners and could look at opportunities to create businesses that would serve niche
markets in Europe. Not all would work; maybe most would not. It does not matter. It
is the process of harnessing globalisation to produce tangible benefits that counts. The
Harvard Business School cannot teach a course along such lines.

Another example could be direct BSEC participation in nascent plans of some
multinational corporation working in the Black Sea region for long-term engagement
with civil society and other influential, non-government actors in Azerbaijan, Georgia
and Turkey as it happened during the construction of the BTC and the SCP, the main
regional energy projects. This strategy is directly related to globalisation. Acting as a
neutral facilitator of such a process would be a natural role for the BSEC, and it would
be well placed to disseminate more widely the impacts (positive and negative),
problems and strengths of such strategies, not only within the region but in the EU
and beyond.

In short, the BSEC needs to use its regional outlook to foster what could be called a
high-level globalisation early warning system, and communicate its views as widely as
possible. At the lower level, it needs to promote and participate in practical projects
that creatively seek to harness the more positive benefits of globalisation, and to
communicate the results as widely as possible. The Black Sea region has become a
strategic energy corridor to Europe. As admitted above, the inauguration of the BTC
oil pipeline and the South Caucasus gas pipeline (SCP) serve not so much the United
States, one of its main backers, but European refineries and drivers. It was built to
European technical, environmental and social standards by a largely Black Sea
workforce with the help of mainly European engineers and experts. New projects to
link natural gas pipelines from our region to the main European gas grid will bring
additional sources of supply from the Caspian, and perhaps beyond, into European
homes and factories, thus diversifying and helping to secure vital sources of supply.
That is how the BSEC will become an “enabler” of EU needs and in this way the BSEC
will, someday in the future, become an equal partner with the EU. The BSEC should
act smarter! As Mark Medish, a distinguished American analyst correctly noted:
“Those who believe that the South will ineluctably overwhelm the North, or that the
East is destined to rise at the expense of the West, are indulging in almost Manichaean
forms of regional pride and mercantilism.” At times some political or bureaucratic “Manichaean bacilli” of old-fashioned rigidity and dogmas are still verifiable in the wider Black Sea area and specifically within the BSEC. These infect the prospects for positive and productive discourse among the BSEC member states, some of whom are trying to tackle with the post-modern threats and challenges with outdated modern instruments, concepts and perceptions/misperceptions, thus blurring the strategic focus of regional decision-makers and experts, and hindering them from comprehending existing realities as well as upcoming prospects, including the region’s relations with the EU.

Some look at the Black Sea region as a political and economic “black hole” or a “grey zone” of instability. I see it instead as a potentially vibrant market of more than 150 million people. I see it as a producer, consumer and exporter of much needed resources. I also see it as a source of a new generation of entrepreneurs, inspired by the European model. But my vision depends on partnership and cooperation.

At a time when an established Europe engages in an inevitably introspective debate on future enlargement, we must not lose sight of the very real and tangible benefits that can flow now from stronger engagement between Europe and the Black Sea region, especially in the economic area.

**Time for Reflection and Reconfiguration**

As I mentioned earlier, the recently expanded and introduced European policies (the ENP, the BSS, and the EaP) are the main vehicles for direct engagement between the EU and Black Sea states without a direct commitment to eventual accession of some BSEC member states. That policy is still evolving. But even before the French, Dutch and Irish referendums cast such uncertainty over future relations, I detected some disquiet about the policy from within the Black Sea region. Some complain that these new formats are too prescriptive, too presumptuous, too “top-down” and far too detailed. Some cynics in the region even suspect that it is just a bureaucratic ploy to formally engage the entire region with the EU, as well as to keep some “noisy” countries quiet, those that might otherwise be lobbying more vociferously for membership.

None can predict the outcome of the present political debate within the EU. Perhaps, as some commentators have suggested, the pushing of the political pause button on future enlargement will become permanent. Perhaps it is only a temporary and tactical pause to allow the political fall-out to settle. We have to await events as Europe continues what is likely to be a prolonged period of reflection. But a pause for political reflection should not become an excuse for a lack of engagement, especially in the economic sphere. In fact, it may be argued that a political pause makes it even more imperative to increase engagement between Europe and the Black Sea region. Our economic interests are inextricably intertwined, irrespective of our political future. We are prisoners of our geography. So let us focus on economic cooperation, where we both have a clear and long-term strategic interest. We may need to use that

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pause for our own interests and instead of being critical of the BSS and EaP, we could take the initiative from the EU and offer our European partners some interesting projects and ideas. As I mentioned above, for example, regional business needs to be given a direct role in the ENP, the BSS or the EaP. Perhaps we should form a broad business coalition between Black Sea and European companies interested or active in the region. It would not only help individual countries to better understand and influence those new European initiatives, it could also tackle issues which are common to most countries in the wider Black Sea area. Aside from energy developments, direct flows of foreign investment into the Black Sea region are lamentably low by international standards (they are low even in the Black Sea energy sector, according to some experts) and much of the investments that have been made can be attributed to the fact that the recipient countries were among those engaged in the EU accession process – Romania and Bulgaria.

Such a business coalition could tackle impediments to increased investment, by lobbying and encouraging individual states to lower or remove structural barriers to trade. It could also help to create inclusive business networks throughout the region that would bring together all interested companies and business managers, including those from the four unrecognised entities in our region. That too must surely be in the long-term interests of Europe. Why not enrich the BSS and the EaP menu with this kind of proposals? It could help foster a better economic climate overall by helping countries to enact policies that encourage much informal and unregulated economic activity to shift into the formal sector. The widespread informal economies in many of our member states have provided a lifeline to many people in recent years. As flourishing as they may be, they also provide a fertile ground for corruption and rob the states of much-needed revenues that could be harnessed for development.

On the energy front, the BSEC could form a joint pipeline working group with the EU, to help ensure that a steady increase in capacity is available for our own growing consumption as well as that of Europe as a whole.

A security dimension is also needed, one that underpins greater economic efforts, as stability is a prerequisite for development. Again, this is perhaps best done through a joint mechanism tied to the ENP, the BSS or the EaP.

It is obvious that both Europe and the Black Sea region are facing uncertain and perhaps even irrational times, while the outcome is yet out of sight. So perhaps we should not spend too much of our time speculating on end-games or future political structures and relationships. There are more than enough pundits, analysts and commentators who will happily and freely do that job for us. More than that, the EU should be more clear-cut and nuanced regarding its new initiatives, specifically the BSS and the EaP. Some BSEC countries, covered by those initiatives, perceive those major EU programmes in the wider Black Sea area with some unhidden scepticism, describing them as bearing a certain semblance with the Commonwealth of Independent States (CIS) format – only with the EU in helm of it instead of Russia, as
in the case of the CIS. President Voronin of Moldova recently admitted that, for example, the EaP seems just as “some far away European perspective” whereas, according to him, Moldova has accomplished much more complex and comprehensive agenda towards the EU integration on an individual bases. Other critical or skeptical voices in this connection are surfacing within the BSEC space, including e.g. experts and pundits who try to interpret those new EU initiatives – and specifically the EaP – as some hostile attempt to “encircle Russia” or even isolate it. It has to be understood that these are not only wishful but even unwise conclusions and perceptions due to some well-known strategic considerations. First, it would be impossible to “encircle” Russia, one of the most powerful and capable BSEC member states. This is not only to be seen in respect to the Black Sea area but far beyond. Any, even hypothetical, “endeavor” to follow this path is just programmed to fail and the bearer of such strategy will not be able to collect any merits in respectable circles. All sides are interested in a positively engaged Russia, within the wider Black Sea area and outside of it. This specifically counts for its relationship with Europe, which has repeatedly been declared by EU leaders. But what is obvious as well is that Russia – as well some other regional big players – needs to identify more precisely the substance of its “Good Neighbourhood Policy”. It is indeed possible that Russia could evolve its own version of that strategy, as Turkey is currently trying to do with its proposal of Platform for Stability and Cooperation in the region.

So the EU needs to work more resolutely and seek innovative ways in order to be more informative with all regional actors in this regard. Without any doubt the perception and therefore the regional public opinion in part will be shaped by such a smart as well as concerted approach.

**How to Be Relevant and Mutually Beneficial**

We have a vision in common with the EU. The building blocks of that vision are primarily economic at this stage and the BSS and the EaP both address these concerns. It is surely in the interests of both Europe and the Black Sea region that the BSS and EaP should serve as a two-way street in this regard. It is the process of engagement, not necessarily the product, which is so crucial at this time. We at the BSEC are willing to work together on tangible, practical and pragmatic projects that are in the interest of both Europe and the Black Sea region.

We also sincerely hope that the commitments the EU has made to the BSEC through the BSS and the EaP will remain in force and are fully implemented from both sides. We also hope that the BSEC will be more innovative in this connection. Within the BSEC there are some countries that could even attain EU standards and criteria in the foreseeable future. The allure the EU holds for those countries serves as an impetus for internal transformation and re-adjustment. For that category of countries, now more than ever, we need not only to maintain the momentum of engagement, but to accelerate it. And we need to do it now. The BSS and the EaP are the most appropriate formats for that engagement, as far as these initiatives: i) emphasize interaction within global capital markets, and different patterns and models of all-inclusive economic development, ii) promote economic cooperation throughout the wider Black Sea area.

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and iii) will encourage further confidence among the regional actors, and enhance their stability and security.

The people of the Black Sea region understand perfectly well why current circumstances may have compelled Europe to have pushed the pause button; but pause – at least according to my Oxford Dictionary – does not mean “stop”. There is no pause button when it comes to the desires of millions of people in the Black Sea region for peaceful reform, democracy, stability and security, the very things that Europe so eloquently stands for, and which it has so successfully cultivated across other parts of the continent. So pause if one must, but as one pauses, please bear in mind that in a region as potentially volatile as ours, with its unresolved conflicts and still raw ancient rivalries, there are always forces at play whose only desire is to push the re-wind button of history. It would be ironic. No, that’s not the right word. It would be tragic if one day a common European defence and military policy should emerge, not in response to crisis and disasters in faraway places in Africa or Asia, but from an urgent need to patrol Europe’s “frozen frontiers” and to contain chaos and instability in its own “near abroad”.

INTERNATIONAL CENTRE FOR BLACK SEA STUDIES (ICBSS)
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